two countries are withdrawn from Spain; to the Committee on Foreign Affairs.

3465. By Mr. JARRETT: Petition of Mary W. Eccles and other ladies of Sharon, Pa., urging enforcement of Neutrality Act; to the Committee on Foreign Affairs.

3466. By Mr. CLASON: Petition of Jerome J. Doyle and other residents of Springfield, Mass., for the abolition of the privately owned Federal Reserve System and to restore to Congress its constitutional right to coin and issue money, and regulate the value thereof; to the Committee on Banking and Currency.

3467. By Mr. THOMAS of New Jersey: Petition signed by approximately 90 residents of Allendale and Ramsey, N. J., protesting against any increase of taxes on foods of any description; to the Committee on Ways and Means.

3468. By the SPEAKER: Petition of William Dudley Pelley, of Asheville, N. C., with reference to the Silver Legion; to the Committee on the Judiciary.

3469. Also, petition of the Lake County Industrial Union Council, East Chicago, Ind., with reference to taxation; to the Committee on Ways and Means.

3470. Also, petition of the Wyoming County Farm and Home Bureau Association, Gainesville, N. Y., with reference to their resolution concerning wage and hour bill; to the Committee on Labor.

3471. Also, petition of the Producers' Council, Inc., New York, N. Y., with reference to their resolution passed November 19, 1937, with reference to the National Housing Act; to the Committee on Banking and Currency.

SENATE

WEDNESDAY, DECEMBER 1, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, November 30, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

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

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

Adams	Chavez	Johnson, Calif.	Pepper
Andrews	Clark	Johnson, Colo.	Pittman
Ashurst	Connally	King	Pope
Austin	Copeland	La Follette	Russell
Bailey	Davis	Lee	Schwartz
Bankhead	Dieterich	Lodge	Schwellenbach
Barkley	Donahey	Logan	Sheppard
Berry	Ellender	Lonergan	Shipstead
Bilbo	Frazier	Lundeen	Smathers
Borah	George	McAdoo	Smith
Bridges	Gerry	McCarran	Thomas, Okla.
Brown, Mich.	Gibson	McGill	Thomas, Utah
Brown, N. H.	Gillette	McKellar	Townsend
Bulkley	Glass	McNary	Tydings
Bulow	Graves	Maloney	Vandenberg
Burke	Green	Moore	Van Nuys
Byrd	Hale	Norris	Wagner
Byrnes	Harrison	Nye	Walsh
Capper	Hayden	O'Mahoney	White
Caraway	Hitchcock	Overton	

Mr. BARKLEY. I announce that the junior Senator from West Virginia [Mr. HOLT], the Senator from Delaware [Mr. HUGHES], and the Senator from North Carolina [Mr. REYNOLDS] are absent because of illness.

The senior Senator from Montana [Mr. WHEELER] is absent because of a death in his family.

The Senator from Washington [Mr. BONE], the Senator from Wisconsin [Mr. DUFFY], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from New Mexico [Mr. HATCH], the Senator from Iowa [Mr. HERRING], the Senator from Illinois [Mr. LEWIS], the Senator from Indiana [Mr. MINTON], the junior Senator from Montana [Mr. MURRAY], the senior Senator from West Virginia [Mr. NEELY], the Senator from Maryland [Mr. RADCLIFFE], and the Senator from Missouri [Mr. TRUMAN] are necessarily detained from the Senate.

The Senator from Arkansas [Mr. MILLER] is detained on important public business.

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

The Senator from Oklahoma [Mr. THOMAS] is recognized.

Mr. THOMAS of Oklahoma. Mr. President, I yield for the purpose of the transaction of morning business.

PETITIONS

The PRESIDENT pro tempore laid before the Senate a resolution unanimously adopted by Philippines Post, No. 1164, American Legion (Kings County), Brooklyn, N. Y., favoring the enactment of legislation admitting Filipino World War veterans to unconditional American citizenship, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by Local No. 161, Transport Workers' Union of America, Philadelphia, Pa., favoring the enactment of the wage and hour bill and other social legislation, and protesting against lay-offs of workers in the Philadelphia area, which was referred to the Committee on Education and Labor.

Mr. COPELAND presented the petition of members of Lodge No. 391, American Federation of Government Employees, Buffalo, N. Y., praying for the enactment of the so-called Flannery bill, being the bill (H. R. 6587) to extend the provisions of the civil-service laws to certain positions in the Department of the Treasury, which was referred to the Committee on Civil Service.

He also presented a resolution adopted by New York City Chapter of the National Lawyers Guild, favoring continuance of the public-works and relief program of the past 4 years in cooperation with State and local governments so as to care for the employment of surplus workers, which was referred to the Committee on Education and Labor.

BILLS INTRODUCED

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

(Mr. COPELAND introduced Senate bill 3073, which was referred to the Committee on Commerce, and appears under a separate heading.)

By Mr. MCNARY:

A bill (S. 3074) granting an increase of pension to Jessie L. Kilgore (with accompanying papers); to the Committee on Pensions.

By Mr. SCHWARTZ:

A bill (S. 3075) to provide for the extension of time of segregation and reclamation in Wyoming segregation units, under the Carey Act; to the Committee on Public Lands and Surveys.

By Mr. BERRY:

A bill (S. 3076) granting a pension to William Andrew Johnson; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 3077) for the relief of Katie Walter; to the Committee on Claims.

REGULATION OF POISONOUS DRUGS

Mr. COPELAND. Mr. President, it will be recalled that, because of the great number of deaths resulting from the administration of elixir of sulfanilamide, the Senate requested the Department of Agriculture to submit a report. That report has been submitted, and, in accordance with the recommendation, I ask consent to introduce a bill to safeguard the public health as menaced by such poisons. The bill is known as S. 3073. Copies of it are available for any who are interested in the matter.

The PRESIDENT pro tempore. Without objection, the bill will be received and referred to the Committee on Commerce.

The bill (S. 3073) to safeguard the public health was read twice by its title and referred to the Committee on Commerce.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

AGRICULTURAL RELIEF—AMENDMENTS

Mr. BANKHEAD (for himself and Mr. RUSSELL) submitted an amendment intended to be proposed by them to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. O'MAHONEY (for himself, Mr. SCHWARTZ, Mr. ADAMS, and Mr. JOHNSON of Colorado) submitted an amendment intended to be proposed by them to Senate bill 2787, the agricultural relief bill, which was ordered to lie on the table and to be printed.

NATIONAL BITUMINOUS COAL COMMISSION

Mr. KING submitted a resolution (S. Res. 202), which was ordered to lie on the table, as follows:

Whereas the Bituminous Coal Act of 1937 provided that all employees of the National Bituminous Coal Commission, with certain exceptions enumerated therein, shall be appointed and their compensation fixed in accordance with the provisions of the civil-service laws and the Classification Act of 1923, as amended; and

Whereas it has been alleged that the National Bituminous Coal Commission has flagrantly violated the provisions of the civil-service laws with respect to the employment of personnel; and

Whereas it has been alleged that in many cases the compensation of the employees of the Commission has not been fixed in accordance with the applicable provisions of law; and

Whereas it is alleged that the Commission has not properly functioned; that controversies and contentions among the members thereof have prevented the adoption of suitable and necessary policies, to the injury of the industry and the public; that the administrative expenses of the Commission have been excessive; that the number of employees has been entirely too great; that the compensation paid some has been unjustified; that many employees have been transferred and retransferred from various points at great expense and without any good or sufficient reason therefor; and

Whereas certain other allegations have been made with respect to the administration of the Bituminous Coal Act of 1937 which warrant an investigation: Therefore be it

Resolved, That a special committee of three Senators, to be appointed by the President of the Senate, is authorized and directed to make a full and complete investigation of the Bituminous Coal Commission with a view to determining, among other things, (1) the number of employees of the Bituminous Coal Commission employed without regard to the civil-service laws, (2) whether any such appointments have been made in violation of the civil-service laws, and, if so, to what extent, (3) the methods and means, if any, used to circumvent the provisions of the civil-service laws in making appointments, (4) the number of employees, if any, the compensation of which has been fixed contrary to the Classification Act of 1923, as amended, and (5) whether there has been any misconduct or incompetence on the part of the Commissioners in carrying out the purposes and provisions of the Bituminous Coal Act of 1937. The committee so appointed shall report to the Senate, at the earliest practicable date, the results of its investigation, together with its recommendations.

For the purposes of this resolution the committee is authorized to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Senate in the Seventy-fifth Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, documents, and other records, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

ADDITIONAL COPIES OF HEARINGS—PENSIONS TO CIVIL-WAR WIDOWS

Mr. McGILL submitted the following resolution (S. Res. 203), which was referred to the Committee on Printing:

Resolved, That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Pensions be, and is hereby, authorized and empowered to have printed for its use 2,000 additional copies of the hearings held during the first session of the Seventy-fifth Congress before the Committee on Pensions of the Senate on the bill (S. 2219) granting pensions to certain widows of veterans of the Civil War.

TEMPORARY LABORER

Mr. BYRNES submitted the following resolution (S. Res. 204), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to employ a laborer to be paid from the contingent fund of the Senate at the rate of $1,380 per annum until otherwise provided by law.

ONE HUNDREDTH ANNIVERSARY OF BIRTH OF ADMIRAL GEORGE DEWEY

Mr. AUSTIN. Mr. President, will the Senator from Oklahoma yield to me?

Mr. THOMAS of Oklahoma. I am glad to yield to the Senator from Vermont.

Mr. AUSTIN. I thank the Senator from Oklahoma for his courtesy.

Mr. President, Vermont today commemorates the birth of Admiral George Dewey, which occurred 100 years ago, on December 26, at Montpelier, the capital of the State.

The General Assembly of Vermont, at its last session, adopted a joint resolution relating to the observance of the centenary of the birth of Admiral Dewey, which I ask unanimous consent to have inserted in the RECORD at the close of my remarks.

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

Mr. AUSTIN. Mr. President, George Dewey came of typical Vermont stock. He attended Vermont schools, including Norwich University, of which our Representative in the other branch of this Congress was at one time president. George Dewey obtained his higher education in the United States Naval Academy. He served in the Civil War, during which he was advanced in rank for meritorious conduct, and subsequently pursued an honorable but not eventful career, until he was approaching the time for his retirement, when, toward the close of 1897, for meritorious service, at the suggestion of Theodore Roosevelt, then Assistant Secretary of the Navy, he was appointed to the command of the Asiatic station. Not only was this a coveted station among naval officers but its strategic importance, in view of the Spanish possessions in the Pacific, challenged Dewey's superb leadership, now mature through a lifetime of conscientious training and service. As a farsighted man, Dewey perceived the possibility, the probability, indeed, of the United States being drawn into the conflict over Cuban affairs, and the certainty of such an event precipitating a naval engagement in the Pacific.

Revolution against Spanish rule had broken out in Cuba in 1895; savage cruelty was employed on both sides, and propaganda for intervention by America fed the flames of indignation already started by the inhuman policy of herding Cubans into concentration camps where disease and starvation mowed them down as relentlessly as combatants are killed by gunfire. Excited by reputed "atrocities" and sympathizing with the "under dog" in its brave struggle for liberty, the American people expressed their partisanship.

During 2 years, approximately 40 filibustering expeditions were formed here to fight for Cuban independence.

Commodore Dewey was aware of the tension in public opinion, which made neutrality almost impossible of continuance. Moreover, he was well informed on the efforts of the administrations of both Cleveland and McKinley to obtain a settlement of the Cuban question by peaceful means.

Consequently his assignment, on November 30, 1897, to the command of the Asiatic Squadron stationed at Hong Kong was eagerly accepted.

Commodore Dewey's confidence in the opportunity for service was expressed in a letter to his sister at Montpelier, which contained the following:

I have seven men-of-war all ready for action, and should war be the word I believe we will make short work of the Spanish reign in the Philippines.

The brief story of swift development of the war spirit in 1898 affords a laboratory case showing the responsibility of public opinion for the maintenance or breach of neutrality. In this very hour of anxiety the grave importance of poise, calmness, fairness, impartiality, vision, and righteousness on the part of the people, and especially on the part of those who addressed the people orally or in writing, is emphasized by the irresistible effect of popular waves of emotion upon our neutrality in 1898.

America issued warnings and protests, as a result of which the policy of concentration was revoked by Spain and it appeared possible to compose the difficulty by independence for Cuba, or by cession to the United States.

However, suddenly Old Glory was blown into pieces, which ultimately were to descend in far flung islands of the sea. The *Maine* was destroyed by a mine in Habana Harbor. Public opinion broke into cries for intervention. The roused feelings of the people could not be appeased by indemnity; they clamored for atonement on the theory that American sailors had been murdered, and that the flag had been dishonored.

Spain desired to avoid war with the United States and issued a declaration of armistice to Cuba.

In calm retrospect it seems clear that had it not been for an inflamed public opinion, war could have been avoided. Nevertheless, not even that declaration of an armistice could arrest the momentum of the emotional wave then sweeping the country.

On April 24, 1898, Secretary of War Long cabled Dewey that war had begun between Spain and the United States and that he should—

> Proceed at once to the Philippine Islands, commence operations immediately, particularly against the Spanish fleet. You must capture or destroy vessels. Use utmost endeavors.

Within a week Dewey sailed into Manila Bay with his gray squadron and gave the eventful command, "You may fire when ready, Gridley."

In its journey that bright May day, the sun had traveled only half its course when it looked down on an unprecedented scene. The fleet of imperial Spain, which, the day before, had proudly ruled these waters, was twisted and torn metal, submerged, or reaching shattered arms aloft in grotesque futility; the fleet of free America afloat with no substantial injury to any ship, and not one American sailor killed, calmly assuming the responsibilities of victor and successor.

The velocity of this onset never lost momentum; the speeding of the *Oregon* around Cape Horn under command of another Vermonter, Commander Charles E. Clark, the sinking of the *Merrimac* by Commander Richmond P. Hobson, the carrying of the message to Garcia by Lieutenant Rowen, the victories of the Army under Gen. Joe Wheeler, the gallantry of the Rough Riders under Teddy Roosevelt, the destruction of Cervera's fleet in its 2 hours' running from Santiago Bay, high-lighted a war of only 10 weeks' duration.

The naval victory in which Dewey was the commanding officer was so spectacular and timely that it not only lifted his fame to lofty heights of acclaim but it quickened a unity of the inhabitants of this continent to an entirely comfortable and popular status for the first time in our history. Northerner and southerner, Democrat and Republican, vied in ardor with each other in those vivid days of '98 to rally to our flag in a war against tyranny and cruelty and for independence and democracy.

To free Cuba and to expel from this hemisphere the Old World system of colonization were ideals so intimately held and cherished that we Americans rushed into conflict with the zeal of a people protecting their own independence. Patriotic youngsters gaily marched down Main Street to the stimulating cadence of Sousa's Stars and Stripes Forever, while the crowd consolidated its position with the muttered slogan "Remember the Maine!"

The Spanish-American War came quickly and ended quickly. It was entered upon rather lightheartedly, but its outcome brought tremendous burdens and responsibilities.

A preliminary peace treaty was signed August 12, requiring relinquishment of Cuba, cession of Puerto Rico and Guam, and occupation by America of the city, harbor, and bay of Manila.

Admiral Dewey had remained at his post in Manila, where his administrative ability, as well as his experience in military operations, were needed and were employed by him with firmness and farsightedness.

America enjoyed the hearty good will of England, but she suffered from the discomfiture of Germany, France, Italy, and Russia. Therefore she appeared bound to remain in the Orient, because, as Dewey cabled, the so-called Philippine Republic represented only a faction and was unable to keep order within its nominal jurisdiction, while Germany obviously desired to obtain "compensation" in that quarter.

On August 13, the day following the signing of the preliminary peace treaty and before Admiral Dewey had learned of it, Manila was besieged by the joint action of land and sea forces. Manila fell, and the Philippine problem arose to burden the United States for years to come.

The final treaty of peace, ratified by the Senate of the United States on February 6, 1899, and signed by the Queen Regent of Spain on March 17, preserved the territorial arrangements made in the preliminary treaty and added thereto the cession to the United States of all the Philippine Islands on payment of $20,000,000 by the United States to Spain.

The military significance of the Spanish War historically is its unique lack of any combined land and sea plan. The principal operations of the land forces were secondary to those of the Navy. The Navy dictated its plan of campaign to the Army. It taught the world that it is the height of risk for a nation to undertake to carry on a land campaign overseas without first having the mastery of its enemy upon the water.

The most important political effect of the war was the great change in our world situation. We had entered the war on the popular slogans "For liberty," "For democracy," "For humanity," with no objective of territorial aggrandizement, and no intention to change our traditional attitude of independence, though not isolation. We emerged with such an aggrandizement of territory that we were invidiously charged with having reversed our foreign policy and adopted that of imperialism. We became a world power. We became responsible for the domestic and international peace, good order, public health, education, and training for self-government of alien races remotely situated.

Our determination to avoid entangling alliances and generally to pursue the policy of nonintervention was reiterated then, as it is reiterated today. Nevertheless, we found it necessary, as a world power, to become a party to conventions and doctrines and policies which removed us from the position of isolation and increased the difficulty of maintaining our neutrality when other nations are at war.

Today America's position in the Orient is more difficult than it would have been had she not taken on the responsibilities resulting from her intervention in the Cuban revolution. We suffer a greater hazard to our neutrality and our peace because we not only carry the burden of continental impartiality and defense from aggression, but we have assumed supervision of insular good behavior and the obligation to take up arms, if necessary, for the defense of this distant people who have been made our nationals.

Vermont glorifies today the most conspicuous actor in that changing scene by pointing to the fact that our policy was not territorial aggrandizement and was not imperialism but that the empire wrested from Spain, largely through the distinguished service of Admiral George Dewey, is now well on its way to the endless possibilities of independence and of free institutions. The United States has encouraged and aided her dependents toward development, self-government, and self-support, with the grand object of complete autonomy for themselves.

If these efforts continue to be successful, and if our nationals react to our altruistic purpose, the condition of humanity will be raised to a higher plane, the sacrifices we have made will have been worth while, and our dependents' progress will further justify the gratitude felt for the gallantry and distinguished administrative service of Admiral Dewey.

(The following joint resolution of the General Assembly of Vermont was ordered printed at the conclusion of Senator AUSTIN's remarks:)

Joint resolution relating to the observance of the centenary of the birth of Admiral Dewey

Whereas the centenary of the birth of Admiral George Dewey falls on December 26, 1937; and

Whereas Admiral Dewey was educated in the schools of Montpelier and at Johnson Academy and Norwich University before attending the United States Naval Academy at Annapolis; and

Whereas he later became one of Vermont's most distinguished sons as a naval commander in two wars, whose exploits in the Spanish-American War placed this Nation definitely in the forefront of naval powers of the world; and

Whereas his whole career in the service of his country and in his civil life provides a worthy example in citizenship and service for the youth of the State and Nation: Now, therefore, be it

Resolved by the senate and house of representatives, That during the month of December 1937 the life and achievements of Admiral George Dewey be memorialized with proper ceremonies in the schools of Vermont and that public observance of the centenary of his birth be held in towns and cities of the State; and be it further

Resolved, That the Governor be hereby authorized to appoint a commission of three persons, and designate the chairman thereof, to arrange for such ceremonies in the schools and in the towns and cities of the State, and that the persons therein appointed shall serve without pay but shall be reimbursed for necessary expenses incurred in the performance of their duties on presentation to the auditor of accounts of proper vouchers therefor; and be it futher

Resolved, That the sum of $200 be hereby appropriated to the said commission for the purposes of this resolution.

MORTIMER R. PROCTOR,
Speaker of the House of Representatives.
WM. H. WILLS,
President of the Senate.

Approved March 29, 1937.

GEORGE D. AIKEN,
Governor.

The Governor subsequently appointed a special commission composed of K. R. B. Flint, Montpelier; James F. Dewey, Quechee; and Dorman B. E. Kent, Montpelier.

DOMINANT IDEAS OF THE CONSTITUTION—ADDRESS BY SENATOR BAILEY

[Mr. WALSH asked and obtained leave to have printed in the RECORD an address on the subject of Dominant Ideas of the Constitution, delivered by Senator BAILEY before the Economic Club at Worcester, Mass., on November 1, 1937, which appears in the Appendix.]

PREVENTION OF WAR—ADDRESS BY SENATOR SHIPSTEAD

[Mr. SHIPSTEAD asked and obtained leave to have printed in the RECORD a radio address delivered by him on November 16, 1937, on the subject of Prevention of War, which appears in the Appendix.]

OUR NATIONAL FLAG—ADDRESS BY COL. A. M. EDWARDS

[Mr. DAVIS asked and obtained leave to have printed in the RECORD an address entitled "Our American Flag," delivered by Col. Arthur M. Edwards, retired, which appears in the Appendix.]

UNEMPLOYMENT RELIEF

[Mr. POPE asked and obtained leave to have printed in the RECORD two letters, one from the chief justice of the Supreme Court of the State of Idaho and one from the Governor of the State of Idaho, relative to the unemployment situation, which appear in the Appendix.]

NATIONAL WHEAT PROGRAM—WICHITA EAGLE EDITORIAL ON SPEECH OF SECRETARY WALLACE

[Mr. MCGILL asked and obtained leave to have printed in the RECORD an editorial entitled "Wallace's Speech," published in the Wichita (Kans.) Daily Eagle, November 24, 1937, which appears in the Appendix.]

NAZI MEETING IN NEW YORK—ARTICLE FROM NEW YORK EVENING POST

[Mr. CLARK asked and obtained leave to have printed in the RECORD an article relative to a Nazi meeting in New York, published in the New York Evening Post of Tuesday, November 23, 1937, which appears in the Appendix.]

DEBUNKING WAR PROMOTION—ADDRESS BY BOAKE CARTER

[Mr. SHIPSTEAD asked and obtained leave to have printed in the RECORD a radio address on the subject Debunking War Promotion, delivered by Boake Carter on October 18, 1937, which appears in the Appendix.]

AGRICULTURAL RELIEF

The Senate resumed consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. POPE. Mr. President, will the Senator from Oklahoma yield to me to enable me to have printed in the RECORD a telegram relating to the pending bill?

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. POPE. Mr. President, I ask to have inserted in the RECORD at this point as a part of my remarks a telegram which I have received from Joseph Andrasen, of St. Anthony, Idaho, with reference to including potatoes in the pending farm relief bill.

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

Senator JAMES P. POPE,
United States Senate, Washington, D. C.:

A referendum of potato industry was held in Idaho in September. Vast majority in favor potatoes included agriculture bill. Figures available at Agriculture Department. Use utmost effort include potatoes.

JOSEPH ANDRASEN.

Mr. BORAH. Mr. President, will the Senator from Oklahoma yield to me to put a matter in the RECORD?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. Mr. President, during the debate of day before yesterday some reference was made to the attitude of the State Grange of Idaho. I send to the desk a telegram which I ask to have read.

The PRESIDENT pro tempore. Without objection, the telegram will be read.

The legislative clerk read the telegram, as follows:

NAMPA, IDAHO, *November 29, 1937.*

Hon. WILLIAM E. BORAH,
United States Senate, Washington, D. C.:

Idaho State Grange passed following and took same to National Grange for their action: First, continuation of soil-conservation program; second, a parity income for the farmer based on net income that bears to net income of nonagricultural population; third, the principle of ever-normal granary; fourth, production control through cooperation and control by the farmer for the farmer. No compulsion; did not change mind and did not need to.

W. W. DEAL.

Mr. BORAH. Mr. President, in connection with the telegram I ask to have published in the RECORD a statement I received this morning from the National Grange.

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

The statement is as follows:

WASHINGTON, D. C., *November 30, 1937.*

To the Members of Congress:

There are certain features of the farm bill (H. R. 8505) now pending in the House, with which the National Grange is in full accord. We believe that, broadly speaking, the soil-conservation program is sound and should be continued, and we favor the objectives outlined in the declaration of policy contained in the bill, particularly with reference to giving the farmers price parity with other groups and a fair share of the national income. We likewise favor that feature of the House bill which would make $10,000,000 available each year for research in the effort to find new uses for farm products in industry and to extend markets and outlets for farm commodities. Another new feature of the bill which meets with our approval is that which would authorize the Secretary of Agriculture to intervene and cooperate with farm cooperative associations in rate cases coming before the Interstate Commerce Commission.

However, we are strongly of the opinion that the new legislation should be based on the idea of voluntary cooperation on the part of the farmers rather than compulsory control on the part of the Government. It should be clearly understood that under no circumstances does the Government have the right to use the word "must" when it comes to telling the farmers of the country how much or how little they should produce of any particular crop or how much or how little they should place upon the market. There can be no such thing as a majority, under the guise of a referendum, dictating to a minority in matters of this kind.

The provisions relating to compulsory control, quotas, and penalties contained in Senate bill, S. 2787, violate all the best tradi-

tions of American democracy. If this bill should be enacted it would lay the basis for perhaps 100,000 lawsuits in the agricultural States of the country every year. So far from being a help in the solution of the farm problem, there is justification for saying that the enactment of this measure would further complicate the situation and render the plight of the farmer more desperate than ever.

It should be remembered that Congress has a responsibility regarding the constitutionality of legislation that is enacted, as well as the Supreme Court. If such a measure as the Senate bill should pass and in due time the Supreme Court, in the performance of its sworn duty, should declare it to be unconstitutional, it would simply furnish an excuse for certain elements to raise a hue and cry that would resound throughout the agricultural sections of the country to the effect that the Supreme Court is the enemy of the farmer. That would not be fair to the Supreme Court, nor would anyone be benefited by it.

In the opinion of the National Grange, both House and Senate bills should be referred back to the committee and stripped of their compulsory features. In planning a long-time program for agriculture, we should not begrudge the time nor the patience that is necessary to make it sound, workable, and constitutional.

Yours sincerely,

THE NATIONAL GRANGE,
By FRED BRENCKMAN,
Washington Representative.

Mr. McGILL. Mr. President, will the Senator from Oklahoma yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. McGILL. It was in connection with the remarks made by me day before yesterday that the matter relating to the State Grange of Idaho arose. During the course of my statement I said that an additional delegate to their national meeting was elected from the State of Idaho with the State master. I am advised that in that particular feature of my statement I was in error, and that the man who was my informant was the master of the State Grange of the State of Washington.

That is the only additional statement I care to make in connection with the matter.

Mr. GEORGE. Mr. President, will the Senator from Oklahoma yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. GEORGE. In connection with certain questions which were yesterday propounded to the junior Senator from Louisiana [Mr. ELLENDER] with reference to tobacco allotments under the pending farm bill, I offer for the RECORD a telegram from one of the best-informed men in the Tobacco Belt of Georgia with reference to this bill and to the allotments provided under the bill.

The PRESIDENT pro tempore. Without objection, the telegram will be printed in the RECORD.

The telegram is as follows:

VALDOSTA, GA., *November 30, 1937.*

Hon. WALTER F. GEORGE,
United States Senate Building, Washington, D. C.:

Your letter 27th, allotment for tobacco based on 3-year average will be unfair to Georgia producers. Too many reduced their acreage last 3 years, while other producing States increased. Minimum allotment of 2,400 pounds to family will put many large families out of existence. Recommend minimum 2,400 pounds per plow or, better still, allot each farmer who has previously grown tobacco not over 10 percent then cultivable acreage, eliminating poundage, setting aside 3 percent total crop for new producers.

G. W. VARN.

AGRICULTURAL ADJUSTMENT ACT OF 1937

Mr. THOMAS of Oklahoma. Mr. President, we are considering Senate bill 2787, a bill to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, and I have taken the floor for the purpose of discussing that measure. I invite Senators to make any suggestions they may see fit to make as I proceed, and likewise to ask any question which may occur to them pertinent to the discussion. I propose to discuss the farm problem from a different angle from that proposed in the bill.

If the pending bill has any purpose whatever, such purpose is to raise commodity prices. The bill provides a plan for raising and influencing commodity prices. The plan is one of curtailment and control of production.

Mr. President, I am supporting the bill. I am a member of the Committee on Agriculture and Forestry. I was a member of the subcommittee which held numerous hearings, and was present in the full committee when the hearings were considered, and I helped formulate the final text of the bill now before the Senate. In brief, the bill provides a plan for limiting production so that the law of supply and demand shall operate to the benefit of the American farmer.

It is an economic law that when things are plentiful they are cheap and when they are scarce they are high in price. This law applies to farm commodities, such as corn or cotton. Last year corn was scarce, and the price of corn was high. This year cotton is plentiful, and cotton is cheap. The same economic law which applies to corn, wheat, and cotton applies to money. When money is plentiful, money is cheap and prices are high. When money is scarce, money is high and prices are low.

The farm problem is a price problem. There is scarcely anything to the farm problem except a price problem. That was the viewpoint of our committee in 1933, when a special session of the Congress was called for the particular purpose of devising some plan to assist the country out of the worst depression in history.

Mr. BANKHEAD. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Alabama?

Mr. THOMAS of Oklahoma. I yield.

Mr. BANKHEAD. The Senator from Oklahoma is delivering a very interesting speech, and I know there are quite a number of Senators who would like to hear it, and who would be present if they knew the Senator was speaking. Therefore, I suggest the absence of a quorum.

Mr. BORAH. Mr. President, before the quorum is called, may I ask the Senator from Oklahoma whether an amendment to the bill on this subject has been offered?

Mr. THOMAS of Oklahoma. If I may reply before the quorum is called, last March, when some of us foresaw what was going to happen during the summer, I introduced a bill to forestall what we saw was coming. The bill was referred to the Committee on Agriculture and Forestry. Hearings were held on the bill, and a few days ago the committee made a report on the bill and incorporated such report as a part of the farm bill reported to the Senate. Later on I shall discuss that bill and move for action.

Mr. McNARY. Mr. President, it may not be said that the amendment is a part of the agricultural bill?

Mr. THOMAS of Oklahoma. It is not a part of the bill.

Mr. McNARY. But in the report the committee went out of its way to report on the amendment offered by the Senator, though it was not incorporated in the bill?

Mr. THOMAS of Oklahoma. That is correct.

Mr. McNARY. It is now on the clerk's desk, printed, ready for the consideration of the Senate?

Mr. THOMAS of Oklahoma. No; that is not the status of the measure.

Mr. McNARY. What is the status of it?

Mr. THOMAS of Oklahoma. The amendment in the form of a bill is still in the Committee on Agriculture and Forestry, but later I shall make a motion that the bill be withdrawn from the Committee on Agriculture and Forestry and referred to the Committee on Banking and Currency. Such action will follow the precedent set 5 years ago.

Mr. McNARY. Then it is not the purpose of the Senator to offer his amendment to the so-called farm bill?

Mr. THOMAS of Oklahoma. I have just stated my plan and purpose. As I proceed I shall disclose the history of what was done 5 years ago, and what I am planning to do now is to follow that precedent as far as I can.

Mr. McNARY. I do not wish to remain in a state of ignorance as to the parliamentary status. I assumed the Senator intended to offer his amendment at the appropriate time to the farm bill.

Mr. THOMAS of Oklahoma. Mr. President, I have stated my program. When I shall have concluded my remarks I shall move that the Committee on Agriculture and Forestry be discharged from further consideration of my bill and that

the bill be referred to the Committee on Banking and Currency.

Mr. McNARY. I have no objection to that course. I was asking the Senator to advise me what his course was to be.

Mr. THOMAS of Oklahoma. That is the program I propose to follow.

The PRESIDENT pro tempore. The absence of a quorum having been suggested, the clerk will call the roll.

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

Adams	Chavez	Johnson, Calif.	Pepper
Andrews	Clark	Johnson, Colo.	Pittman
Ashurst	Connally	King	Pope
Austin	Copeland	La Follette	Russell
Bailey	Davis	Lee	Schwartz
Bankhead	Dieterich	Lodge	Schwellenbach
Barkley	Donahey	Logan	Sheppard
Berry	Ellender	Lonergan	Shipstead
Bilbo	Frazier	Lundeen	Smathers
Borah	George	McAdoo	Smith
Bridges	Gerry	McCarran	Thomas, Okla.
Brown, Mich.	Gibson	McGill	Thomas, Utah
Brown, N. H.	Gillette	McKellar	Townsend
Bulkley	Glass	McNary	Tydings
Bulow	Graves	Maloney	Vandenberg
Burke	Green	Moore	Van Nuys
Byrd	Hale	Norris	Wagner
Byrnes	Harrison	Nye	Walsh
Capper	Hayden	O'Mahoney	White
Caraway	Hitchcock	Overton	

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

Mr. THOMAS of Oklahoma. Mr. President, I just stated that the farm problem is a price problem. In seeking to adjust the prices of agricultural commodities to what might be termed a fair level, the Senate acted 5 years ago. At that time we were in the midst of a depression, a depression that has just been judged by competent authorities to have been a $250,000,000,000 depression. We are not now in a $250,000,000,000 depression, but we are in a $50,000,000,000 recession. During the course of my remarks I shall have something to say about the cost of this recession, what brought about the recession, and the status of the country today because of such recession, and what is being done and what must be done to get the country back on its feet again.

Five years ago, in the consideration of the original Agricultural Adjustment Act, the Senate Committee on Agriculture and Forestry made a report in which it conceded that even if the bill should accomplish all that was claimed for it, that would not be of great benefit in restoring agricultural prices. I shall read one paragraph from that report submitted 5 years ago—

> Agriculture demands that the farmer should have a 100-cent dollar.

Prior to that we had stated that the farmer did not have a 100-cent dollar. That in order for the farmer to get a dollar at that time he had to produce and deliver $1.67 worth of commodities. That meant that the dollar valued in commodities was worth $1.67. After that recital the committee reported:

> Agriculture demands that the farmer should have a 100-cent dollar; that the purchasing power of the dollar should be fixed and established at that point to serve the best interests of the people, trade, commerce, and industry, and that when such value is once fixed it should be stabilized at such value.

That is the program the committee undertook to establish 5 years ago. It is the program that the committee went on record for only a few nights ago, at midnight, when they authorized inclusion in the committee report of the last eight pages of that report.

Mr. President, pursuant to the recommendation made 5 years ago, an amendment was offered upon the floor proposing to give the President vast powers over money. At the request of the Committee on Banking and Currency the amendment was referred to that committee, where brief hearings were held, and the amendment was reported back to the Senate. The Senate adopted that amendment, giving the President several powers over the value of the dollar, the purpose being to have the President, as the agent of the Government, act to decrease the value of the dollar and thereby increase prices. In the discussion of that amendment I made the statement that if the amendment should prevail it had possibilities of transferring $200,000,000,000 in value from the creditor class to the debtor class. When I made that statement 21 Senators almost fell out of their chairs here in the Chamber. That night the New York Times carried my statement in electric letters around the Times Building in New York City. Let me say in passing that of those 21 Senators who were so shocked 5 years ago, 14 have since fallen out of the Senate. Two-thirds of those who opposed that amendment are not here today. Only seven remain who opposed the amendment attached to the agricultural bill 5 years ago.

Let me also say in passing that that amendment is the only part of the bill which is now the law. It stands alone. I think it is now universally conceded that the amendment adopted to the agricultural bill 5 years ago had more to do with raising commodity prices and getting this country back on its feet than any other law or any other amendment that has been passed during the Roosevelt administration.

Mr. President, did I overstate the facts when I said that the amendment, if adopted, had possibilities of transferring $200,000,000,000 in value from the creditor class to the debtor class? Let me explain what happened. After the amendment was passed and the gold dollar was revalued, some bondholders demanded that their bonds should be paid in gold of the present weight and fineness, as stated on the bond. At the time the bonds were issued the present weight and fineness of the gold dollar was 25.8 grains nine-tenths fine. So the holders of bonds containing the gold clause demanded that they be paid in dollars each one weighing 25.8 grains of gold 0.9 fine. The case involving that question went to the Supreme Court of the United States.

The amendment referred to gave the President the power to take the gold dollar and cut it in two and make two dollars out of one on the theory that gold has what is termed intrinsic value. So that by reducing the weight of the gold in the dollar such gold nugget became smaller and hence less valuable. To the extent of such reduction in the weight in the gold dollar such dollar was cheapened.

The President did not exercise the full power given to him. He exercised it only to the extent of a reduction of 40 percent. In other words, he took 40 percent of the gold out of the dollar. So the President took 40 percent of the weight of the gold dollar out of each gold dollar, and left 60 percent in the dollar.

Bondholders went to the Supreme Court and demanded that on their gold bonds they be paid in the old-fashioned, large-size dollars weighing 25.8 grains of gold 0.9 fine. The Supreme Court held that the Government was relieved of that obligation. The Court held in effect that the bonds were payable in dollars and not in chunks of gold of a certain weight and fineness.

The power to coin money and to regulate the value of that money rests upon the Congress of the United States. Whatever value the dollar has today, the Congress is responsible for that value. Whatever value the dollar had in 1932, the Congress was responsible for that value. Whatever value the dollar has in 1950, the Congress of the United States—if there shall be a Congress then, and I hope there will be—that Congress will be responsible for that value, unless in the meantime the Constitution shall have been changed.

The Supreme Court held constitutional the law passed by the Congress authorizing the devaluation of the gold dollar. It sustained the law, and denied the recourse demanded and claimed by the holders of gold bonds.

When the President took 40 percent of gold out of the dollar that 40 percent became profit, and at that time we had something like $5,000,000,000 in gold. These little 40 percent chunks, theoretically speaking, taken out of the dollars were placed in a pile called profits. When the gold dollar was devalued it made a profit to the Treasury of

$2,800,000,000. When each little chunk was taken out of the dollar and revalued, that new chunk became valued at 69 cents. So, after the Congress adopted the amendment, and when the President acted, the taxpayers and the debtors of the Nation were saved 69 cents on each dollar of their gold obligations.

If the holders of gold bonds should have prevailed in their viewpoint, we would have had to pay each one of them $1.69 in the new money for each dollar of the gold obligations held by them. That would amount to $69 on each $100. That would amount to $69,000,000,000 on each $100,000,000,000. It is estimated by competent authorities that in the United States there exists a total massed indebtedness of something like $250,000,000,000; $250,000,000,000 in debts of all kinds rest on the people of the United States. So, by our act in 1933, which was sustained by the Supreme Court, we saved the debtor class $69,000,000,000 on each $100,000,000,000; that is, $69,000,000,000 on the first $100,000,000,000; another $69,000,000,000 on the second $100,000,000,000; and one-half of $69,000,000,000 on the $50,000,000,000. Add those figures together. They make a total of $172,500,000,000, which that amendment, together with the action of the President, together with the act of the Supreme Court, saved the debtor class in terms of gold.

That just applies to debts. Was I far wrong when I stated on the floor 5 years ago that the amendment, if adopted, had possibilities of transferring $200,000,000,000 from the creditor class to the debtor class? On the debts alone it amounted to a saving of $172,500,000,000, if measured in terms of gold.

Let me ask the Senators who are listening to me, What would have happened to this Nation had we not adopted that amendment, or some similar law, 5 years ago? Senators can work out their own answer. Had we not adopted that amendment, or some similar law, cotton today would be selling for 2½ to 4 cents a pound.

Had we not adopted that amendment 5 years ago, or at some subsequent date, wheat today would be selling for less than 50 cents per bushel, and other commodities would be selling for low prices in proportion. Could the country have lived during these 5 years with a price of 2 to 4 cents per pound for cotton, 50 cents per bushel for wheat, and other prices in proportion? Of course, the Senators know the answer.

Other nations, later on, followed the policy which we adopted 5 years ago. We devalued the gold dollar 69 percent. Great Britain has devalued the gold pound 66 percent. France has devalued the French franc 98 percent. Belgium has devalued the belga 40 percent. Switzerland has devalued the Swiss franc 42 percent. Canada, our neighbor to the north, has devalued her gold dollar the same as we have in this country, namely, 69 percent; so that the Canadian dollar and the American dollar are practically on a parity at all times. Australia has devalued her Australian pound 109 percent in terms of gold. Italy followed the United States and Canada exactly and devalued the Italian lira 69 percent. Japan has devalued the Japanese yen 193 percent, and because she has devalued her yen almost three times as much as we have devalued our dollar, her yen has fallen in value, as a result of which she has taken the markets of the world. The United States has only devalued, as I have said, 69 percent.

Mr. President, we had gone along pretty well in this country from 1933 until March 1937. In March 1937 wheat prices were, as I recall, $1.40 a bushel. Corn was selling for something like $1.35 per bushel. Corn was too high, a condition brought about by the severe drought of last year. Cotton was selling in March for 14½ cents a pound. Other prices were rising; that is true. On the 25th of March, I think it was, I introduced Senate bill 1990.

That bill provides a plan for ascertaining just how high prices should be allowed to go before we should stop the rise and then stabilize. When I introduced the bill I made an explanation of it, and I wish to quote just a few sentences from the speech I made in the Senate on the 25th of March of the present year.

In such speech I quoted a statement from a newspaper:

> Rising prices new worry of administration. Advance in commodities seen as peril like that of 1929.

Later on in the same story that I was quoting from I read this line:

> Eccles points boldly to danger.

Mr. Eccles is Chairman of the Board of Governors of the Federal Reserve System.

> Federal Reserve head warns of price and wage inflation.

I referred to those things in March 1937, and I then asked how high prices should be raised before we checked the rise and stabilized. That meant how cheap should the dollar be made before we should check its cheapening and stabilize the value of the dollar, because the value of the dollar fixes the price of commodities. It fixed the price in 1933, and because the dollar was high, prices were low. It fixes the prices of commodities today. It fixed the prices of commodities last March. I raised the question then, and I received no answer, of course, because no one was qualified to answer it.

The Constitution says that the Congress shall have the power to regulate the value of money. That means that Congress has the power to regulate the price level, which means to fix the price of commodities. I do not mean the price of wheat at so much per bushel; I do not mean the price of cotton at so much per pound; but I mean the price level, and when we get the price level fixed, we can then adjust production to that price level.

From the committee report submitted a few days ago on the pending bill I desire to read the following language:

> The hearings disclose that there are two factors in the main which control the price which the farmer receives for his commodities. One of these factors is the quantity of production and the other is the fluctuation in the value of the dollar.

The committee reports that—

> Unless and until the dollar value is regulated and stabilized it will be impossible to regulate production of farm commodities in any kind of a satisfactory manner.

The committee further reports that—

> Unless and until the dollar value is adjusted and regulated and such value thereafter stabilized, it will be impossible to adjust and regulate taxes, rents, wages, and salaries.

With a dollar fluctuating in value, rents cannot be regulated; with a dollar changing in value, wages cannot be regulated; salaries cannot be regulated; production cannot be regulated in terms of prices.

We all know that when we overproduce any given product the price goes down, and when we underproduce the price goes up. That means the quantity of production has an influence upon the price. If we have a normal production, then we should have a normal price and a fair price, and that is the price level which I am discussing at the present time.

The bill we have before us leaves out the element of the fluctuation in the value of the dollar. When the dollar goes down, prices go up; when the dollar goes up, prices go down.

This year we have had a dollar rising in value, which has driven prices down. At the same time we have had overproduction that has added a second influence to drive prices down. From March of this year until now the dollar has been rising in value as measured by the best yardstick that the world has devised. There are several systems of statistics by which the nations measure value. We have such a system in this country. We have the statistics of the Bureau of Labor, embracing some 784 commodities. Each week the price of each one of these commodities is ascertained, the prices are added, and then divided by the number of commodities, which gives the average. If the average is up, that means the dollar in buying power has gone down; if

the average is down that means that the dollar in buying power has gone up. We measure the value of money by that system of statistics. Every nation in the world measures the value of its money by similar systems of statistics.

There are the two factors. One is the changing value of money; the other is the change in the quantity of production; and it is my contention that there is no chance to enact a satisfactory farm bill to regulate prices until we first have the yardstick of value fixed at a proper length, and then have that yardstick stabilized. That can be done.

Last March the dollar was down to 113 cents. In 1933 the dollar had a buying power of 167 cents. Then we started to cheapen the dollar and by various means we brought its value down from 167 cents to 113 cents in March. It was then that some of our responsible officials became alarmed and served notice not only to the Senate but to the country and to the world that prices were becoming too high.

Let me remind the Senate that when the depression broke upon this country in October 1929 the dollar had a buying power of 105 cents, which meant that prices were higher then than they are now. From March last up to this time the dollar has increased in value from 113 cents to 121 cents. In the past 8 months the dollar has gone up in value from 113 cents to 121 cents as measured by commodities.

Senators, every time the price level changes one point it makes a change of $4,000,000,000 in the value of the property of this country. Every time the dollar goes up one point property goes down $4,000,000,000 in these United States. Since March the dollar has gone up in buying power 8 cents. Eight times four are $32,000,000,000, as reflected alone in the stock market of New York City.

If I could make the Senate see this problem as I think I see it, the first thing we would do would be to adjust the value of the dollar. If Senators could understand that every time the dollar goes up one point, property values lose $4,000,000,000 in the United States, and every time the dollar goes down one point the property values rise $4,000,000,000, would they not be interested in a program to find the proper value of the dollar and then stabilize it at that value?

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

Mr. THOMAS of Oklahoma. I yield to the Senator from Kentucky.

Mr. LOGAN. What I should like to know, may I say to the Senator, is, What makes the dollar go up and what makes it go down?

Mr. THOMAS of Oklahoma. A little later on I shall go into that matter by concrete illustrations. I will tell the Senator what has been done. In 1933 we gave the President the power to cut the size of the gold dollar. The new gold dollar was not so large as the old gold dollar; it was a smaller gold nugget. That meant that it would not buy so much; that meant that prices rose to that extent. That is one influence that made the dollar go down in value.

The second influence in 1934 was our silver-purchase program. In order to get more money in circulation, following the law of supply and demand, to make money more plentiful, to make it cheaper, we adopted a silver purchase program. Under that program we have purchased about 2,000,000,000 ounces of silver, and against that silver we have issued $850,000,000 of silver certificates.

Mr. LOGAN. That caused it to go down, but under similar conditions it is going up again. What causes it to go up?

Mr. THOMAS of Oklahoma. If the Senator will permit me to proceed, I shall come to that in just a moment. From 1933 to March of this year the value of the dollar went down and prices went up. From March of this year to this date, the dollar has been going up and prices have been going down. Today we are trying to get the dollar to go back down again in order to raise prices, and I will show the Senator exactly the way that these changes in the dollar value have been brought about.

In 1933, when prices were low and the dollar high, worth 167 cents in commodities, the administration and the Congress decided they would bring the value of the dollar down and bring prices up. We gave the President the power to reduce the size of the gold dollar. He used that power to make the new gold dollar smaller, hence not worth so much. Through the silver purchase program we placed in circulation $850,000,000 of silver certificates. That was the second influence which the Congress and the President used to make money cheaper and prices higher.

In addition to that we have borrowed vast sums of money from the banks. We had to borrow that money to balance the Budget and carry on the relief program. We have increased the national indebtedness from $21,000,000,000 to $37,000,000,000. There is a $16,000,000,000 increase in deposits of credit money since 1933.

When we did that we put in operation an influence to cheapen still further the dollar. We made the dollar cheaper in the main by these three specific policies, and to that extent prices responded and they have responded until the dollar value was down to 113 in March of this year. That was 8 cents above the value of the dollar when the depression came in 1929, and 13 cents above what it was in 1926, when we had the era of so-called Coolidge prosperity.

I want to show now who started the movement of deflation. In passing, let me say that we have a columnist here in Washington whose writings are widely read. He is the editor of the United States News. He has an article published in the papers every day. His name is David Lawrence. Yesterday David Lawrence said in his column:

> Congress held accountable for slump. "Rubber stamps" to blame for abandoning its specific powers.

That is the headline, and I read just one or two sentences:

> Unemployment is growing, business is declining, distress in large and small companies is increasing—and who is to blame?
>
> The tendency in the business world is to blame President Roosevelt and to call the present era "the Roosevelt depression." But this personalizes the problem too much. It is easy to blame one, but in this case it does not happen to be all of the truth. If the American people are looking for a scapegoat—and when times are bad they usually do—they will find the scapegoat in the "rubber stamp" Congress—the Senators and Representatives who took $10,000 a year as salary and then merely asked what the White House wished done and complied.

That is the analysis by Mr. Lawrence.

Great Britain has taken notice of the depression. We do not appreciate our power in this country. The United States is by far the richest nation on the globe. In normal times the United States is worth $400,000,000,000. No other nation is worth $400,000,000,000. No other nation is worth $300,000,000,000. I know of none in the world worth $200,000,000,000. The United States is not only the richest nation but the strongest nation, the most powerful nation, and the most influential nation on the face of the globe. We are so strong and so powerful and so influential that when our responsible officials speak, their words are carried around the world, and if they have financial significance that significance is reflected in the markets of the world. So, when our officials spoke and took action this summer and fall, such words and actions were reflected in Great Britain and throughout the world. Only a few days ago, November 24, in a news item from London we have an article by the Associated Press. I read one or two statements:

> Robert J. G. Boothby, Conservative, charged in the House of Commons today that President Roosevelt started market declines, thereby endangering peace.
>
> Boothby said it was time someone did "some plain speaking on this side of the Atlantic."

Later on Mr. Boothby said:

> Whether we like it or not, Britain's economic affairs are tied to those of the United States.

In other words, this member of Parliament in London said that what we do in the United States has a reflection directly in London. London controls one-half of the peoples of the world, so far as their money is concerned.

Mr. Lawrence, in his newspaper a few days ago, made this statement, which is set forth in Newsgram No. 8, under the title "What Price Index in Business?" The second paragraph reads:

> It was back in March that Marriner S. Eccles, Chairman of the Federal Reserve Board, became concerned over what was shown by these price figures.

Then the article states:

Mr. Eccles induced President Roosevelt to comment on the situation at his April 4 press conference. The President at that time suggested that the price of some commodities might be getting too high.

That is when the depression started, in March of this year. It was started because the Federal Reserve Board decided that prices were getting too high. I have no objection to the Federal Reserve Board having their opinion about the price matter, but the Federal Reserve Board is not the policy-making branch of this Nation. The Constitution gave the policy-making power of the United States to the Congress. The Congress is given specific power to regulate the value of the dollar. The Federal Reserve Board has no mandate.

The Congress, although it has been in existence 150 years, has never passed on this question. The Congress has done little in 150 years to regulate the value of the dollar. One hundred years ago, under Andrew Jackson's administration, the gold dollar was devalued twice. Mr. Jackson had some understanding about the money problem and he devalued the gold content twice.

Mr. BAILEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from North Carolina?

Mr. THOMAS of Oklahoma. I yield.

Mr. BAILEY. Will the Senator state the terms of the devaluation under President Jackson?

Mr. THOMAS of Oklahoma. At that time we were on sort of a gold and silver bimetallic standard. The Treasury was trying to keep the silver dollar and the gold dollar on parity, one exchangeable on a parity for the other. The administration decided that the gold dollar was slightly more valuable than the silver dollar. In order to reduce the gold dollar to the value at that time of the silver dollar, both having basic primary values, which meant that they both had an intrinsic value, Mr. Jackson devalued the gold dollar in the first instance, I think, about 3 grains. Later on he found it was not exactly right, and he revalued the gold dollar down again a fraction of a grain, and from that time until 1873 gold and silver were the basic primary moneys of the United States, one worth as much as the other.

Answering further the question of the Senator from Kentucky [Mr. LOGAN], in March of this year, when the responsible heads decided that prices were getting too high and moneys becoming too cheap, we find the following influence put in operation by the administration:

On June 14 of last year, anticipating what might happen, we had a 50-percent increase in member bank reserve requirements. That was the first step taken by the administration to keep the dollar from going down too fast and likewise to keep prices from going up too fast.

Step No. 2 was to sterilize a large part of our gold. We were receiving a vast amount of gold from abroad. When gold comes to this country, it comes here in payment or settlement of international balances. While I am on this subject, I may state that regardless of what Senators may think to the contrary, the United States never has purchased a single ounce of gold under the Roosevelt administration. We passed legislation which makes it illegal for a bank or a trust company or an individual to have gold; so, if they had gold, they had to turn it in. If they get gold now, they must turn it into the Treasury and get credit for it. During all these years the balance of trade has been in favor of the United States. We have sold the nations of the world more goods than they bought from us. So, in the settlement of international balances, since they could not sell us more goods—for they sold us all they could—in order to pay us for the surplus they had to get gold and send it to us. These transactions are not carried on between the governments. They are carried on between the central banks.

For example, a bank in San Francisco gets an international settlement from Japan or China, and that settlement is in the form of gold. The bank cannot keep that gold. It must send it on to the Federal Reserve banks, and the Federal Reserve banks must send it on to the Treasury. In the adjustment of balances between this country and other countries in private transactions, New York City gets large quantities of gold. The banks get that because it is the only thing the banks will accept. This Nation would not accept the paper francs of France, or the paper liras of Italy, or the paper pounds of Great Britain. They are not good in circulation over here. So, when an international balance is settled, as a rule it is settled by the shipment of gold; and when the banks of New York get gold from foreign nations in settlement of balances of private concerns, the banks cannot keep the gold. The banks have to turn it over to the Federal Reserve bank in New York, and the Federal Reserve bank has to turn it over to the Treasury. So it was under a law requiring the Treasury to accept all this gold—not to buy it, but to accept it and pay for it in credit—that we got all this gold. We have bought no gold.

Mr. BAILEY. Mr. President, is it true that we do not buy it? We issue our paper money for it. Is not that a purchase?

Mr. THOMAS of Oklahoma. Mr. President, we do not issue any paper money for gold.

Mr. BAILEY. What do we give these bankers for gold when they give us gold?

Mr. THOMAS of Oklahoma. I will answer the Senator. Formerly, when this policy was first inaugurated, a bank of New York would get, say, a million dollars of gold. They could not keep it, so they would turn the gold over to the Federal Reserve bank and get credit for it. If they wanted paper currency, of course, the bank could get such currency.

Mr. BAILEY. Exactly.

Mr. THOMAS of Oklahoma. They got credit from the Federal Reserve Bank of New York. Then, in turn, the Federal Reserve Bank of New York sent the gold to the Treasury, or notified them that it was there for them, whereupon formerly the Treasury issued a sort of gold certificate to the Federal Reserve Bank of New York City. Later on, however, when so much gold was coming to this country and the reserves were mounting, the administration decided that in order to head off a possible inflationary trend they would not give the Federal Reserve banks any more gold certificates, but they would give them credit; and now to get credit they have to issue bonds and sell those bonds in the markets of America to get the money to pay the Federal Reserve banks for the gold turned over under the law.

Mr. BAILEY. So the Senator is saying that if I buy a horse for him, and give him credit on my books for $200, I do not buy the horse.

Now let us see about the other gold, the newly mined gold. The Senator said we bought none. What do we give the miners for the newly mined gold?

Mr. THOMAS of Oklahoma. We give them credit. They turn it in to some bank.

Mr. BAILEY. The credit of the United States is a thing of value; is it not?

Mr. THOMAS of Oklahoma. There is no doubt about that. There is no controversy over that proposition.

Mr. BAILEY. The Senator stated that we had never bought any gold. We bought the gold on credit. That is about the Senator's statement.

Mr. THOMAS of Oklahoma. We have accepted the gold from individuals, corporations, and banks under a law passed by the Congress.

Mr. BAILEY. And we have given credit for it.

Mr. THOMAS of Oklahoma. Yes.

Mr. BAILEY. And the man who formerly had the gold can get value for the credit.

Mr. THOMAS of Oklahoma. Yes; that is correct.

Mr. BAILEY. All right.

Mr. BANKHEAD. Mr. President, have bonds been issued to pay for the gold?

Mr. THOMAS of Oklahoma. They have been. Since we began to sterilize gold we have issued bonds, and we sell those bonds and get the credit to take up the gold.

Mr. BANKHEAD. So we are paying for gold with interest-bearing securities?

Mr. THOMAS of Oklahoma. That is correct. We are doing that now.

Answering still further the question of the Senator from Kentucky [Mr. LOGAN], the first thing the administration started to do in March of this year to check the fall of the value of the dollar and to check the increase of prices, was to increase the reserves 50 percent, and the second thing was to establish this sterilization policy, so that when gold comes to America now it does not increase the reserves of the banks. Formerly it did. Formerly a bank would turn the gold over to the Federal Reserve Bank of New York and get credit for it, which would increase the reserves of such bank with that Federal Reserve bank. That, of course, broadened the base for credit. It had a tendency to increase prices. So, to stop the increase of credit through that means, the Government began to sterilize gold. That means that the gold is taken by the Treasury, and most of it is buried out in Kentucky. Some is kept in Denver, and I suppose there is still some in New York; but the bulk of it is out in Kentucky, where it is entirely safe. I do not think the gold out in Kentucky is in any danger. I think the Kentuckians will see to it that the gold is safe and preserved for the benefit of the people of America.

Mr. SMITH. Mr. President, I desire to ask the Senator a question. I want to get that matter clear, and I hope the public will thoroughly understand it.

Under the present operation, gold is taken into the Treasury, having been bought by bonds. By means of bonds money is gotten for the purchase of the gold. On the bonds we pay interest, and the gold is sterilized and passes out of circulation; so that we are virtually on the basis of a bond-secured circulation. Is that correct?

Mr. THOMAS of Oklahoma. That is true; I should not say it is entirely true, however. This is what I mean:

The money we have in circulation is backed by all the property of all the people of the Nation.

Mr. SMITH. I understand that, because that is what makes the bonds negotiable—the taxing power of the Federal Government.

Mr. THOMAS of Oklahoma. All the gold that we have is back of our money. All the silver we have is back of our money. All the farm land we have is back of our money. All the factory buildings, and all the property of all the people of this Nation, are back of every dollar of currency we have in existence, and likewise back of our bonds.

Mr. SMITH. But, bringing it down to its last analysis, the amount of money in circulation that is based upon our purchase of gold is primarily based on the bonds that buy the money that pay for the gold.

Mr. THOMAS of Oklahoma. That is correct.

Mr. SMITH. That is what I wanted to get at.

Mr. THOMAS of Oklahoma. I have stated two ways in which the fall of the dollar is being checked and two ways that are being used to check the increase of prices. The third one was to increase the reserves a second time to the full legal limit. One-half of that increase was to become effective on March 1 and one-half was to become effective on May 1.

I want to reiterate these things as we go along. I am trying to show exactly what has been done to cheapen property and commodity prices and to increase the value of the dollar, because one is a corollary of the other. The first was to increase the reserves of member banks. The second was to sterilize gold. The third was to increase a second time, to the full limit of the law, the reserves which member banks were required to carry in the Federal Reserve banks of their respective districts.

Mr. BANKHEAD. What was the total increase?

Mr. THOMAS of Oklahoma. I cannot state the total increase, but the law fixes the amount they are permitted to assess, and the Federal Reserve System ordered the banks to carry the maximum.

The fourth thing that the administration did to check rising prices was done through the Securities and Exchange Commission. That was to increase to 55 percent the margin requirements upon stock purchases. That was to discourage stock-market operations. About the same time that this was done a statement was made by responsible authority to the effect that all Federal employees should get out of the stock market. If they had any stocks, they should sell them and not buy any more. It has turned out that that was good advice, but that advice was reflected throughout the world; and when that advice was carried throughout the world the speculators, understanding what was proposed to be done, sold the stocks that they held and then began to sell short; and they have ridden the stock market down from where it was in March until it has reached the point where it is at the present time.

From March until June the stock market suffered a loss of some $10,000,000,000. From August until this time the stock market has sustained a further loss of $25,000,000,000. So these few simple expedients, operations on money, together with the statements that were made, have caused a loss to the people of these United States, conservatively, of enough to pay off the national debt. In other words, the Congress last March could have made a capital levy upon the people of these United States to a sum sufficient to pay off the national debt of $37,000,000,000, and the people could have paid the money, paid the debt, and would have been better off than they are today, because they have lost more than that sum from March until this date.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. LOGAN. While that amount apparently has been lost, if the things which have been done, as the Senator points out, should be undone, that value would be restored, would it not?

Mr. THOMAS of Oklahoma. I will go right on through with my recitation and show what has been done, and then I am going to show that the administration officials became excited again as a result of believing that prices were going too low, the dollar was going too high, and now they are starting to turn the trend the other way; and I shall come to that in just a moment.

I have just stated that a loss has been sustained by the people of enough money to pay off the national debt. Now I want to give some quotations. I do not want to make that statement on my own authority.

I have here a leaf from Business Week of October 23, 1937. This leaf quotes a gentleman whom it calls a "key man" in the American Bankers' Association. His name is Dr. Harold Stonier. He makes this statement, which I quote from this magazine article, speaking about the decline:

> It came only after $23,000,000,000 had been lopped off the market value of common stocks listed on the New York Stock Exchange.

That was the change of the trend. Dr. Stonier says that before the administration changed the trend of this falling price level, it suffered and saw a twenty-three-billion-dollar loss on the New York Stock Exchange alone. That does not take in the Curb Exchange; it does not take in the other exchanges of New York. It does not take in the exchanges in Philadelphia and Chicago and Denver and San Francisco and Los Angeles. That is Dr. Stonier's conclusion as to the loss.

I also call the attention of the Senate to a news story of November 1, 1937, an Associated Press release. I quote from the story as follows:

> The shock of the twenty-five billion August-October slump in security prices has stirred clamor in banking and brokerage quarters for a shift in Government controls.

In other words, whoever prepared this article for release and publication under the Associated Press date line made the statement that the stock slump in August and September went to the extent of $25,000,000,000.

I quote from another publication, a news release of a syndicated article by Dorothy Thompson. Her articles are

widely published and widely read. Dorothy Thompson stated on November 1, 1937, speaking about the people of the United States:

> The stock market became their savings bank, and now it has had a run on it to the tune of a $30,000,000,000 loss—more if you count in the junior railroad bonds that have gone down 50 percent, involving industrial investments of banks.

So Miss Thompson states that the people who have invested in stocks lost $30,000,000,000, and more, if we count in the loss in the junior railroad bonds. That is just on stocks and bonds alone. It does not take in commodities, it does not take in property, it does not take in employment.

I call attention to another article, likewise by the Associated Press, dated October 28, as follows:

> The consensus appeared to be that the Reserve Board's dual action would do much to restore confidence in a market where twenty-five billions in securities values have been washed away recently under heavy waves of selling.

Mr. President, I made the statement a while ago that every time the price level changes one point it makes a difference of four billion in the property values on the stock exchange alone.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. McADOO. I merely wanted to ask the distinguished Senator from Oklahoma whether the figures he has given us do not represent shrinkages in values on the stock exchange, and not actual losses? To what extent people have sold out and made losses we do not know, but what happens is commonly referred to as a loss. People may still have the same property, but the values, if they have market values, have shrunk.

Mr. THOMAS of Oklahoma. If these values should be stabilized at the present point, then the recession would become permanent. But people have sustained a loss to date, and if the dollar is now properly valued and the price level is retained at its present point, then these property values will be stabilized probably at their present point of value.

I said a while ago that every time the price level changes one point it makes a difference of $4,000,000,000 in property values. In March of this year the price level was 113. It is now 121. That makes a change of 8 points; 8 times 4 is $32,000,000,000. Practically all of the authorities agree that a change of one point in the price level has caused a loss to the people of the United States of $4,000,000,000, at least, to those who own stocks listed on the New York Stock Exchange. How much loss it has caused the people generally, no one can tell. Yet for 150 years the Congress has given this problem practically no attention.

At the present time the price level is being handled by four or five agencies of the Government. The President has three specific powers: He can still further devalue the dollar. He cannot increase its value, in terms of gold, but he can decrease it. In other words, the President cannot reduce the price of gold below $35 an ounce. His power is limited to a further increase from $35 per ounce to $41.34 per ounce.

I think I have stated five powers which officials have used to stop the decline in the value of the dollar and to stop the increase in prices. It got to a point recently where the officials apparently became alarmed that the recession was going into a depression, and now the responsible authorities have started to check the rise of the dollar and check the fall of prices, and I shall show what they have done in order to accomplish that. I have shown, first, how they brought the dollar down from 167 to 113. I have shown how they raised the value of the dollar from 113 to 121, and the effects of such a policy.

There are higher taxes than there were in 1929, when the depression struck, and we have heavier debts. We are trying to pay our taxes and the increased debt with a higher valued dollar and lower priced commodities. The Budget has not been balanced, and it cannot be balanced with the present valued dollar. We have not paid our debts, and we cannot pay our debts with the present valued dollar. If Senators had attended the hearings held by the subcommittee of the Committee on Agriculture and Forestry throughout the South and West, and had seen the people who testified, or if they would read their testimony, they would have some idea of the conditions in which millions of our people find themselves.

There are 31,000,000 people on farms in the United States, 31,000,000 men, women, and children trying to make their living on the farm. At one of the hearings a farmer of about 65 years of age came before us. He had on a pair of patched overalls. He had on a shirt that was not patched but was badly worn. He had no suspenders, no coat, no vest. He had on a pair of worn shoes, and no socks. He testified he had raised cotton all his life. He testified that he had raised enough cotton so that if woven it would put a belt around the earth. Then he said, "These are the only clothes I have."

Another man testified in one of our meetings that if they would take a blood test, his blood test would show 98 percent water gravy. That means that this man has to eat his flour stirred into water, and then warmed.

The record shows that in my State of Oklahoma, in Texas, in Tennessee, and in other places in the South, and even in Illinois, 7 out of every 10 farmers are either sharecroppers or tenants. The testimony shows that those who own their lands cannot keep their land with prices as they are. The testimony shows that there is no hope in the breast of a sharecropper or tenant farmer or renter of buying land, under the present price structure. The testimony shows that until we get cotton up to above 15 cents a pound, the cotton South cannot continue to exist with any security. Conditions in the South today are worse than they were in slave times, and the slaves today are white slaves.

In slavery days the landlord provided shelter for the slaves, he provided clothing for the slaves, he provided food for them. If a slave became ill, or if any member of the slave's family became ill, a doctor was provided for them. The slave and his family were valuable. That is not so today. Neither shelter nor clothing nor food nor medicine is provided for those white slaves today. Testimony shows that when cotton sells for 10 cents a pound the cotton producers get 10 cents an hour for their labor. When cotton sells for 5 cents a pound, as it is doing today, they get 5 cents an hour for their labor. What conditions can one expect to exist in the cotton South with the laboring people being forced to work for 5 cents, 8 cents, 10 cents, or even 12 cents an hour?

I shall give the Senate an anlysis of the situation made by Mr. Fred B. Barrows, statistician for the Rhode Island Hospital Trust Co. I quote now the things he said have been done by the administration to check the fall of prices and to check the rise of the dollar. He says that the first thing the administration did was to have the Treasury go into the open market and buy $119,000,000 of bonds and put that money into circulation. The Treasury bought the bonds for some of the trust funds of the Treasury Department.

Item No. 2: The Federal Reserve System went into the open market and bought $200,000,000 of bonds, paying for those bonds with Federal Reserve notes, or the equivalent of Federal Reserve notes, credit that could be converted into money at will. That is item No. 2 of what has been done by the Government to check the increase in the value of the dollar and to check the fall of prices.

Item No. 3: The administration reduced the rediscount rate one-half of 1 percent.

Item No. 4: The administration took $300,000,000 of the sterilized gold out of the sterilization fund and desterilized it, brought it to life again, made it into money, and is using that money in the discharge of Federal obligations.

Item No. 5: The administration liberalized the discount rule, permitting the banks to lend on installment paper, making installment paper eligible for rediscount so as to make it possible to lend more money and put out more credit dollars.

Item No. 6: An announcement was made by the Federal Reserve Board that the member banks could borrow on their Government bonds up to 100 percent of their face value. That means that any bank which today has Government bonds can, under that announcement, take those bonds to

the bank and hypothecate them for 100 percent of their face value. Without regard to what price those bonds may fall to, the banks can still take the bonds to the bank and cash them in for 100 percent of their face value.

Item No. 7: The administration prevailed upon the Securities and Exchange Commission to reduce the margin requirement on stock purchases from 55 percent to 40 percent, hoping thereby to stimulate speculators to reenter the stock market and begin to purchase more stocks, thus making prices of stocks go up in an effort to retrieve the loss of $25,000,000,000 which occurred on the New York Stock Exchange alone.

Those are plans which have been placed in operation today. Other plans are in contemplation which will still further check the rise in the value of the dollar and check the fall in prices. One plan which is before the Congress is to revise the present law relating to undistributed profits and the capital gains taxes in the hope that such action may revive confidence somewhat and help out the badly dilapidated stock market.

The second thing that is under contemplation and is now in progress of being carried forward is the open-market operation, whereby the Federal Reserve Board is authorized in connection with the Federal Reserve banks to go into the open market and buy bonds, and pay for those bonds with Federal Reserve notes, or the equivalent of Federal Reserve notes.

The last thing Mr. Barrows says is being done is to have the administration and the Congress adopt a more liberal policy toward big business.

Those are the things that Mr. Barrows says have been done or are being done to check this recession.

Mr. LOGAN. Mme. President——

The PRESIDING OFFICER (Mrs. GRAVES in the chair). Does the Senator from Oklahoma yield to the Senator from Kentucky?

Mr. THOMAS of Oklahoma. I yield.

Mr. LOGAN. Has nothing been done about the reserve requirements. Have they been reduced?

Mr. THOMAS of Oklahoma. I do not think so. That matter has not been touched yet. I will say in that connection that half a dozen different agencies are now engaged in undertaking to regulate the value of the dollar. The President has the three powers: First, the power to devalue the gold in the dollar; second, the power to open the mints to the free coinage of silver; and, third, the power to buy more silver and issue more silver certificates against such silver, which makes money more plentiful. Then he has the power to issue $3,000,000,000 of Treasury notes. He has these powers in reserve.

The Federal Reserve banks, operating through the Federal Reserve System, have great power over the value of the dollar, as has been detailed in my previous statement. Then the Securities and Exchange Commission has power over the dollar. Also, the Federal Deposit Insurance Corporation has some power over the dollar. Then, the Comptroller of the Currency likewise has some power over the value of the dollar.

I contend that this power over the value of the dollar, being as important as it is, should be concentrated in one Federal agency, and that agency should be given a direct mandate by the Congress as to what to do in the way of fixing the value of the dollar, and then stabilize that value and keep it as constant as is humanly possible. I contend that it can be done. It has been done.

From 1922 to 1928 Governor Benjamin Strong, governor of the Federal Reserve Bank of New York, was so influential, and so powerful, and so financially wise that he took charge of our whole monetary system, and he valued the dollar at the point he thought it ought to be valued. He died in 1928, but from 1922 until his death he regulated and protected this stabilized, valued dollar, and during that time we had stability in the United States. For all those years the value of farm commodities varied but very little. From 1922 to 1928, inclusive, the farmers' income stood at about $11,000,000,000 for each of those years. The dollar did not fluctuate. Benjamin Strong was able to and did regulate and stabilize the value of the dollar, and he kept it stable in terms of commodities during the balance of his lifetime. But when he died others secured control of the value of the dollar. If you have control of the dollar, it is an easy matter to put it where you want it. If it is known at what point the value of the dollar will be fixed, and if the trend of prices is known, a few on the inside will have the power to speculate if they have money—and if a man has that information he can get the money. No doubt many did speculate along that line. I have no proof of it, but it is human nature that they would abuse this power over money to raise the value of money and put the price down and speculate accordingly; then raise the value of the dollar down and speculate accordingly the second time, and keep up that speculation back and forth.

Mr. BAILEY. Mme. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from North Carolina.

Mr. BAILEY. Will the Senator state at this point just what has been the policy of our Government respecting silver, and what have been the consequences of that policy? I should like to get the data in the RECORD.

Mr. THOMAS of Oklahoma. We passed a bill authorizing the Treasury to go into the open market and buy silver. Under that policy we have bought upward of 2,000,000,000 ounces of silver. We bought silver and paid what we had to pay for it in the open market, and we have issued currency against the silver to the extent of its value. We have no fixed price on silver. If we buy any silver we pay what the market charges for it. We have a fixed price payable to the miners in the West. As a subsidy to the silver miners in the West, the administration has fixed the price at 77 cents an ounce for silver, and every miner of silver in the United States who produces silver is able to get 77 cents an ounce for his silver, although the world price is only 44 or 45 cents an ounce.

Mr. SMITH. Mme. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. SMITH. I ask the Senator what action the administration took to check the rise in the price of silver. The Senator will remember that when the act which he sponsored was passed there occurred quite an upswing in the flow of silver to this country, and also it created quite an inducement for persons to go into the market and buy silver and sell it to the Government. What action was taken to stop that practice?

Mr. THOMAS of Oklahoma. A great deal of speculation occurred under the silver program. There is no doubt about that. However, Congress enacted legislation which provided that if any Americans have profited in the sale of silver, one-half of such profits shall inure to the Treasury. As a result, the silver commodity exchanges in this country closed, and the market was transferred to London. When the price of silver had been brought by the speculators up to 81 cents an ounce our Government, not desiring to pay that sum, served notice that it would quit buying silver; it did quit buying silver, and left the speculators with the large horde of silver which they had bought and were holding for this high price. When we served notice that we were out of the silver market, the market began to tumble and went down to sixty-odd cents, where it remained for sometime, and finally fell to 44 or 45 cents, where it has been for several months.

Mr. BAILEY. Mme. President, is the Senator prepared to place in the RECORD the amount of American silver purchased from American miners and the amount of money lost by way of the process he himself has described?

Mr. THOMAS of Oklahoma. No; I do not have that information, and, so far as I am personally concerned, I have no interest in the proposition.

Mme. President, I reiterate that this problem is a price problem. If the prices of farm commodities were up there

would be no farm bill before the Senate, and when we get prices up there will be no demand for further farm legislation.

So, as I understand, the problem is a price problem. As I understand the problem, if we should enact this proposed legislation and should not take steps to regulate the value of the dollar and stabilize it we would not have accomplished very much, because it is impossible to regulate production and to secure to the farmers a satisfactory price when the price level changes, for then there is nothing to tie the dollar to. If we can fix the proper price level, then adjust the dollar so as to attain that price level, and then stabilize the dollar in terms of commodities, not in terms of gold, we can regulate production and assure the farmers on a normal amount of production a fair price. There is no other way to do it.

A few days ago in the Journal of Commerce, a New York financial publication, there appeared an editorial entitled "Wither Commodity Prices?" I will read the first paragraph of the editorial:

Commodity prices have been declining with but minor interruptions since April. While it is true that the country has enjoyed periods of prosperity at times when prices were receding, a sharp decline such as that of the past 8 months contributes materially to a business recession. By the same token, an upward turn in commodity prices would help materially in checking the business recession and paving the way for an early recovery.

That simply means that a fall in commodity prices has brought about this depression; the depression is the result of this fall in prices. A further interpretation is that if we can do something to get prices up again we can get back to a prosperous era. Again, rising prices bring prosperity; falling prices bring recession, depression, panic, and bankruptcy.

I wish to reiterate that if we can do something to increase the price level, every point we raise that price level will mean $4,000,000,000 of wealth to the people of the Nation. We have lost eight points, or $32,000,000,000, as reflected in the New York stock market alone. It is my contention that we must raise the price level, not to where it was in March, but to where it was between 1926 and the time when the depression struck. I want to see the price level raised to 100, which would be 20 points higher than it is today. If we do that—and we can do it—we will add to the wealth of the people of this Nation four times $20,000,000,000, or $80,000,000,000, as reflected in prices; and to me prices and wealth are synonymous.

In addition to the statement in the New York Journal of Commerce, which is an argument for increased prices as I interpret it, the bishops of the administrative board of the National Catholic Welfare Conference have met recently. These bishops represent the Catholic population of America. That population is 27,000,000. So when these bishops speak they speak authoritatively for 27,000,000 American citizens. These bishops released a sort of manifesto a few days ago, and I shall send to the desk and ask that the portion of the manifesto be read which is marked with heavy lines.

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

The legislative clerk read as follows:

Pius XI calls attention to the tremendous economic power exercised by those who hold and control money and are able therefore to govern credit and determine its allotment. This control, moreover, is exercised by those who are not the real owners of wealth but merely the trustees and administrators of invested funds.

Responsibility is thus divorced from ownership. Nevertheless, they hold in their hands the very soul of production since they supply its lifeblood and no one can breathe against their will.

The increasing rate of debt to the total wealth has also had its influence in lessening the responsibility and advantage which should attach to the ownership of property. It makes for insecurity. Its relationship, moreover, to the cost of living or a reasonable price level needs careful inquiry. Further study should be given, likewise, to the whole intricate problem of money and credit, so that such evils as exist in the present system may be brought to light and suitable remedies introduced.

Mr. THOMAS of Oklahoma. Mme. President, in closing, let me give my interpretation of the policy of the United States in the accumulation of gold.

Formerly gold was used as basic or primary money by most of the governments of the world. By basic or primary money is meant that the currencies of the several countries was, at the option of the owner, redeemable in gold coin, or gold bullion.

In the past few years the currencies or moneys of the world have been almost completely altered. Today no nation issues gold coin into circulation. At the present time gold is used not to back domestic currency, but, instead, to support and stabilize the international exchange of the world. Gold is still recognized as the world's medium of international exchange; hence, all such monetary exchange is based upon and backed by gold.

Today but two nations are strong enough financially to exercise any considerable power over money. These nations are Great Britain and the United States. Great Britain has almost one-half of the people of the world operating on a sterling basis, and such nations have enough gold to secure and stabilize their money when serving as exchange between or among nations.

The United States, in addition to having more than one-half of all the monetary gold in the world, has a number of nations tied up to the dollar. Great Britain and the sterling nations are off gold and the currencies of such nations are linked to the pound sterling, and the pound sterling fluctuates in terms of gold from day to day.

The United States is about the only nation having a monetary unit fixed to a definite quantity of gold. Because of this fact the currencies of all nations are measured in terms of dollars from day to day.

The United States has a $2,000,000,000 stabilization fund which not only insures the stability of the American dollar in terms of gold, but at the same time gives confidence to the other nations of the world in the American dollar.

Domestically the United States is not on a gold basis, but our foreign dollar, or United States exchange, is the only money in existence with a fixed gold content. If the United States should follow the example of Great Britain and go off gold in the exchange markets of the world, then there would be no monetary unit with sufficient gold backing to become the monetary "hitching post" of the world. Such a development would result in either monetary chaos or would force the other nations immediately to petition for a world conference for the adjustment of world currencies.

The United States is the richest, the strongest, and the most influential nation of the earth. In 1933, because of our economic and financial power, we took the lead and fixed the value of gold at $35 per ounce. Since 1933 we have maintained this price, and today gold is worth 35 American dollars per ounce in the exchange markets of the world.

In the past some of our monetary experts have proclaimed that gold was the only commodity stable in value. This opinion had nothing to support it save the fact that a gold dollar always contains 100 cents. Obviously it never occured to such so-called experts that the cent itself might change in value. Now it is admitted that the value of gold, like all other commodities, is subject to the law of supply and demand. Gold changes in value.

Formerly the world tried to keep commodity values stable in terms of gold. In such effort the world failed. Now we are trying to keep the value of gold stable in terms of commodities. The result of this new world effort remains to be ascertained.

Here in the United States we have fixed the price of gold at $35 per ounce and have kept such fixed price since its establishment. Some contend that the $35-per-ounce price of gold is too high. The charge is made that gold is overvalued. Those who express such opinion must mean that gold is too high when expressed in terms of commodities. Then having arrived at such conclusion, they demand that the price of gold should be reduced.

The following is an interpretation of the effect of placing any given quantity of gold in the dollar. For example, when gold was valued at $20.67 per ounce, each dollar contained one-twentieth plus of an ounce of gold; hence, the dollar

being redeemable in such quantity of gold, such dollar was of the exact value of such quantity of gold.

When we raised the price to $35 per ounce, the new gold dollar was thereby fixed at one thirty-fifth of an ounce of gold, and if our currency had thereafter been redeemable in gold, such currency would have been worth exactly as much as one thirty-fifth of an ounce of the yellow metal. Gold is said to have intrinsic value; hence, one thirty-fifth of an ounce of gold—the present-size dollar—is a smaller nugget than one-twentieth plus of an ounce of gold, so that the present-size gold dollar is not as large, is not as heavy, and, hence, is not as valuable as the old-size gold dollar.

The present-size gold dollar, being smaller, is therefore less valuable and cheaper and will not exchange for as many commodities as the old gold dollar; hence, to the extent that the new gold dollar is smaller and cheaper, prices have been increased accordingly.

Those who now want to reduce the price of gold must want to add more gold to the dollar, thus making it larger and heavier, and consequently more valuable. It is obvious that the more valuable we make the dollar the lower prices will become.

The facts force the following conclusion: Those who demand a lower gold price per ounce favor lower prices. Those who demand a higher gold price per ounce favor higher prices.

While I favor slightly higher prices, yet I do not favor any change in the present price of gold; hence, I do not favor any change in the present gold content of the dollar. We may increase prices without in any way altering the present gold content of the dollar.

Mme. President, let me digress to invite the attention of the Senate to an interpretation of that statement. In 1920 we were on a gold standard. Our money was redeemable in gold. Each dollar had in it 25.8 grains of gold 0.9 fine. In 1920 the gold dollar as measured in commodities was very cheap. As a result prices were very high in 1920 on the old-size gold dollar. Wheat sold for $2.40 a bushel, cotton for 44 cents a pound, and other things in proportion at the identical time that we were on the gold standard with the old-size gold dollar.

In 1920 on gold we had the highest prices in history. In 1932, still on gold, we had the lowest prices in history—167 cents in 1932, 65 cents in 1920. There was a difference of 102 cents. Commodity prices fluctuated 102 cents to every dollar in those 12 years, and all the time we were on gold.

Some might ask, Why were prices so high in 1920? I am going to answer the question. We passed the Federal Reserve Act in 1913. When we passed the Federal Reserve Act we had money in circulation of three and one-third billion dollars. That is all the money we had in circulation in 1913, three and one-third billion dollars. When I say "money" I mean the kind of money we can see. I do not mean check-book money nor fountain-pen money nor bank-deposit money, but money of the kind we carry around in our pockets and can spend with a stranger. In 1913 we had only three and one-third billion dollars in circulation. By 1920 we had increased that circulation to six and one-half billion dollars. In 7 years we practically doubled the circulation of money in the United States.

Then the economic law became operative. Money became more plentiful. As money became cheaper prices began to rise until in 1920 we had the highest prices in history.

In 1920 we had a campaign in the United States. The Democratic Party was in power and had this vast sum of money in circulation, had these good prices—the only time I ever saw the farmer have a break—just after the World War. The Democrats were responsible because they had passed the Federal Reserve Act and had administered it. Prices were high and money was plentiful.

There was an opposition party which did not like the high prices and did not like the Democratic Party, that wanted to get the Democratic Party out of power and take hold of the reins of government. That party met in Chicago. In the platform declaration of that party it was declared and resolved that prices were too high, that living costs were too high, and that if that party were placed in power it would bring down those high prices and the high cost of living. They were frank enough and honest enough to tell the country exactly how they would do it. They were going to do it by courageous and intelligent deflation of both credit and currency.

The farmers did not understand what that declaration meant. I do not think the bankers understood what it meant. The people did not understand what it meant. But the voters went and voted that year and put in power the party that demanded lower prices. In my State, a strong Democratic State, the people voted for that party, voting for lower prices for cotton, lower prices for wheat, lower wages, lower salaries, lower everything. They did not know what they were doing.

Just as soon as that party came into power, on the 4th of March 1921, the party was honest enough to do exactly what it promised to do, and from March 4, 1921, until September 1922, about 18 months, there was taken from circulation $100,000,000 per month. That made money scarce, made money high, and made prices low.

Mr. BAILEY. Mme. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from North Carolina?

Mr. THOMAS of Oklahoma. I yield.

Mr. BAILEY. Let me suggest to the Senator that the drop in farm prices in the year 1920 occurred, at least to the extent of 50 percent of it with respect to cotton and tobacco, in the months of September and October——

Mr. THOMAS of Oklahoma. Of 1920.

Mr. BAILEY. Or prior to the election. Let us get the facts. That is what I am endeavoring to get. From May to August 1920 prices dropped until in September the price of cotton was around 20 cents, and by the time of the November election cotton was about 15 cents a pound. I am just getting the data as to the time.

Mr. THOMAS of Oklahoma. This party's convention was held the 20th of June 1920. They adopted this platform plank on June 20, 1920. As the fall approached it was seen that the chances for success of the party in power sustaining itself were fading and the chances for success of the party that made this declaration were improving. The smart speculators, knowing what would happen if the Republicans won that year, began to sell and prices began to go down, and the drop did occur in the summer and fall of 1920, but after the platform declaration of the Republican Party at Chicago, June 20, 1920.

Mr. BORAH. Mme. President——

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

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. When was it that the Federal Reserve Board met in Washington and resolved that they would deflate?

Mr. THOMAS of Oklahoma. That was May 25, 1920. The matter of money is always a managed matter. That is the kind of money the people have had for 150 years—managed money. In May of 1920, in this body, the distinguished Senator from Illinois, Mr. McCormick, rose on the other side of the aisle and proposed a simple, innocent-looking resolution calling on the Federal Reserve Board to advise the Senate what plans the Board had for reducing prices and providing money to take care of the crops of that year, the purpose being to get the Federal Reserve Board to make a statement of what they were going to do.

Mr. SHIPSTEAD. Mme. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Minnesota?

Mr. THOMAS of Oklahoma. I do.

Mr. SHIPSTEAD. I have not heard all of the Senator's argument. Does the Senator contend that a general rise in the price level would solve the farm problem?

Mr. THOMAS of Oklahoma. We had a general rise in the price level from 1933 until March of this year, and we

found prices gradually going up. Other things, of course, operated. I do not claim that the price level did it all; but I do claim that until we get the price level adjusted and stabilized it is not possible for anything else to be permanent. We cannot pass a tax bill, we cannot pass a tariff bill, we cannot pass appropriation bills, we cannot pass any kind of legislation that will be permanent until we have this yardstick, the price level, fixed and stabilized.

Mr. SHIPSTEAD. If I may be permitted to say so, I have always followed the Senator's arguments with a great deal of interest, for he has made a great contribution to the study of money. However, I am glad to hear him say that he does not believe that a mere rise in prices and change in the value of the dollar would solve the farm problem.

We had a low price level in 1910; and at that time the national income was $28,000,000,000, of which the farmers had about 18 percent.

By 1920 the national income had risen to $66,000,000,000, and the farmers got 2 percent less out of the national income than they got in 1910 under a low price level.

By 1921 the farmers proportion of the national income had dropped to a little more than 12 percent.

By 1929, during the high price rise under the so-called Hoover and Coolidge prosperity, the farmers' income dropped to about 10 percent of the national income.

So the higher the prices and the larger the national income, the less and less the farmers were gradually getting out of the national income. I am glad, therefore, that the Senator recognizes that other things than the increase of prices are involved in the distribution of income and wealth.

Mr. THOMAS of Oklahoma. Mme. President, in this connection I desire to submit some figures.

In 1929 we had a high price level. That high price level produced a national income of $69,000,000,000. That high price level produced a value of farm property in the sum of $66,000,000,000. That high price level produced a farm income of $13,000,000,000. With that high price level, our exports in 1919 were $8,000,000,000. With that high price level, we had income of the Treasury—which means taxes collected—in the sum of $6,000,000,000.

In 1932 we had a low price level. Under that low price level the national income decreased to $39,000,000,000. The former amount of $69,000,000,000 was reduced to $39,000,000,000. The value of farm property under the high price-level of $66,000,000,000 was reduced under the low price level to $36,000,000,000. The farm income fell from $13,000,000,000 under the high price level to $5,000,000,000 under the low price level. The value of exports fell from $8,000,000,000 under the high price level to $1,600,000,000. The income of the Treasury fell from $6,000,000,000 under the high price level to $2,100,000,000 under the low price level.

The country may take its choice. If the country wants a high national income, high farm values, high farm income, high exports, high income to the Treasury, then have a high price level. If it wants a low national income, low value for farm property, low farm income, low exports, and low Treasury income, then go down to a low price level.

Mr. SHIPSTEAD. Mme. President, may I interrupt the Senator again?

The PRESIDING OFFICER. Does the Senator from Oklahoma further yield to the Senator from Minnesota?

Mr. THOMAS of Oklahoma. Certainly.

Mr. SHIPSTEAD. I agree with the Senator that that premise is correct. However, we have found that while the farmers may have had higher prices on a higher price level, the proportion of the national income received by the farmers kept decreasing, due to other policies, so that on a low price level they had a greater share of the national income than they have had on a high price level, not due to the fact that prices had risen, but because there were other policies which had to do with the distribution of national income which interfered with the farmer getting his share.

Mr. THOMAS of Oklahoma. I thank the Senator for his contribution to this discussion. The question now is, Who is going to fix the price level? Who is going to say whether we shall have a high price level, a medium price level, or a low price level? Whoever does that will perform a most important function.

The Constitution says that the Congress shall perform that function. The Congress has not done it in 150 years, and apparently the Congress does not propose to do it. For a long time it has been done indirectly by men behind the scenes. That power now is in the hands of various Federal agencies, and apparently they have not come to any agreement, because from 1933 to March of 1937 the price level has been going up and prices have been rising; from March to this date the price level has been going down, and prices have been falling. No one has passed upon the proposition; and I think it is high time that the Congress should enact legislation creating some Federal agency and suggesting to that Federal agency the proper point for the fixing of the price level, so that it will not hurt one class and help the other class too much; and then, when that price level is determined upon, stabilize that price level and prevent these depressions and so-called recessions.

Mr. SHIPSTEAD. Mme. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma further yield to the Senator from Minnesota?

Mr. THOMAS of Oklahoma. I yield.

Mr. SHIPSTEAD. I might call attention to the fact that during the high prices from, say, 1923 to 1927, the statistics of the Department of Commerce show that income to the farmer dropped 40 percent, while by 1929, under a high-price level, the farmer got a little over 10 percent of the national income, which gradually dropped after 1929 to 1932, when the farmer got a little over 7 percent of the national income.

Mr. THOMAS of Oklahoma. A moment ago I made the statement that when we were on a gold basis, from 1920 to 1932, the value of commodities fluctuated to the extent of 102 cents to the dollar. In 1920 the dollar in terms of commodities was valued at 65 cents, which meant that prices were high. In 1932 in commodities measured by this index, on the average, the dollar was worth 167 cents, which meant that prices were low. That showed a fluctuation in commodity values of 102 cents in 12 years, at a time when we were on a gold basis, and the gold dollar did not change in size. I am contending that even though we have a gold standard, we can change the price level and not change the gold content of the dollar, and I shall prove that in just a moment.

Mr. BAILEY. Mme. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from North Carolina?

Mr. THOMAS of Oklahoma. I do.

Mr. BAILEY. Before the Senator leaves the subject matter of extraordinary prices in the war period and the aftermath, and the consequence or cause, if he wishes to put it that way, of the increase by 100 percent of the money in circulation, I should like to have him discuss what, if any, effect the war itself, and European buying, and the lending policy of this Government and the American people themselves to consumers abroad had in bringing about those consequences.

Mr. THOMAS of Oklahoma. Anyone must admit that our lending policy after the war had something to do with these high prices. There is no question about that. There is no question that the practice of foreigners buying our securities has an effect upon the price of securities.

Mr. BAILEY. They bought our wheat and our cotton in enormous quantities.

Mr. THOMAS of Oklahoma. Of course, that is so. No one can deny that.

Mr. BAILEY. That was abnormal. That was not an operation of the American Government. That was not a management of money, was it?

Mr. THOMAS of Oklahoma. I will reply to that in the language of the Federal Reserve Board in 1920, when they replied to the request in the McCormick resolution to state to the Senate what plans they had for bringing down these high prices. The Federal Reserve Board replied that their

plans were to do it through deflation; and they proceeded to state—and it is in the RECORD—just what they were going to do. They were going to notify all the banks, "Quit making loans; not only quit making loans, but commence collecting the loans you already have out, and pay us, the Federal Reserve Board, the money that you owe us."

Mr. BAILEY. I will corroborate that statement. I think our Attorney General at that time, Mr. A. Mitchell Palmer, instituted an investigation on account of the high prices of commodities. The Senator remembers that, does he not? Then we had the War Finance Corporation. That suspended operations at that time. That was in May 1920, was it not? But all of these consequences in the way of the extraordinary circulation of money, and the high commodity prices from 1916 to 1920, were at least directly related to the war condition and the immense European buying and the whole American lending policy. Am I not right about that?

Mr. THOMAS of Oklahoma. I think the Senator is correct.

A moment ago I made the statement that we could change the price level or the value of the dollar and still not change the gold content of the dollar. Now I wish to explain what I meant by that statement.

Today gold is valued in terms of currency at $35 an ounce. Today wheat is valued, for illustration only, at $1 per bushel. Hence, an ounce of gold is worth 35 bushels of wheat. Today cotton is valued at 7 cents a pound. A bale of cotton weighs 500 pounds. Hence a bale of cotton is valued today at $35 a bale. It is my contention that we are able to increase the prices of wheat and cotton and other commodities without altering or modifying the present gold content of the dollar.

Here is a simple formula:

At this point I will read from a release of the Federal Reserve Board itself. The release is dated November 9, and in this release is a quotation from a former release of October 23, and it is from that that I read.

The Federal Reserve Board is discussing its credit policy and stating what it is going to do if prices should fall too much or should rise too much. I quote:

> If, therefore, there is any indication that the recent recession might develop into a major economic depression, the administration would certainly be ready with its corrective weapons, monetary and others. It can desterilize gold, reduce member bank reserve requirements, or engage in further open-market operations.

There we have the declaration of the Federal Reserve Board itself as to what it can do to keep prices from going any lower. Open-market operations is the power of the Board to control the money in circulation. The Federal Reserve Board has the power to go into the open market and buy bonds to any extent it cares to, and pay for those bonds in currency. To the extent it does that, it increases the currency in circulation. To the extent that it increases the currency in circulation, to that extent the currency becomes cheaper, and to the same extent prices go higher.

I believe we can fix the price level at any point we see fit to fix it and not make any change in the gold content of the dollar. Let it stand where it is, at 15.5 grains 0.9 fine. I am not in favor of any change. It is not necessary to have any change. We can control the price level through these various powers the Federal Reserve have indicated, and as heretofore stated in the course of my remarks, being a catalog of what has been done and what is proposed to be done to influence the value of the dollar.

The most powerful influence would be the open-market operations. Under this practice the Federal Reserve System would purchase United States bonds in the open market and would pay for them with Federal Reserve notes or their equivalent. Through such a practice the price of wheat and cotton could be raised to practically any desired figure.

Does anyone doubt the statement that if the Federal Reserve Board should go into the open market and begin to buy bonds, with $37,000,000,000 of them outstanding, they could buy one billion or ten billion or twenty billion or thirty billion dollars of bonds and put that much money in circulation; and if they did, what would be the price of wheat, or what would be the price of cotton? No one could tell, of course, but it must be admitted that so soon as we begin to put money into circulation, the money value is diluted, it becomes weaker, it will not buy as much. That means that prices rise, and to the extent that the Federal Reserve Board operates under open-market policies, to that extent prices will be increased. There is no trouble in raising the price of wheat to $2, or raising the price of cotton to 20 cents a pound. If the price of wheat were raised to $2 a bushel, how much would the ounce of gold be worth in terms of wheat? Now an ounce of gold is worth 35 bushels of wheat. If we raise the price of wheat, through open-market operations, to $2, then the ounce of gold would be worth only 17½ bushels of wheat.

The price of cotton is now about 7 cents a pound. Increase it to 14 cents a pound, or increase the price of cotton to any point seen fit, through open market operations, and the value of the ounce of gold would be decreased in terms of bales of cotton. Through a dilution of the money in circulation by the addition of new money, the prices not only of wheat and cotton, but of all domestic commodities, would rise.

Through the inauguration of such a policy, and if such a policy should be continued, it would not be difficult to double the price not only of cotton and wheat, but of all commodities. As I have said, if wheat should be increased from $1 per bushel to $2 per bushel, then the ounce of gold would not be worth 35 bushels of wheat, but would be worth only 17½ bushels. Likewise, the ounce of gold would not be worth one bale of cotton, but instead would be worth only one-half a bale; hence, it must be admitted by all who will make any sort of study of the money question that the value of gold per ounce may be fixed in terms of commodities at any point to promote the best interest of the country to be served.

No one can take exception to the soundness of that statement. Yet there are high authorities of this Government which attempt to take exception to it. But the effect of their acts is exactly contrary to their public statements. So long as any nation can protect the value of its monetary unit in a fixed amount of gold in foreign exchange, it may at the same time fix the value of such monetary unit in terms of domestic commodities at any point it may deem to be in the best interests of its people.

Mr. BORAH. Mme. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. Does the Senator believe that the Federal Reserve Board has sufficient power over this subject to deal effectively with it now in the interest of an increase of prices?

Mr. THOMAS of Oklahoma. Most certainly I do not believe they have sufficient power. The agency which handles money should have all the power over money. The agency which regulates the value of the dollar should have all the power the Congress has, and Congress has all power over money. So, in order to deal with this problem, the Congress should exercise its power by delegating it to some Federal agency. Congress cannot do the thing itself. We cannot go into these matters and handle rediscount rates and open-market operations. Our committees are too busy; they have not the time or the facilities. There should be created a Federal agency, and to that agency there should be delegated all power over money.

As I have said on other occasions, we now have four or five or six Federal agencies having some power over money. The Federal Reserve Board does not have all power over the value of money, but it has some power. Before it can exercise that power, it has to call in five agents of the 12 Federal Reserve banks and get their permission to act; and I am against that provision of the law.

When this matter is settled there will be one Federal agency, and I favor the Federal Reserve Board being the agency. It cannot be any other. We have heard it said that we should have a monetary authority newly created, but that cannot be. If we create a new Federal monetary

authority, we must give that new authority all power over money. If we do that, we must take away the power the Federal Reserve Board now has over money, and that would destroy the present Federal Reserve Board, and there is no occasion for creating a new monetary authority when we have a Federal Reserve Board which has some power and could exercise more power if it had the power and had a mandate to govern it in the exercise of the power.

I think the Federal Reserve Board should have all the power the Congress has over money, with a mandate, which mandate could be changed from time to time by the Congress if the Congress saw fit to do so. I think the mandate should be that the Federal Reserve Board should be created into a monetary authority, a Federal agency. The Federal Reserve Board is not now a Federal agency; it is a private agency. The building on Constitution Avenue in which it lives and functions is not a Federal building; it is a private building, erected out of the profits from the Federal Reserve System. The gentlemen who occupy those offices, and the 350 or more employees, are not paid by the Federal Government; they are paid by the System, through a tax upon the banks, out of the profits of the Federal Reserve System.

I favor changing that board into a Federal agency, called the Monetary Authority. Then I favor fixing the policy of this Nation over money, fixing the price level at, say, 100, as shown by the Bureau of Labor Statistics, and direct the Federal Reserve Board to adjust the value of the dollar to that price level, and keep the price level stable, as nearly as is humanly possible.

Mr. BORAH. I understand the absolute necessity for legislation in order to effectuate what the Senator desires. There are no agencies now which could accomplish what the Senator thinks should be accomplished.

Mr. THOMAS of Oklahoma. Absolutely not. Yet we are 150 years old, supposed to be an intelligent Nation, and the Congress is supposed to be composed of intelligent Members, but they will not even listen to a discussion that has to do with the most important question confronting the people.

We sit here and see the price level change, and every time it goes up a point property values go down $4,000,000,000. It has gone up eight points in 8 months, and property values have fallen at least $4,000,000,000 for every point, which makes $32,000,000,000. Reports I have from responsible authorities show that there has been that much loss on the New York Stock Exchange alone.

In March I introduced a bill to adjust this matter. I introduced a bill proposing to transform the Federal Reserve Board into a monetary authority. I did the best I could to state the proper policy for the Government. In the bill I gave my interpretation of the standards by which they should fix the value of the dollar. Then I directed them to follow those standards and adjust the value to that fixed point, and thereafter to keep the dollar stable in terms of commodities.

In the bill I propose to give the monetary authority all power over money the Congress has, and then hold them responsible. I regret to say that I knew I could not get any results from the Banking and Currency Committee, and not desiring to introduce a bill and put it in cold storage forever, I asked that the bill be referred to the Committee on Agriculture and Forestry. That is the committee out of which the other monetary amendment came. The other monetary amendment has been followed by the nations of the world. General Hugh Johnson stated that such enactment was the most brilliant single accomplishment of the Roosevelt administration.

I desire to get results because I am convinced the question of the value of money is the most important question pending before the Congress, before the Nation, and before the world. The United States is the leader for the world, whether or not we know it. We cannot avoid it. What we do or what we fail to do is reflected throughout the world.

Desiring to get action, I had the bill referred to the Committee on Agriculture and Forestry. A subcommittee was appointed and held hearings, and I exhibit here to the Senate a copy of the transcript of the hearings, a volume of something like 300 pages.

In the consideration of the farm bill it was agreed by the committee that the committee report should embrace a statement of the committee's opinion about the relation of money to prices. As a result, the last eight pages of the committee report are devoted to this one question. I did not ask the committee to incorporate my bill as an amendment to the farm bill. Unless this idea can gain support there would be no object in bringing it out in the form of a bill. There would be no object in adding it as a separate title to the farm bill. So I did not ask that it be incorporated as a part of the bill. I preferred to bring it out in the committee report, and I preferred to explain the need for such legislation here on the floor of the Senate.

Mme. President, I now move that the Committee on Agriculture and Forestry be discharged from the further consideration of Senate bill 1990, for the regulation and stabilization of agricultural and commodity prices through the regulation and stabilization of the value of the dollar, pursuant to the power conferred on the Congress by paragraph 5 of section 8 of article I of the Constitution, and for other purposes, and that the bill, together with a copy of the report on Senate bill 2787, and the hearings on Senate bill 1990, held by the subcommittee of the Committee on Agriculture and Forestry, be referred to the Committee on Banking and Currency for its consideration.

Mr. FRAZIER. Mme. President, I wish to ask the Senator from Oklahoma if he does not think it would be better to try to get the Committee on Agriculture and Forestry to report the bill favorably, and then if it shall be thought wise, let the bill be referred to the Committee on Banking and Currency.

Mr. THOMAS of Oklahoma. Mme. President, 5 years ago we took a course which brought results. Even after the Committee on Agriculture and Forestry had in substance recommended the amendment, the Committee on Banking and Currency contended that under the rules of the Senate it had jurisdiction over the subject matter. We must all concede that the Committee on Banking and Currency does have jurisdiction of this matter. It was not my purpose in asking to have the bill originally referred to the Committee on Agriculture and Forestry that that committee should exercise full jurisdiction over the subject matter. It was my plan to do something through that committee which could not be done through the Committee on Banking and Currency. The Committee on Agriculture and Forestry has now investigated, and that committee has submitted its report. It is proper now for the Committee on Banking and Currency to take jurisdiction, and act upon the recommendation of the Committee on Agriculture and Forestry. If the Committee on Banking and Currency refuses to consider the subject matter upon the recommendation of the Committee on Agriculture and Forestry, then it will be time for the Committee on Agriculture and Forestry to take further steps in the matter. I think that answers the inquiry of the Senator from North Dakota.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oklahoma [Mr. THOMAS] that the Committee on Agriculture and Forestry be discharged from the further consideration of Senate bill 1990, and that the bill be referred to the Committee on Banking and Currency, together with the report on Senate bill 2787, and the hearings of the Subcommittee of the Committee on Agriculture and Forestry on Senate bill 1990.

The motion was agreed to.

Mr. THOMAS of Oklahoma. Mme. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article entitled "Planned Deflation Succeeds Too Well, Says Barrows," published in American Banker of Wednesday, December 1, 1937.

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

PLANNED DEFLATION SUCCEEDS TOO WELL, SAYS BARROWS—PROVIDENCE BANK STATISTICIAN TRACES STEPS IN DEFLATION AND MOVES TO CHECK PRESENT DECLINE

PROVIDENCE, R. I., November 30.—In a recent talk to Providence businessmen Fred B. Barrows, statistician of the Rhode Island Hospital Trust Co., pointed out that planned deflation was succeeding too well.

"For some 4 years we have been living in a planned economy," Mr. Barrows said. "First, we had planned inflation; now we are experiencing planned deflation. No one now questions but that the devaluation of the dollar, the forced expansion of bank credit through sale of deficit-created Government bonds, the pump priming, and such like were steps in a plan for inflation, or, as its proponents preferred to call it, reflation. That it was successful is indicated by the sharp rise in commodity prices and stocks from 1933 to 1936 and by the recovery of business from a deep depression to a level above normal.

A TIMETABLE OF DEFLATION

"The first of the deflationary, or shall we say counter-deflationary, steps was the 50-percent increase in member bank reserve requirements ordered by the Federal Reserve Board July 14, 1936, effective August 15. The purpose was to remove some of the as yet unkindled fuel for the fires of inflation, but its effectiveness was vitiated by a continued huge inflow of gold from abroad. Accordingly, on December 21, 1936, the second deflationary step was taken in the formation of the gold sterilization policy, by means of which incoming gold would be kept out of member bank reserves. This was quickly followed on January 30, 1937, by the announcement of a further increase in member bank reserve requirements to the legal limit, one-half to become effective March 1 and the other May 1. About a month later the S. E. C. placed further restrictions on stock trading by extending its 55-percent margin requirements to cover dealings of brokers and dealers for the purpose of eliminating 'shoe-string traders' and discouraging speculative trading.

"As a consequence of the increase in member bank reserve requirements, New York City banks began early in July 1936 to sell Government securities and kept steadily at it, week after week, until about 7 weeks ago, reducing their portfolio of governments in 15 months by $1,408,000,000 and their holdings of 'other securities' by $146,000,000, or a total of $1,554,000,000. This proved virtually a necessary measure to place them in a position to meet withdrawals by out-of-town banks and to build up their own reserves to the level which would be required by the expected regulations. How closely they reckoned is revealed by the fact that in August 1937, despite the huge amount of funds raised by the security liquidation, their excess reserves fell to the negligible figure of $40,000,000.

BANK CREDIT CONTRACTED

"This sale of one billion and a half of securities was a mighty deflationary force and as a result bank credit contracted, whereas previously for several years it had been expanding at a furious rate because of the funding of Government deficits. Also deflationary, by comparison, was the absence in 1937 of anything like the veterans' bonus of $1,760,000,000 which was paid in the summer of 1936. Furthermore, the Government, through heavier taxation, particularly the social security taxes, reached a point this year where it is taking in slightly more than it is paying out, which resulted in deflating (in a modest degree, to be sure) instead of, as in the 3 previous years, violently inflating the Nation's credit. Another depressing factor was the rapid succession of wage increases obtained by an aggressive labor leadership with more or less Government support. If these wage increases were passed on in increased prices, consumer resistance developed and volume fell, as was notably the case in the building industries; if they were absorbed, profit margins shrunk.

"As a consequence of these deflationary moves, there was a mild tightening of money rates. Ninety-day acceptances rose from the extreme low of ⅛ percent to a peak of nine-sixteenths, and commercial paper from ¾ percent to 1 percent, but nothing which by any stretch of the imagination could be called 'tight money' developed, and these steps did not appear to be having the desired effect of stopping the runaway rise in commodity prices or of curbing the speculative fever in stocks. Something more direct seemed to be called for. And so on April 2 President Roosevelt startled the world by declaring that steel and copper prices were too high, that the expansion in durable-goods industries had outstripped that of light industries, and that the Government would henceforth discourage Federal spending in the assistance of heavy-goods industries. Three weeks later in a letter to the president of the Civil Service Commission he warned against speculation in stocks, bonds, or commodities by Government employees, and a few days thereafter, at a press conference, said this was good advice for everybody. (Certainly the sequel has proved it to be.)

COMMODITY PRICES DECLINED

"There was an immediate reaction to these utterances throughout the world. Copper, then 17 cents, dropped almost immediately and has continued downward until it now sells at 11 cents. Rubber, selling at around 27 cents, has dropped to 15 cents, and Moody's daily average of staple commodity prices has declined 35 percent and is still falling. The stock market reached its peak on March 10, but it did not suffer its sharpest decline until after the President's pronouncement on the subject of stock speculation. The deflationary forces set in motion by various moves recounted accumulated strength as they progressed. Finally, they impinged upon a stock market made extraordinarily thin by New Deal regulations and the climax came in a 57-point drop in the industrial stock averages during the 6 weeks following Labor Day, causing a rude awakening from the Nation's dream of inflation.

"But, long before this, Government authorities recognized that they had put the brakes on too hard. A prophetic cartoon published last May showed the President in the driver's seat of an automobile jamming on the brakes while his fellow passengers, business and speculation, went through the windshield. The first outward manifestation of deflation came in a 4- to 5-point drop in Government bond prices in March. At this juncture, apparently under the Eccles philosophy of 'vigorous Government intervention with all the power at its command to deal directly with the causes that might endanger the progress of a stable and enduring recovery,' the first steps were taken to counteract the previous deflationary moves so far as their effect on the bond market was concerned, and more recently further steps have been taken to offset the depressing effects in other phases of our domestic economy.

"First, the Treasury bought in the open market, during the month of March, $119,000,000 of Government securities for its various trust funds, which was from 6 to 10 times as much as are normally purchased in any 1 month. Then the Federal Reserve banks purchased in March and April $200,000,000 of Government bonds, selling short-term Government notes as a partial offset, but increasing the total portfolio by $96,000,000, the first increase since November 1933. This apparently accomplished its purpose of stopping the decline in bond prices, which have subsequently stabilized at a level above the April lows.

THE AUGUST MONEY SQUEEZE

"The March-to-June decline in the stock market was too moderate and orderly to call for any special governmental action, but a pinch in the money market in August as excess reserves in New York City approached the vanishing point again brought the administration into action. This took the form of a reduction of one-half percent in the rediscount rates at all 12 Federal Reserve banks, the rate at New York being lowered to 1 percent, the lowest level ever established by any central bank in the history of the world. This step was followed on September 12 by the desterilization of $300,000,000 of gold and the announcement that the Federal Reserve banks would purchase short-term Governments during the fall in an amount sufficient to offset the seasonal increase in monetary circulation. Two weeks later, September 26, the discount rules were liberalized, making installment paper eligible collateral for member-bank borrowing, and shortly after that a ruling was made assuring banks that they could always borrow 100 percent of the face value of their Government securities, regardless of the market price. So liberal have the Federal Reserve bank discount rules been made that one writer says that banks can now roll up their rugs and borrow on them. These steps seem to have been effective in preserving an extraordinarily stable market for Government and high-grade corporate bonds throughout the hectic developments in the stock market since Labor Day; in fact, recently Government bonds have turned up and currently are at the highest points since the middle of August.

STEPS TOWARD REFLATION

"Another step—and the first obviously intended to assist the stock market—was the lowering of the margin requirements by the Federal Reserve Board from 55 percent to 40 percent and the placing of a new 50-percent margin requirement on short sales, these rules tending to make it harder to sell short and easier to buy or hold securities. Further developments of counterdeflationary import include: Revision of undistributed-profits and capital-gains taxes, now proposed by Congress; resumption of open-market operations by the Federal Reserve banks; adoption by President Roosevelt of a conciliatory tone toward business; the offering of an olive branch by the administration to the utilities; the proposal of a program to stimulate building construction in a big way. These moves, as yet seem ineffective in stopping the deflation just as contrary moves last spring seemed for a time powerless to curb inflation. But the longer record reveals conclusively that an incipient boom was squelched by a series of moves which did not include the use in any important degree of the time-honored weapon of 'tight money.' Governor Eccles, of the Federal Reserve Board, said on March 15: 'I do not believe that sharp price rises in certain basic commodities should be controlled at this stage of the recovery by a restrictive money policy. * * * The upward spiral of wages and prices into inflationary price levels can be as disastrous as the downward spiral of deflation. If such a condition should develop, the Government should intervene in the public interest by taking such action as is necessary to correct the abuses.' He seems to have proved his point.

"It is not likely that any of the planners expected such a collapse in the stock market as has occurred or a severe set-back in business, but economic forces once set in motion gather increasing force and cannot be reversed at will. There is always a substantial time lag between cause and effect. We are now feeling some of the effects of deflationary steps taken 9 months or more ago. We may not experience the reaction from recent inflationary steps for several months to come. But the administration can claim little credit for nipping a boom in the bud if severe deflation and pro-

longed depression should be the ultimate price required, and so it will be interesting to see what further steps may be taken to stimulate recovery and how effective they, or those steps already taken, will prove to be."

Mr. LEE obtained the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Chavez	Johnson, Calif.	Pepper
Andrews	Clark	Johnson, Colo.	Pittman
Ashurst	Connally	King	Pope
Austin	Copeland	La Follette	Russell
Bailey	Davis	Lee	Schwartz
Bankhead	Dieterich	Lodge	Schwellenbach
Barkley	Donahey	Logan	Sheppard
Berry	Ellender	Lonergan	Shipstead
Bilbo	Frazier	Lundeen	Smathers
Borah	George	McAdoo	Smith
Bridges	Gerry	McCarran	Thomas, Okla.
Brown, Mich.	Gibson	McGill	Thomas, Utah
Brown, N. H.	Gillette	McKellar	Townsend
Bulkley	Glass	McNary	Tydings
Bulow	Graves	Maloney	Vandenberg
Burke	Green	Moore	Van Nuys
Byrd	Hale	Norris	Wagner
Byrnes	Harrison	Nye	Walsh
Capper	Hayden	O'Mahoney	White
Caraway	Hitchcock	Overton	

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

Mr. LEE. Mme. President, I wish to discuss first the background leading up to the question which now confronts us, then the bill, and then an amendment in the nature of a substitute which I propose to offer at the end of my remarks.

Oklahoma has ranked as high as second in the production of wheat; her average rank for the past 10 years has been third in the production of wheat, sixth in the production of cotton, and twentieth in the production of corn. So it can readily be seen that we from Oklahoma are interested in all three of these commodities. We do not produce any tobacco or rice. Therefore I am not attempting to offer a substitute affecting those two commodities.

While I was not born in Oklahoma, I got there as soon afterward as I could. Oklahoma was first opened up as the Indian Territory. My family moved there when I was 3 years old. Then the western strip was opened, and the first time I remember ever seeing the western part of the State I was looking out of the rear end of a covered wagon. The old hound dog was trotting under the coupling pole and her tongue was pointing west. We went farther west when the strip was opened, dug a hole in the ground and lived in it, and called it a dugout. So did thousands of others.

The opening of Oklahoma was the land-vent method employed by the Government in attempting to solve the depression of 1893. By the land-vent method, the opening up of new lands to settlement, it was sought to drain off the unemployed, to drain off the disinherited who had accumulated in the already settled sections of the country. In fact, every depression until the last has been postponed, though not solved, by the land-vent method—by opening new frontiers and allowing those without jobs to go out and take up land.

I saw them come to Oklahoma when they were young and strong. Their blood was red and their step was quick. There was a gleam of hope in their eyes. I saw them dig into the ground and make homes called dugouts. I saw them cut the timber in eastern Oklahoma and build cabins and live in them. I saw them live in tents. I saw one entire town of tents which is now a considerable city. They had farms then, they lived on alkali water and white gravy in order to hold those farms, to improve them, and to settle them. They pioneered. They weathered the drought of pioneer years in order that they might have homes to shelter them in their old age. Today they are farmers without farms and homesteaders without homes. The spark of fire in their eyes has died. Some of them have given up hope. Most of them are old now, looking for a pension to keep them alive until old age shall take them away.

How did they lose those farms? They were lost in the same way that farms were lost in the other States prior to that time. There are four main reasons why they lost their farms. One was because of taxes on the farm, the homestead tax. Some States are making progress toward a homestead exemption to answer that reason for the loss of homes.

Another reason for the loss of homes was the high interest rates on the loans which the farmers had to pay in order to secure equipment and seed, and so on, with which to start a farm on 160 acres of raw land.

The third reason they lost their homes and farms was the lowered yields resulting from soil erosion. We are fighting that problem, as well as trying to lower the interest rates, and have done something in that direction.

But the most important reason why they lost their homes, as affects our consideration of the problem today at least, was because of low selling and high buying, because the commodities they sold brought too little and the commodities they bought cost too much.

Mme. President, have you considered the farmer today? I have in mind the real John Brown dirt farmer, not the farmers who farm the farmer, but the farmers who farm the soil. Today my colleague [Mr. THOMAS of Oklahoma] has told the Senate what a high percentage of them are tenants, particularly in the cotton-producing sections of the United States. Their children work in the fields; they cannot go to school. This time of the year their hands are like little claws that bleed; they chap and crack open. They cannot stop, though; they must work, for it takes the whole family, working full time, in order to eke out a bare subsistence. Perhaps they have a ramshackle Ford in which they move from place to place. They are nomads; they have no homes. The peasants of Europe have their huts, but the cotton farmers of America have not where to lay their heads. They move on from year to year. It may be that they move in a covered wagon; they used to do so. They live in shacks which oftentimes are not fit to house the livestock they work. That is the farmer today in the cotton-growing sections.

Other farmers may be a little better off, but the general average is pretty low. They are fortunate if they are able to enjoy a picture show once a week. They take their baths not in a bathtub, but in an old tin washtub. Their clothes, although they produce enough cotton to clothe the world, are too ragged to keep out the cold.

What happened to the farmer? Early in the history of this Nation the furnace fires of the industries of the East began to dazzle Congress, and Congress began to smile on the factory and to frown on the farm. It was argued then, and with good logic, that if we were to be a great nation we must have industries, and if we were to have industries we must protect the new industries from the competition of Europe; therefore, we must establish tariff walls for their protection. That was accepted with the full belief and understanding that those tariff walls, when our industrial institutions were on a firm footing, would be lowered, if not removed entirely; but exactly the opposite is what happened. The higher the tariff walls went, the stronger became the industrial group, and the higher the tariff walls went. It was a never-ending circle, and the farmer began to feel the difference. He continued to sell in the world market in competition with the Hindu of India, in competition with the Hottentot of the islands, in competition with the pauperized labor of the world. He had to sell his commodities in the world market and had to buy in a protected market. He was on "the plowed ground," so to speak. I presume most Senators know what I mean when I make that statement. When a farmer hitches up a five-horse gang plow one of the horses has to walk on the plowed ground, and if he is allowed to remain in that position he will wear out. So it is necessary to change the horses and put another one on the plowed ground once in a while. But the farmer has been left walking on the plowed ground since the beginning of this Nation; he is still on the plowed ground, and he is about to give out.

With the raising of the tariff wall his condition became worse. He is, however, a game fellow, and he sought to improve his condition by increasing his production. He went in debt for power machinery and became a victim of his own efforts. The more he produced the cheaper became the price of his commodity. It was a never-ending circle. He is still buying in a protected market and selling in the world market.

He was once the sinew and bone of America. Today he is walking the highways asking for a job on relief or asking somebody, who is perhaps the owner of a farm, for a chance to try to scratch a living out of that farm.

In Oklahoma we have oil volcanoes that sometimes absolutely darken the sky. Once I saw one which sprayed the windshield of an automobile 18 miles away so that it had to be wiped off every few minutes. Yet the greatest wealth of Oklahoma is in the first 6 inches of the soil—agriculture. Therefore, we are confronted with the necessity of doing something about the difference between the industrial interests of America and the farmer.

We have no more new lands today. Therefore we cannot solve the problem by opening new territories and draining off the unemployed. Consequently, we must face the problem and solve it.

As my colleague has just stated, in 1920 a group of financial masters met in the United States and decided that dollars were too cheap, that they would make fewer dollars and make them more dear. Farm commodities were too high in price, they said, so they would change the dollar and control the value of the commodity. I agree with my colleague that it is difficult to stabilize the income of the farmer by trying to stabilize the commodity and let the dollar be controlled by private interests. The two together control the net income of the farmer. Control one and leave the private interests controlling the other, and we make the farmer the goat. Therefore I agree with my colleague on that point.

In 1920 the depression started. How was it done? It was done by changing the rediscount rules on paper so that a little bank in my State could not rediscount Liberty bonds and get money on them. John Brown would come into a little bank and say, "I have to have some money." The banker would say, "I will have to foreclose on that note of yours that I already hold. I have a $100 mortgage on your wheat crop." Brown would say, "But my wheat crop is not ready to harvest." That did not make any difference. That little bank had to fold up, and the larger banks all over the country had to fold up because of the changing of that policy.

I believe in the Constitution. I even believe in that part which some people think constitutes the whole Constitution, that we cannot take property without due process of law. Does anyone believe that when the dollar was so changed and property was foreclosed, that was taking property by due process of law? I borrowed on my farm one bushel of wheat and when my debt came due I had to pay back six bushels of wheat. That is in terms of the farmers' language. I borrowed money when wheat was $1.50 a bushel and when I paid it back I was selling wheat at 24 cents a bushel at my little country market. I borrowed one and paid back six, and that is what the farmer was doing. Consequently, the banks foreclosed on his property.

Senators, if you were members of an American jury, I would submit to you the question whether it is taking property by due process of law when a financial group can create, by a financial coup, a dishonest dollar that takes away a man's property. I do not think so. In any event the farmer was foreclosed.

If we could give the farmer parity on his commodity—at least, his share of the American market—that would have a stabilizing influence both on the dollar and on the commodity, because that is what parity means. It means a comparison. It means that a bushel of wheat shall have the same buying power today, in comparison with the cost of commodities the farmer has to buy, that it had in the period between 1909 and 1914. That would have a leveling influence.

I never was one who favored mere cost of production. I think a man ought to get more than cost of production. I never favored just a living wage. I do not think a man ought to work all his life for his living. It makes me think of the toughest piece of luck I ever heard of—of the old guy who was working for his board and lost his appetite. [Laughter.] Cost of production ought to have a "plus" on it. It ought to be more than cost of production. Of course, cost of production is difficult to determine, yet I suppose it could be determined.

Our trouble is not overproduction but underconsumption. On my place in Oklahoma today I need barbed wire; I need paint; I need lumber; I need harness. There is hardly any end to what I need, and as soon as the income from the farm will justify I shall buy it. What is true of me is true of every other farmer. Whether he is operating his farm directly by hired labor or tenant, it is true all over the country. It is not a question of overproduction but of poor distribution. I used to know an old fellow who illustrated the idea some folks have of the situation. He had the most whiskers I ever saw on the face of a human being. They hung down like a long mattress below his face, but the top of his head was as bald and as slick as an egg. I looked at him and said, "That is just our situation today—overproduction and poor distribution." [Laughter.]

I never did believe in the overproduction angle of the situation. I think if every hungry mouth in the United States were fed today, it would take care of any so-called overproduction. If every ill-clad body were well clothed, it would knock such a hole in our cotton surplus that it would make it look like a snowball on the east steps of the Capitol next July. No; Mr. President, it is not overproduction. We are working on the wrong end of the problem when we work on that end of it. We ought to work on the end of stimulating the buying power of the consumer and giving him a chance to consume.

Let us see what brought the last depression to its final climax. I know a farmer who lives on the edge of my home town of Norman. He buys and sells cowhides. He took to Oklahoma City, as good a market as any, 127 cowhides and sold them and went to buy one set of tug harness. It took all he got for 127 cowhides and $9 additional cash to buy one set of tug harness. I understand it takes about one and one-half hides to make a good set of tug harness. When he reached that point he had to quit buying harness that he was depending on cattle hides to buy.

It reached the point where it took 600 bushels of wheat to buy a Peter Shutler wagon. Ordinarily it takes a little over 100 or possibly 200 bushels of wheat to buy such a wagon, It reached the point where it took 3 bales of cotton to buy an ordinary old-fashioned walking cultivator. So the farmer stopped buying. He had to stop. When he stopped buying, the merchant stopped selling. When the merchant stopped selling, the wholesaler stopped selling. When the wholesaler stopped selling, of course, he stopped buying, and when he stopped buying the manufacturer had to stop manufacturing. So the wheels stopped turning and the wage earners started hitchhiking and the depression was on.

The place to start the cure is at the place where the trouble began. That is with the farmer. That is exactly what this administration did when it had an opportunity. It started relief where the trouble really began. It began sending money out to the forks of the creek and out to the country. Before this administration came into power an effort was made, and I believe a sincere effort, by the preceding administration. They set up the Reconstruction Finance Corporation. Its purpose was to finance the big factories, the banks, and the big concerns with the hope that they could keep going. It was not loans they needed. What they needed was cash customers. The loans did not help them any. If one goes to oil a cultivator, where does he put the oil? Does he pour it all over the top of the tongue? Certainly not. He has to get the grease where the squeak is. So they had to get the grease where the squeak was, and that was in the hands of the farmer.

It is the same old philosophy, the two schools of thought, and sometimes I wonder if one of them is thought. One believes in taking care of the big fellow on the theory that he will take care of the little fellow. The other believes in

taking care of the little fellow and that the big fellow will then take care of himself. We cannot pour in at the top and expect that it will trickle down. It never reaches the place it is intended to reach when that philosophy is followed.

When this administration came into power it had to change that philosophy. Times kept getting worse. We had soup lines. In many places the soup lines lasted longer than the soup. The grass in the parks was rolled down by the farmers who had come to town to see if they could get something, while at home the little women were waiting to see if the mail would bring them a check to afford them some relief.

Things kept getting worse until one morning we picked up the newspaper and read that the banks in Arkansas had closed. The next day we read that they had closed in California. Minnesota declared her bank holiday, and then followed Michigan, Ohio, and New York. Little knots of grim-faced men met on the street corners and whispered to each other, "What is going to happen? What will happen to our Government? Will it stand?"

In that dark hour, out of the ranks of the people there rose a clear, clarion voice calling the people, not of one party but the patriots of America, to a crusade against selfishness, a crusade to place human rights above property rights. Of course, that spells but one name—Roosevelt—and when he came in, he came in acting. He started getting out the money. At that time, if I am to believe the report I saw, 10 percent of the families of the United States owned 90 percent of the Nation's wealth. Money is the blood of the body politic and is just as essential as human blood is to the physical body. It is necessary to keep the circulation of money going.

There are two blood streams in the body. One carries the blood to the heart, and the other carries the blood from the heart. Those two blood streams must be equal. If they are not equal there is congestion, and the body suffers. Why were they not equal in the body politic? Because the money we sent from the agricultural Southwest to the the industrial, financial East was greater than the amount that came back. The amount we paid for all we bought was spent for protected products, and there was an unbalancing all the time. We carried it for a while.

You know, when you are trying to grow a young bull, and you want his horns pretty, you want them to come down just so, you put a little weight out on the end of each of the horns. The weight is hardly noticeable from one day to the other, but as time goes on, the horns are bowed down.

The difference in price between what we bought and what we sold was little, but as time went on it bowed the back of the farm until finally it broke with the load. The two blood streams were not equal. We did not get enough for what we produced, and we paid too much for what we bought. The result was financial congestion in the industrial East, a financial blood clot at the heart.

What was the remedy? Break up the congestion. In other words, there had been a fast game of hull-gull, and the big boys had all the chestnuts, and before the game could go on we had to redistribute the chestnuts; and that is exactly what we did. We set up the Government force-pumps. We began to send out checks to the farmers at the forks of the creek. We began to send them out to the grass roots, and then those checks began to come to town; and when the checks commenced to come to town, then the merchants began to order from the factories. The wheels started their low hum again, and the hitch-hikers commenced to get back their jobs, and that is what changed the worst depression in the history of the world back to the road toward recovery, at least—getting money, buying power, in the hands of the farmer.

I tell you now, when prosperity comes back in a full measure to America, it will come back through the barn door.

We are already being given the prod down here, trying to stampede us into a retreat, trying to give us the tax-repeal jitters. If you think I am burning up with a passion to repeal corporation taxes before I take care of the farmer, you are mistaken about it. Imagine creating a synthetic depression to try to put us into a stampede and jam that thing through! For 150 years the farmer was discriminated against, and here in a few months' time the corporations are trying to wedge in a claim that they have ahead of the farmer. No; it is trying to start again at the wrong end.

One time a fellow wanted to get to a certain railroad station on time, and he was afraid the train he was on might be late, and he just had to get there. He went to the conductor and gave him a little nip of his toddy, and he said, "Conductor, I have just got to make that next station." The conductor said, "All right." The man looked at his watch as the train passed another station, and he saw that they were running a little behind, and he went to the conductor again and said, "Conductor, I want to make that station. Here is another little drink." Then, a little while later, he gave the conductor another drink. He did it two or three times. Finally they got to the station, and they got there late. The fellow was very much discouraged; and as he walked past the engine where the engineer was, he looked up to the engineer and said, "You are no good. We are late." The engineer said, "Buddy, you oiled the train at the wrong end." [Laughter.]

This effort to overcome the present recession by repealing taxes is oiling the train at the wrong end. It is not tax-repeal that is needed, it is cash customers. That is what we are trying to provide by getting buying power into the hands of the greatest buying public, the farmers, 31,000,000 persons, representing over 6,000,000 farm families. I want to tell you now that if the farmers had parity today, I believe everyone of the 6,000,000 farmers needs at least one hired hand, and some of them more. That would mean taking care of 6,000,000 unemployed men today, if the farmers had parity, and they would put them to work; and when they put them to work, what would they put them to work doing? Repairing; and that calls for more products, and that would set the farmers to buying, and that would start the wheels turning again.

If there is any injustice in any of these taxes that we did not have in mind when we passed them and it is working any particular hardship, certainly it is our intention and purpose, when the right time comes, to make such correction; but let us take things as they come in the normal sequence, and that means that we are to give the farmer some relief now.

I feel that I can speak on the farm question. I know farming. I was farmed out every summer. I worked on a farm, saved up $12.50, went down to the University of Oklahoma to get 4 years' education on it, and, you may not believe it, but before I graduated I had spent every cent of that $12.50. [Laughter.] They did not have any N. Y. A. then, any National Youth Administration, to help me out. Two other fellows and myself "batched." We lived on ox-tail soup and beef tongue in order to make both ends meet [laughter], and somehow or other I got through, but I always kept my contact with the farm. I said then that as soon as I got where I could I wanted to own a farm. I have a good farm today, a modern, up-to-date, well-mortgaged place [laughter], and I know what I am talking about when I talk about farming. That is where I spend my salary [laughter] and my vacation, on that farm, and I know what I am talking about.

I want to help pass any wholesale farm legislation that will not create more evils than it corrects. I do not want to help pass legislation intended to give the farmer a living without having him work for it. Of course, he should work for it. I know a farmer who has farmed as I should like to farm; and if I could farm as he farms I would rather be a farmer than a Senator. He does not put all of his eggs in one basket. He diversifies. He puts in some cotton, and some corn, and some alfalfa, kafircorn, and some milo maize, and if they all fail he falls back on his dairy products. He sells about $250 worth of watermelons and cantaloupes out of his garden during the year. He

always has a Thanksgiving turkey and a Christmas goose. He has fruits in season 7 months in the year. He eats all he can and he cans all he cannot, and he has a car in the garage, a Delco in the barn, and electric lights in the house. And how did he get all that? Work. And how do I know? I was his hired hand for 3 years, and I never caught that old man asleep in the 3 years I worked for him, except at church. [Laughter.] Why, at night that old fellow would just take off his breeches and throw them under the bed and roll over and meet them on the other side [laughter] and wake up and yell for me to go out and feed the stock. Work? I was a son of toil, and at night I looked like a ton of soil [laughter], but I felt like an honest man, for I had done an honest day's work. I do not have in mind a plan that is going to give anybody a bed of roses. I just want to give a man an honest return for honest toil.

In 1933 we were on the precipice. We were within 6 inches of "red" revolution in the United States when this administration started getting money in the hands of the buyer. Something had to be done, and it had to be done quickly. It had to be done drastically. We could not take all day to do it; but I submit that the situation that obtained then does not obtain today. The mistakes that were made should not be repeated. Oh, yes; we made mistakes. The wonder to me is that we did not make more mistakes than we did, considering the size of the undertaking and the short time we had in which to do it. We had to act. So we plowed up one-third of the cotton.

Now, let me correct a misstatement. Some people do not know about cotton. We did not plow up every third row. Somebody said that we did. We plowed up a third of the acreage. On my place I mowed it, stacked it up, and that winter the cattle ate it. Then I put that 30 acres into cane and had some more feed for the cattle.

Those of you who grow cotton know that your biggest investment in cotton is labor. Here is a field of cotton before it is picked. The chopping is the big item of labor, of course; but at my place we cut it before we chopped it, and we were not out that labor. The year before that the cotton was left in the field. It would not pay for the picking. That was after it already had the labor investment in it. So there was some waste—yes; some loss—but it was not as great a loss as it was the year before. So we plowed up the cotton.

All right. We killed the cattle. I saw them shoot down 176 head of my fine white-faced cattle. Some of them were almost too thin to stand up. The drought had made my pastures short. The price had been low. I had been holding the cattle hoping I could sell them and get a buyer and get out on them. I saw them shot down, and that saved them from starving. I knew it was going to be done. I called in the neighbors. They came in with their pressure cookers, and they put up all the meat that was fit to put up. Very little of it was wasted. In some cases the cattle were so thin that the people did not want the meat, and I fed it to the hogs as tankage. So there was some waste. It made my heart sick; I was sick that night when I went to bed; but it would have made me sicker to see those cattle, one after another, fall over in my field and starve to death. Something drastic had to be done, and we justified it on that ground.

What about the little pigs? I want to be the first one to shed tears for those little pigs in this debate, because I know they are going to be shed. I had 100 head of hogs—pigs, sows, gilds, barrows, and so forth—100 head of them.

I was at that time in Missouri speaking to some teachers' organization there, and my farmer partner could not get in touch with me. It was not left open to one very long to take advantage of the pig program, so I did not get in on it. I had a hundred head. There was a drought and corn in that part of my State was a dollar a bushel. You cannot feed 3-cent hogs on dollar corn without making money upside down. Even a college professor knows that. Even we in the Senate can understand that.

I could not take advantage of the plan. I could not fatten these hogs, so I just "aged" them. There were 12 of them which did not age very well. They died before they were aged. Eighty-eight head of them were left. The farmer showed me where different ones had fallen over in the weeds and died of starvation. I sold the 88 head that were left for $97, the whole 88 head, and sold them to a man who had a garbage contract. I got $97 for 88 head of hogs! But you should have seen those hogs. The next year I sold four sows that brought me a hundred dollars.

There was some loss, and I did not like to see a loss, but which was the greater waste, and which was more humane, if we are to look at it from that angle, to knock those hogs in the head, or to let them starve to death? There was some waste. There was none that could be helped. Wherever we had the facilities to put the pork up, where the pork was mature enough to be put up, it was taken care of, but there was some waste, and I was sorry, and all of us were sorry, but it was the lesser of two wastes.

Some years ago I rode through Detroit, Mich. I saw millions of dollars of industrial property standing dark and idle. Men may talk about waste; that is the greatest waste that was ever perpetrated in this country, the idleness of labor, the idleness of industrial property, the idleness of commercial property. That is the great waste. There are people who accuse us of waste today who are still accusing us of waste and extravagance for feeding the multitudes that were turned upon society, upon the highways, by their own policies, and that takes nerve indeed. They accuse us of waste for taking care of those turned out on account of their own policies. It reminds me of the fellow who murdered his father and mother and then plead to the court for mercy on the ground that he was an orphan. [Laughter.]

Mr. President, we come now to the committee bill. I wish to state that the gentleman who conducted the hearings on the bill worked, and worked hard. They gave every opportunity to all interested to be heard. They presented a bill under pressure. I imagine that anyone of them could write a better bill than the one before us. If it were the product of one mind, it would come more nearly being consistent all the way through. I do not mean that as a charge that the bill is not consistent, but it was necessary for the committee to give in to this thought and that thought; and these things are obvious as we go through the bill.

It is my hope that we can pass a bill which will help agriculture. I want to support the pending bill. There are a few features of it which would have to be changed before I could bring myself to support it. I wish now to speak on the policy only, as we go along, and I hope Senators will allow me to finish my remarks before diverting my trend of thought as I discuss the bill and the substitute which I propose to offer.

The bill is, of course, the result of a great deal of labor, without its being correlated, no doubt, and I know those who drew the bill have done the best that could be done under the circumstances. They have taken a most generous attitude toward every suggestion of an amendment to clarify, to correct, or to carry out the purpose; and I appreciate that.

However, the bill has in it an element of control which is much more severe than the one in the Triple A Act. I could not vote for the potato-control bill because I thought it was too coercive. The pending bill follows somewhat the same plan. Under the Triple A a farmer had the privilege of joining in the program or not. If he went in, he was rewarded for going in. Under the pending bill he would be penalized for staying out, or, if he were forced in by a vote, he would be penalized if he did not comply. It is the reverse English of the philosophy. I fear the drastic control feature will be very offensive to the farmers.

I know the farmers. The hearings down in Texas were held in the Baker Hotel, or perhaps in the Adolphus Hotel. When I talk about a farmer I refer to the farmer who tills the soil. Most of the farmers I know you would have to hog-tie and blindfold to get into a place like one of those hotels, on those marble floors, and if you did get them in they would feel so out of place that if you fired a question at them in the style of a lawyer, "Don't you believe we ought to have some kind of control?" of course you would draw from them the affirmative answer you wanted.

I do not feel that this is the bill the farmers want. I feel that the testimony taken and the statements made are entirely correct. But I go out to my place and put on corduroys and sit down between the rows and chew wheat straws with the farmers—I mean the real John Brown dirt farmer. I know how offended they were at the Bankhead law, for instance, and how many said to me, "Josh, I don't think it's right for me not to be able to sell the stuff I produce." I feel there would be the same reaction to the pending measure; indeed, I am sure there would be.

Of course, the farmers want help; they are going to ask for it, and we ought to give it to them. It is said there is a voluntary feature in the bill. I have read it. It is just about as voluntary as the man handing over his purse when a highwayman is in front of him and he is looking down a gun barrel, because the bill provides, "You do this or else." That is what it provides, "or else we will not help you at all; we will withdraw all help."

Furthermore, it provides that one-third and one farmer can by their votes prevent the other farmers getting loans. It also provides that the others cannot benefit by the quotas if one-third and one vote against the quotas in the referendum. I figure, however, that those are not things beyond correction. They should be considered if the bill is to be the bill we are really to pass on.

We are at the crossroads in this country, where we are going to have to face the tariff situation as it applies to agriculture. We will either have to repeal the tariff laws and remove the benefits the manufacturer has or we are going to have to give the farmer something to offset them, one of the two. We cannot go on any longer under the present system. That brings us to the question whether we want to repeal the tariff laws or not.

Our whole economic fabric is so interwoven with the tariff that it must be the lesser of two evils to artificially help the farmer. There are those who tell us that they want the law of supply and demand to operate, but all this time they have approved an artificial stimulation of the law of supply and demand with the tariffs. They want it to operate naturally on the farmer and artificially on the manufacturer. We are now at the crossroads, where we are going to have to make it operate naturally on both of them or artificially on both of them, and the purpose of the proposal before us is to artificially stimulate prices so as to offset the tariff.

When we come to this point, we are confronted with one of four proposals. One proposal would be to repeal all the tariff laws. I do not believe there is much support here for that. There may be those who believe we should adjust the tariffs, and I believe some good could be attained through such action.

Second, there is the thought that we can build a tariff wall around ourselves and produce for home consumption only. I doubt if very many favor that, though some are favoring a bill which will tend to that.

The third is that by artificial means we shall raise the price level of farm commodities to parity, and hold them there by artificial means, and thus offset the benefits of the tariff.

The fourth proposal, the one I am submitting, is that we not try artificially to raise all of the farm prices, but that we give the farmer an outright benefit, or bounty, on that part which he produces for domestic use, which will bring his income on that part up to parity, call it a subsidy if you care to, and thus create no new problems in our effort to correct one.

What is the objective of the bill? The objective in general is to help the farmer. However, I fear that some persons have swung around to the viewpoint that the objective is crop control. Is that the objective? No; that is the means to the end. That is not the purpose. That is the means. The objective is to help the farmer, and crop control has been offered as one of the means of doing it. That is not the end in itself, though some seem so committed to it that regardless of whether some other method can be offered without crop control, they desire crop control anyhow. That seems to be the purpose of some persons. Let us not confuse the means with the end which is sought. The end is to help the farmer. If we can do it, we want to do it in the least objectionable manner.

Our objective, then, is to help the farmer in three ways. The first is to increase his income; the second is to improve the fertility of his soil; the third is to help him supply us with an ever-normal granary. I believe that control is unsound, because control alone does not determine price. I grant that it is logical to believe that when supply is decreased the price is raised. The price of farm commodities is the result of a number of contributing causes; yet we are basing our whole case of raising the farmer's income on acreage reduction alone.

Mr. President, I shall present certain figures to illustrate my point. In 1910 we produced 2,853,000,000 bushels of corn. The price per bushel that year was 48 cents. In 1917 we produced 2,908,000,000 bushels, or 55,000,000 bushels more than in 1910, but in 1917 the price was $1.28 a bushel. So in 1917 the price of corn was twice the price of corn in 1910, although in 1917, 55,000,000 bushels more corn were produced than in 1910, and in 1917 we exported only half the amount of corn we did in 1910. So the increase in price was neither due to the export of corn nor the amount of corn raised. There were other factors contributing to the price.

So, Mr. President, when we base our whole case on crop control, on reducing the production in order to raise the price, is that sound?

In 1920 we produced the greatest crop of corn ever produced in the United States. That year we produced 3,071,000,000 bushels of corn, and the price was 61 cents a bushel in that greatest crop year. In 1931 we produced two and one-half billion bushels, and the price was 32 cents a bushel. We produced 482,000,000 bushels less in 1931, yet the price that year was only half what it was in our biggest production year. So other contributing factors determine price. My colleague the Senator from Oklahoma [Mr. THOMAS] has pointed out some of those other contributing factors. When we base our whole case on controlling the price by controlling the supply, are we not subjecting the farmer to an unnecessary amount of regulation in order to achieve only part of our goal and purpose?

In the year 1924 we produced 2,298,000,000 bushels of corn and received $1.05 a bushel for it. In 1934 we produced the smallest crop we ever produced, 1,381,000,000 bushels, and received 85 cents a bushel for it. One dollar and five cents against 85 cents! Yet in the year when we received $1.05 per bushel we produced 917,000,000 bushels more than we did the year we received 85 cents a bushel. Can it be claimed that production alone is the controlling factor?

Let us take the smallest production year and the largest production year and compare the gross income of the farmer in those 2 years. The gross income of the farmer is something which I fear has been overlooked. In the largest production year 3,000,000 bushels were produced. In the smallest production year one-billion-plus bushels were produced. The farmer's gross income in the largest production year was $69,946,000 more than it was in the smallest year. Yet a small amount of production is supposed to stimulate the price.

Let us take the case of wheat. In 1919 we produced 952,000,000 bushels of wheat and the price was $2.16 a bushel. The smallest production year was 1934, and in 1934 we produced less than one-half the amount we produced in 1919, or 496,000,000 bushels, and we received only 88 cents a bushel for it, as compared with $2.16 per bushel in the year of our greatest production of wheat.

In 1931 we produced 932,000,000 bushels of wheat and received 39 cents a bushel for it. That is the lowest price the farmer has received, 39 cents. In 1915 we produced 1,009,000,000 bushels and received 92 cents.

We produced 77,000,000 bushels more in 1915 than we did in 1931 and received 53 cents more per bushel for it.

What does increased production do to the gross income of the farmer? It increases the agricultural income, certainly.

Therefore, when we cut him down for the purpose of raising the price, when that is only one of the contributing factors in connection with price, are we not making the farmer pay tremendously for that raise in price?

The argument is made that the farmer should control production because big business controls production. Let us see if the analogy is a fair one. Big business can get together. Four men in the packing industry, the four big packers, can get together and determine their output a year from today and determine the price they will pay. A special private wire runs down to the livestock market in Oklahoma City, and every morning those boys in Chicago send word as to how much they are going to pay for beef that day. Can anyone imagine the farmers getting together and agreeing on their price?

That is not the main difference in the analogy, however. Take Bethlehem Steel, for instance. Bethlehem Steel could determine exactly how many tons of steel it will produce a year from today. Can the farmer do that with reference to his crops? The farmer cannot even determine how much land he will plant. Time and again in western Oklahoma I have known of cases where farmers intended to plant so much wheat, but the weather turned dry, so the farmers could not get the seedbed ready, so they could not determine how much they were going to plant, much less how much they were going to harvest. There is a great difference between industry and farming, which makes the analogy an unsound one. The wind has to be taken into consideration, the storms, the grasshoppers, the pink boll weevil, army worms, and all other pestilences and hazards that the farmer has to gamble against. That, Mr. President, makes the analogy a poor one.

I shall now go on with a discussion of the substitute bill. As I explained awhile ago, I wish to follow on through with that discussion, and I appreciate the courtesy the Senate is extending me. The substitute bill deals only with cotton, wheat, and corn. We do not produce tobacco or rice in Oklahoma. In the first place the substitute bill eliminates control. In the second place it gives a bounty on the share of the domestic allotment—an outright gift. That is determined in the same manner as in the bill before the Senate. Then it pays the bounty up to full production, up to $300, that is, exempts the little farmer up to $300. I shall explain how that works in a minute. It contains an exemption clause for the little fellow. I shall explain that later.

Then again it provides a graduated payment to the big producer, which the bill now before us does not contain. Then again it provides for crop insurance. In his last campaign the President made a statement which led me to believe that our administration was committed to crop insurance. The bill does not have that provision in it. Before we adjourned last session we passed a resolution. I wish to read two of the points contained in that resolution.

(5) That the present Soil Conservation Act should be continued, its operations simplified, and provision made for reduced payments to large operators on a graduated scale to promote the interest of individual farming;

Is that carried out in this bill? I do not find it, and I will prove before I sit down that it cannot be put in this bill.

(6) That, linked with control of agricultural surpluses, there should be research into new uses for agricultural commodities and the products thereof and search for new uses, new outlets, and new markets, at home and abroad;

Does increasing the price invite new uses? No; it discourages new uses and invites substitutes; it invites synthetic goods. Do increased prices invite foreign trade? No; they discourage foreign trade. Do increased prices invite a wider home market by increasing consumption? No; they discourage consumption and narrow the market. We must work on the idea of supplying the demand at home and increasing that demand by increasing the buying power. Dr. Stibeling, formerly connected with Agriculture Department, made a survey in 1935 from which it was determined that if all the people of the United States were on a balanced diet of good food, it would take 49,000,000 more acres in cultivation to supply them. Yet we are considering cutting down the acreage—a thing which appeals to me as being almost immoral—when we ought to be stimulating buying power so that more may share the good things of life.

I wish now to answer the arguments against the proposed substitute bill. I will answer the arguments as I have heard them; and I think I have heard most of them. The main arguments launched are that the cost would be too great; that if the bill were put into effect, it would tend to increase production; that increased production would tend to lower the price of the products, and thereby increase the amount of the parity that would have to be paid, in order to give the farmer his fair share of the income.

That brings me back to the three plans. We cannot do a thing without doing it. We cannot help the farmer by some mythical method. If we are going to increase his buying power, we are going to have to do it at the expense of someone else. Think that sentence over twice. If we are going to increase his buying power, we are going to have to do it at the expense of someone else. We can increase his income without doing that by increasing the income of everyone else in proportion, but if we are going to increase his buying power, we have got to do it at the expense of someone else.

The question is, How are we going to get this difference? Are we going to raise it by the tax method and pay the farmer a bounty, as my bill provides, out of the Treasury? How is the tax money raised? By taxing in proportion to benefit received and ability to pay. Or are we going to get it by raising the general price level and taking it from the consumer? When that is done new problems are created at the same time.

One plan provides that it shall be taken from those most able to pay and given directly to the farmer. The other plan provides that it shall be taken from the consumer, the least able to pay, and given to the farmer by raising the general price level. When that is done it means also raising the prices of the commodities the farmer buys; that means the parity goes up, and then it will be necessary to raise the price level again; and so there would be a never-ending circle chasing the price level to the ceiling. One increases the other. Whenever corn goes up, up go hogs and hominy. When corn goes up pork and "sowbelly" go up—and that is what many of the people have to eat and live on. Whenever cotton goes up overalls and gingham gowns and hickory shirts go up. When the price of cattle goes up the price of leather goods goes up, and when the price of leather goes up the price of shoes goes up and the price of boots and saddlery and harness. It is a never-ending circle. I am not against raising prices if we cannot get anything else; I would stand for an increase in the prices obtained by the farmer and let him take his chances; but that would not mean that his parity income would be increased just by raising the price level throughout the whole country. I am going to point out pretty soon that that would result in a greater disadvantage.

In the first place, when the price level is raised, what happens? Consumption falls off and the market for the farmer becomes smaller. What else happens? When the price level is raised farm purchases fall off, and it is necessary to cut down the acreage again. Furthermore, when the price level is raised the manufacturer has to buy raw cotton at a higher price; and he has to buy other products, wheat and corn, at a higher price. When he does that, then what happens? He has got to charge a higher price for the goods he manufactures.

For instance, under the McAdoo bill, the two-price bill, it is proposed to raise prices in this country; and we would have two prices, one for this country and one for export. Under that bill it would be illegal for anybody to buy or sell a commodity for use in this country below a certain price, which is fixed. In the first place, the machinery of that bill would be a little difficult to start, for many people buy a commodity intending to process it but later decide to ship it, and vice versa. There are many handlers; there are many middle-

men. If the farmer could sell directly to the miller; if he could sell directly to the consumer, without any middleman, it would be easy to operate.

Then there are two kinds of commodities on the same farm. Here is one bushel of wheat which is for foreign consumption and which will have to sell at a certain price, and here is a bushel raised beside it which has to be sold at another and different price, but it is all in the same grain bin. It would be most confusing, it seems to me, for there would be two prices to determine. Let us grant, though, that could be done; and I will vote for it if it is the only thing we can get. We raise the price of domestic goods and yet we sell to the foreigner at a cheaper price. We sell a bale of cotton raised right by the side of another bale of cotton; Farmer Jones raised them both; and 1 bale of cotton is shipped to Japan and Japan buys it at 7 cents a pound, or whatever the price may be, while a manufacturer in New England has to pay 17 cents a pound or 16½ cents a pound for that cotton. Japan could have that cotton shipped to her at 7 cents, manufacture it with pauper labor, ship it back, ride over our tariff wall, compete with the New England manufacturer, and put him out of business unless we start in again to raise the tariff walls; and when we raise the tariff walls any higher we are going to have other nations nullify our action by increasing their tariffs. So we are driving ahead on a philosophy of producing for the United States market alone and for no other market. That is how it will work.

It is said that my bill would cost too much. I quote the Senator from Oregon [Mr. McNary], from the Congressional Record of November 23, when he pointed out that the committee bill would cost in round numbers a billion dollars. He said:

> The Senate, of course, understands that the estimate is nebulous. No one can specify the amount of the cost. Much depends upon whether parity prices are paid, parity income received, and upon the current price level of the various commodities. But Mr. Tolley, who is to administer this bill and who is now administering the Soil Conservation Act, stated, either to the committee or to a group of Senators, that, in his opinion, it would cost $275,000,000 in excess of the soil-conservation benefit payments, which are $500,000,000. That would make a total of $750,000,000. There are others, such as my dear friend from North Dakota [Mr. Frazier], who think the cost will exceed a billion dollars. In my judgment, it will be somewhere between $750,000,000 and $1,000,000,000. Those are statements which were made before the Senate committee.

That is an estimate of the cost of the committee bill. My bill in a direct outlay would not cost any more, in my opinion, than would the committee bill.

It is argued that by the control of the outlet of these commodities on the market a more stable market can be obtained, and that, after once it gets working, it will bring it up to parity normally and naturally and will not require any payments of parity. Of course, that is theory. It is based upon a normal production, and that by the many proclamations that are provided for in the committee bill the Secretary of Agriculture can absolutely control the production. There might be a tendency toward it; he might be able to control it to some extent, but I say it is entire presumption that he can so control that and the other factors of the world that contribute to the price as to hold it at parity. Under my bill, looking back over the years, there have been some years in which there would not have been any parity payments to pay—a few, not many—but the argument that it will cost too much is incorrect. It would not cost any more than would the pending measure, if enacted; and here is a great advantage, namely, that more of the money spent under the substitute bill, should it be enacted, would reach the farmer, and there would be less spent in administration, because elimination of the control feature would greatly reduce administrative costs. It will be simpler to operate and more of the money will reach the purpose for which we are appropriating it.

Furthermore, I have kept in my substitute bill one of the paragraphs used in the committee bill. That provides that we may not spend any more than Congress appropriates. That will be found on page 41 of the substitute bill and was already in the committee bill. It provides as follows:

> (f) Notwithstanding any other provision of this act, if the aggregate payments payable under title I of this act for any marketing year are estimated by the Secretary to exceed the sum appropriated for such payments for such year, all such payments shall be reduced pro rata that the estimated aggregate amount of such payments shall not exceed the funds available for such payments.

I submit that it cannot cost any more than we appropriate. If we are to help agriculture it is going to be necessary to give agriculture more than simply a machinery for raising and lowering prices, which would create more problems to solve than it solves itself. The price-level raising is not giving the farmer that offsetting advantage to industry that I pointed out in the first part of my remarks. That is what he must have. He has been working under a handicap. If we make up that handicap we will have to do it somehow by increasing his income. One plan would take it from all the consumers. Under the other plan part of it would be passed on to the consumer, but it would take, by the normal means of taxation, a part from those least able to pay and the other part from those most able to pay. The amounts are the same.

Now I shall show where the substitute bill will actually cost less than the committee bill, and give more to the farmer and help the farmer more. We were asked to graduate the payments of the big fellow. We do not have that provision in the committee bill, but it is in the substitute bill. I said I would show why it could not be incorporated in the committee bill. Why? The purpose of the committee bill is reduction and control. The big operator farms so many acres that if he is left out he is the fellow who will upset the apple cart. It is the big, powered syndicate farmers who has already glutted the market. Therefore, if the purpose is crop control, we cannot graduate that kind of farmer down and leave him out. That is why such a provision was left out of the bill. As long as crop control is the purpose, we cannot leave him out. We cannot graduate his payments.

Under the plan of graduated payments as provided in the substitute bill, I have figures that show on cotton, for instance, a saving of $12,309,000 out of payments of $212,000,000. I did not have time to figure the percentage, but that would take care of 41,000 little farmers and allow them to have $300 each which the big fellows would get under the other bill. I am speaking of the cost of the bill and shall come in detail to the payments a little later.

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

The PRESIDING OFFICER (Mr. Ellender in the chair). Does the Senator from Oklahoma yield to the Senator from Washington?

Mr. LEE. I yield.

Mr. SCHWELLENBACH. Does the Senator have the figures showing the number of farms in the country which would be excluded from the benefits of his bill because of the graduated payments?

Mr. LEE. None would be excluded. They would be graduated. I shall explain that presently. About 98 percent of the farmers would not be affected by it. Less than 2 percent would be affected by the graduation.

Mr. SCHWELLENBACH. Does the Senator have the acreage involved?

Mr. LEE. I have it available here some place, but not at hand at the moment.

I have pointed out that the substitute would not cost any more than we appropriate, that more of what we appropriate would get to the farmer, that it would cost less for administration because of its simplicity, and that it would effect a saving by virtue of its graduation on the big corporate farmer effecting a saving of $12,000,000 out of a payment of $212,000,000. I have shown that we collect the money either from the consumer or the taxpayer, and that collecting it from the consumer by artificially stimulating prices effects more evils than it cures, and takes it from the man least able to pay.

The argument is made that we are shipping our fertility abroad. That is easily answered, because the farms in

Europe and Asia, which have been under the plow for 3,000 years, are more fertile today than when they were first plowed up. It is the method of farming, not the amount that is produced, that takes away the fertility. That argument answers itself. We are not shipping away our fertility. Those who put out that argument know we are not doing that.

I know enough about handling soil to know that we can lay out a farm and let the weeds grow on it; that it will improve a little bit, but only this much. As the weeds grow up and other weeds and leaves and grass blow in organic matter that decays and goes into the soil, to that extent the soil will be improved. It will be improved by virtue of enabling it to absorb more rainfall and in carrying so much more for the crop. If it is fallowed and we keep a dust mulch on it, it will produce still more. That process will not increase fertility of the soil unless we are plowing something back into it each year. Under the soil-conservation program the argument that we are shipping abroad our fertility, when all of Europe and Asia dispute it, is an unsound argument.

These are the two main arguments against the program. Any number of Senators have said to me, "Josh, I favor your plan, but it will cost too much." Do we want to make to the farmer merely an empty gesture, or do we want to give him some real help? If we are going to give him real help, it is going to cost something, and we are going to have to take it from somebody else.

I have a number of communications and clippings referring to this matter. I shall not read many of them. Here is one from a magazine called American Agriculture, November 20, 1937, that gives a report of the Farm Bureau meeting, in which it is said in part:

Part of the second afternoon of the Twenty-second Annual Meeting of the Farm Bureau Federation was spent in a discussion of the question, Should the New York State Farm Bureau Federation withdraw from the American Farm Bureau Federation? It appeared that sentiment was quite equally divided, but no action was taken. Make no mistake, however, concerning the feelings of those who felt we should stick by the ship. They favored staying by, not through approval of American Farm Bureau Federation policies on crop control, but because they felt that the State organization could do more in the American Farm Bureau Federation than out.

Here are the resolutions which are adopted, and I understand the Amercan Farm Bureau is backing this. The article says:

Resolutions passed give a fair picture of Farm Bureau policy. Here are some of the important ones:

Among them is the following:

Putting the New York State Farm Bureau Federation on record as utterly opposed to crop control and wholeheartedly behind a managed currency to correct wide fluctuations in general price level.

Here is a statement from Ralph W. Moore, master of the Texas State Grange:

Any farm bill that attempts to help the cotton farmers which does not assure an American market for the American farmer at a parity price will be disastrous to the cotton farmer. Controlling the production of cotton in the United States will not materially affect the world price; it is almost like controlling one State and not controlling others. Cotton is the only commodity in America that sells at all times in the United States at the world price. It is the only commodity that can be protected very little by a tariff.

The only plan, as I see it, that will save the cotton farmer is to assure him parity prices for the part of his cotton that is domestically consumed. I feel that this plan would have an effective control feature and would be less expensive and at the same time would be fair to the farmers who raise other commodities. I favor the continuation of the soil-conservation plan, as it is essential to the progress of future generations, but I think the soil-conservation bill should be separate from the farm bill.

Here is a resolution passed by the National Grange. I am going to read just part of it. It was passed at their convention at Harrisburg on November 8 to 18:

Whereas cotton growers make up nearly one-third of the total farmers of the United States, and cotton, being a large export crop, is sold on the world market, thereby forcing the cotton farmer to sell on an unprotected market and buy on a protected market; and

Whereas the National Grange favors the enactment of such legislation that will enable the farmer to secure an equitable share of the national income: Therefore be it

Resolved, That the National Grange support legislation that will guarantee to the American cotton farmer the American market, assure him parity price on that portion of his product domestically consumed, and one that will be sufficiently flexible to give special assistance to surplus and export cotton.

That we continue the present soil-conservation program, properly amended so that it would be more adaptable to the needs of the cotton farmer.

That we ask that safeguards be included in any bill to protect the interest of the family sized farm. We favor a program to encourage diversified farming rather than a basic commodity acreage control, which would prohibit a man who is now a one-crop farmer setting up a well-diversified program on his farm.

Then, further on in the resolution:

That the National Grange continue vigorous opposition to any legislation which would result in either immediate or might eventually lead to regimentation of American agriculture.

Skipping again:

We urge continued study of the manufacture of power alcohol.

Again:

That we continue our opposition to any program based upon economic scarcity.

I have here a number of telegrams. I am not going to read them, but I have many telegrams particularly from three cotton States in support of this substitute, and organizations, as well as individuals farmers, have wired in. Anyone who cares to may come and see them.

Now I desire to explain the substitute bill itself a little more.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. LEE. I do.

Mr. COPELAND. I desire to ask the Senator a question. I was not quite clear what the Senator stated as being the attitude of the New York Farm Bureau toward the pending legislation.

Mr. LEE. I handed the clipping to the reporter, but I can state its effect.

Mr. COPELAND. I may say, Mr. President, that the voting delegates from New York to the American Farm Bureau Federation meeting were advised—

To register New York State's vote against crop control, and to use their efforts to further the monetary policy which Farm Bureau members have backed for a number of years.

So far as the Farm Bureau in my State is concerned, it is in opposition to this measure.

Mr. POPE. Mr. President, would it disturb the Senator if I should ask him a question at this point?

Mr. LEE. Not at all; go ahead.

Mr. POPE. From the statement of the Senator a few minutes ago, I was not quite clear what importance, if any, he assigns to surpluses in their effect upon price. Does the Senator regard surpluses as at all important in the price structure?

Mr. LEE. Yes; but I do not regard them as the sole determining factor.

Mr. POPE. As I recall, the Senator referred to the years 1919, 1920, and some following years on that point. Of course the matter of demand is all-important in considering price structure. For instance, during the war there was the greatest demand for wheat and for other farm products that there ever has been in this country, and there was the greatest production, and we had the highest price.

Mr. LEE. And we exported only half of what we exported the year before; so we must have consumed the other half in this country.

Mr. POPE. Exactly. So the demand is the all-important thing, but realizing the recession of demand since we quit

loaning money to Europe with which to buy our commodities since about 1929, and that effective demand does not exist, does the Senator regard surpluses as an important factor in the price structure for the farmer, does he think it is advisable to do anything about surpluses, or to leave them to accumulate as they may under such a program as is contained in his amendment?

Mr. LEE. I believe we should allow the law of supply and demand to operate undisturbed as it was before the depression; and I will get to that subject pretty soon under the heading of foreign markets.

Mr. BANKHEAD. Mr. President, while we are on that subject, will the Senator yield for a question?

Mr. LEE. Surely. I wanted to go on to another subject, however. I hope the question of the Senator will not provoke thoughts that will cause someone else to enter the debate until I finish this branch of the subject.

Mr. BANKHEAD. The question I desire to ask relates to what the Senator has already discussed.

Mr. LEE. Very well; I yield.

Mr. BANKHEAD. I should like to have the Senator state what he does regard as the elements or factors in making price.

Mr. LEE. Very well; I will get to that subject a little further on.

Coming now to my substitute bill, I took the original bill, and would have made a number of amendments instead of presenting my proposal in the form of a substitute, but because it would require so many amendments to strike out a letter here and a word there, I found it more practical just to put it in the form of a substitute and rewrite the measure. While inserting these different features I kept as much as I could of the original bill. Physically speaking, I cut out about the first 40 pages, and most of the part I inserted will be found on the first 5 pages. That is the new part.

The first part provides for an allotment. It sets up the purpose of the bill, to allot each farmer his fair share of the market. The first paragraph deals with allotments to the States and counties and other administrative areas, following very much the lines of the committee bill. Then paragraph (b) deals with allotments to the individual farm; and I inserted a little more language which gives the Secretary a little more discretion in determining the allotment, making it a little more from the previous production, and allowing just a little more discretion by the insertion of the cotton, wheat, and corn productivity of the total cultivated ground, considering land used for growing alfalfa and other temporary hay crops as cultivated ground.

The next is a minimum or an exemption, so to speak, for the little fellow, which I believe will give the little farmer a great advantage. That blank should be filled in with "$300." We say we want to exempt the little farmer; let us say, in the case of cotton, the man who produces four bales of cotton. We find that in round numbers some 2,000,000 cotton farmers signed up. Two million multiplied by 4 would be 8,000,000. We would have half of our consumption right there, and perhaps a little more, before we started. But my bill does not operate in that way. It provides that the farmer is entitled to produce an amount that will equal $300 on the parity price of his products of that day of that year, before the allotting is begun. The reason I had to fix that device was to keep a man from coming in with cotton, wheat, and corn in a State where they raise all three and getting the minimum of three allotments. That would amount, in today's figures, to about 3¾ bales of cotton.

Again you may say, "Multiply that by 2,000,000"; but it is a mistake to figure in that way, because not all the producers who produce small amounts produce 3½ bales. Some of them produce half a bale, some produce a bale and a half; and I do not want to say that everybody would be exempted up to a certain amount, because that would encourage the fellow who formerly produced only half a bale to increase his production and get allotments on it, which would, of course, expand production, and I did not want to do that; so it is based on his former production up to an amount that will bring him $300, on which he is exempted.

That exemption does not include the big producer. It does not include the fellow who is allotted. For instance, if we should allot every producer 4 bales before we started, then the man who produced 50 bales would have 4 bales to begin on, and we should have to take that off the amount we are going to allot; but this proposal does not do that. His allotment begins with the first bale. It is only the small fellow who is really exempted up to the amount of $300 on which he is not allotted at all; and his allotment would not begin, in the case of cotton, until five bales. If a five-bale farmer were reduced 25 percent, that would be a bale and a quarter. That would leave him three and three-fourths bales, which, figured at the present price, would be $300. From five bales on he would have no allotment, and from five bales down he would get up to $300.

I think that is an important feature of exemption in order really to give the little fellow a benefit. All right. Then the substitute says:

> The amount of a commodity allotted to a farm under this section shall be its domestic allotment with respect to such commodity.

Now comes the payment, and that is based on the year's average parity and the year's average current price, using the same definitions used in the committee bill.

Mr. McGILL. Mr. President——

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Does the Senator from Oklahoma yield to the Senator from Kansas?

Mr. LEE. I yield.

Mr. McGILL. As I understand, the sections the Senator has been discussing pertain only to the portion to be consumed domestically?

Mr. LEE. That is correct.

Mr. McGILL. Where in the bill does the Senator treat of that portion of the crop which is not consumed in this country?

Mr. LEE. I do not deal with it.

Mr. McGILL. Under the Senator's program, what becomes of that portion of the crop which is not domestically consumed?

Mr. LEE. The same thing that happened to it before.

Mr. McGILL. What is happening to wheat now, the part we do not consume domestically? What is happening to it?

Mr. LEE. That is the Senator's question; I will let him answer it.

Mr. McGILL. I say it is still in this country, except about 40,000,000 bushels a year, and that it has a tendency to drive the market price down. If we have no control, if we do not reduce the production and guarantee a price to the farmer on the portion domestically consumed, and keep the surplus in this country, what will be the cost to the Government? Can the Senator estimate that?

Mr. LEE. It will not cost any more, as I have dealt with it, to raise it by taxes, than to raise it through the consumer, to put the penalty really on the workingman who buys overalls and shoes and bread. If it would increase the price of bread to him, you cut your own home market.

Mr. McGILL. I am asking these questions in order to get information, because I want to have the matter clearly understood. Is there anything in the substitute that has to do with seeking to reduce surpluses, of wheat, for instance? I am interested in wheat and corn.

Mr. LEE. Yes. The soil-conservation part of the bill, as already provided, would reduce the surplus somewhat, and I believe I can point out, as I will later, that the domestic allotment will not work as great an increase as has been

thought. It might result in some increase, but not as much as some think; and I will take that up now.

Mr. McGILL. Is the program the same in character as the present soil-conservation program?

Mr. LEE. The soil-conservation part is, yes, with one exception, that is, the provision for the graduated payments, to which I will come.

Mr. McGILL. Under that program, I may say to the Senator, during the last 2 years acreage has been increased instead of being reduced, and our surpluses have been increased. I am wondering whether there is anything in the substitute whereby anything would be done toward reducing surpluses in order to get a higher standard of market prices and thereby lessen the cost to the Government.

Mr. LEE. No; there is no control feature in the substitute. Nature is allowed to take its course.

On page 4 the substitute deals with the allotment, so that a man who did not sow enough land under normal yield average to receive his allotment would not get it unless he had a bumper crop. If he had a bumper crop, of course, he might have it. In other words, the bill is based on the idea of paying a farmer up to the amount allotted to him for producing rather than paying him for not producing—the negative.

Now I come to the crop-insurance feature. We are committed to crop insurance. The substitute provides in simple language a 50-percent crop insurance on the allotted amount. If there is a total failure, the Government will pay 50 percent of the then parity price. Whenever one produces under 50 percent, the Government will make up the difference so that it will amount to a 50-percent crop.

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

Mr. LEE. Certainly.

Mr. POPE. Has the Senator made or had made any calculation as to what the crop-insurance feature of his amendment would cost per year?

Mr. LEE. No; I have not, but I do not believe it would be very expensive; and if it is expensive, it is money well spent. I think a 50-percent insurance is rather a modest one, particularly when it is only on the amount allotted.

Mr. POPE. In connection with the crop-insurance bill we passed, some rather extensive studies were made of the cost of crop insurance throughout the country; and one reason why in the bill which passed the Senate, and which is now before the House, provision was made that premiums be paid in wheat, and indemnities paid in wheat, was the tremendous cost of crop insurance if paid in money. Therefore, I should be interested to know if any calculation has been made as to the cost this sort of a provision would mean to the Government. My own impression is that it would be quite considerable, and I think perhaps a great deal more than the Senator himself now thinks.

Mr. LEE. If we are to make a gesture of giving the farmer something, let us give it to him. If he is given wheat that is low in price, it does not help him greatly, for he would have to sell it. The Government might just as well sell it for him.

Mr. POPE. Under the bill which I introduced and which passed the Senate, the farmer himself pays the premium, and the Government stores it for him and pays it back to him in an indemnity when he is entitled to it. In this case, as I understand, the farmer would not pay the premium and would not pay any part of it, but it would be an outright gift by the Government to him of whatever he may have received under this provision of the amendment.

Mr. LEE. That is correct. Of course, he would have to conform to the soil-conservation policy. But you cannot give a man anything without giving it to him. I pointed out in the first part of my remarks that there is an economic connection between the industry and the finance of the East and the agricultural part of the country, and the only way they can be balanced is to give the farmer something extra. If you merely maneuver around and do not give him anything, you have not offset the tariff.

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

Mr. LEE. I yield.

Mr. POPE. I am not clear, from reading section 3, that that is limited in any way to one who participates in the soil-conservation program. For instance, it provides:

> In any case in which any farmer, by reason of crop failure, during any marketing year (beginning with the marketing year ending in 1938) produces less than 50 percent of his domestic allotment of cotton—

Apparently there is no limitation, unless it is contained somewhere else in the bill.

Mr. LEE. It is contained in the next section, to which I will come now:

> The payments paid by the Secretary to farmers under this act and the Soil Conservation and Domestic Allotment Act—

Including both—

> shall be divided among the landowners, tenants, and sharecroppers of any farm, with respect to which such payments are paid, in the same proportion that such landowners, tenants, and sharecroppers are entitled to share in the proceeds of the agricultural commodity with respect to which such payments are paid.

That is, if the farmer is entitled to half the crop, he gets half the payment, and if he is entitled to a third of it, he gets a third. I have further provided that it is paid directly to the man to whom it is due. I am not sure the other payments, which were made to the landlords, who doled them out to the tenants, always reached the ones for whom they were intended. So this provides for payment on the basis of their agreement, and the money is paid directly to the tenant, and brings him that much closer to his Government.

This is the graduation feature:

> If the amount of such payments (except payments computed under section 2 (b) of this act) to any person with respect to any year, computed as hereinbefore provided, would exceed $600, such amount shall be reduced by 25 percent of that part of the amount in excess of $600, but not in excess of $1,000; by 60 percent of that part of the amount in excess of $1,000, but not in excess of $1,500; by 90 percent of that part of the amount in excess of $1,500, but not in excess of $2,500; and by 95 percent of that part of the amount in excess of $2,500.

That means that the first $600 due will be received in full, and in the next $400 which would have been received, before this bill was enacted, there will be a reduction of 25 percent. That leaves him $300. Of the next $500 that he would have received, he would get 40 percent, or $200. Then of the next $1,000 that would have been received, under the old provisions, he would get 10 percent of $100, making a total of $1,200 that the farmer would receive out of the first $2,500. Under the present plan and also under the committee bill, the farmer would receive $2,500. Under this substitute there would be a graduated reduction of $1,300 on the big fellow.

I took occasion to look up the payments, and the $600 will pay a little over 98 percent of all the farmers who signed up the last time. Less than 2 percent receive benefits above the $600. So there is the real benefit which is passed on to the little fellow.

That concludes the new part of the bill.

Mr. McGILL. Mr. President, before the Senator goes to another phase of the bill, will he yield to me?

Mr. LEE. I yield.

Mr. McGILL. My questions are intended to elicit information, and not to criticize the proposed substitute. I realize the earnestness with which the Senator is presenting his views.

I understand the Senator to say, in answer to my question, that nothing is contained in the substitute which in any way deals with surpluses—that is, with reference to disposing of them, or seeking to control or to reduce the production of surpluses. As I understood the Senator's expla-

nation, on the portion of the crop domestically consumed the Government guarantees what would be a parity price. Am I correct about that?

Mr. LEE. Yes; what would amount to it.

Mr. McGILL. Whatever would be parity.

Mr. LEE. That is correct.

Mr. McGILL. The Senator, I assume, would agree that the amount of the surplus on hand in this country which may be unsalable would have a great deal to do with the market price in the United States. That is, it would have a tendency to reduce the market price materially. If we should have a large surplus on hand, and a low market price, would that not increase the amount of the parity payment the Government would have to pay to the farmer for the portion domestically consumed?

Mr. LEE. That is correct.

Mr. McGILL. And the larger the surplus became—the larger the amount of surplus we had on hand, in other words—the more expensive the program would be under the Senator's substitute bill. Is not that correct?

Mr. LEE. I will not agree to that statement. I agree that the lower the price, the more expensive it would be. The trouble with the Senator's argument, however, is that when the price-level goes down, parity goes down also. One follows the other.

Mr. McGILL. On what does the Senator base parity?

Mr. LEE. On the things the farmer has to buy, which I discussed a moment ago, such as overalls, gingham and calico dresses, the high-priced leather which is the result of the high price of corn, the hominy, the corn pone, and the pork chops, and so on, that the farmer or the worker buys to live on.

Mr. McGILL. At least the Senator will agree that the surplus will cause the commodity to be lower in price, and thereby cause the program proposed in the Senator's substitute bill to be more expensive, will he not?

Mr. LEE. Of course, the Senator is assuming that every year will be a good year, a bumper year. Sometimes Nature has a mighty good way of her own of taking care of the surplus. We have seen an illustration of that lately. I believe the Senator stated a while ago—and I ask the Senator to repeat his statement—that with the Soil Conservation Act in effect we produced more than the year before.

Mr. McGILL. I said the acreage had been increased rather than reduced during the past 2 years, and our production had been increased. When I made that statement I referred to the commodities of wheat and corn. I am not familiar with the cotton acreage of the United States.

In conjunction with the questions I have asked I wish to say that it has been established before the Committee on Agriculture and Forestry since the beginning of the present session of Congress, having been concurred in by those who appeared before the committee from the Department of Agriculture, that notwithstanding the fact that we have had 4 years of drought in this country, we have not had a shortage of wheat in this country; and we had a 90,000,000-bushel carry-over last July 1, and probably will have a 235,000,000-bushel carry-over next year.

Mr. LEE. Yes; but the imports of wheat into the United States have increased in the last 3 years. The importation of wheat jumped from 244,000 bushels in 1933–34 to 20,430,000 bushels the next year, and to 31,000,000 bushels the year following that, and in the last year to 77,000,000 bushels. The imports jumped from 244,000 bushels to 77,000,000 bushels. That importation of wheat represented not only loss of foreign markets to our farmers but it took the place of what should have been our own production.

Mr. McGILL. If the Senator will yield at that point, I will say to him that one of the witnesses from the Department of Agriculture undertook to give the Senate Committee on Agriculture and Forestry those figures the other day, and to assert that they resulted in loss of markets to our wheat producers. The fact is that the types of wheat imported have always been imported, and they are classes of wheat of which we do not produce a surplus. One class is durum wheat. We do not import any wheat of which we produce a surplus. The reason the imports have increased is because of the fact that we have had crop failures in North Dakota, Montana, and in some other States which produce durum wheat.

Mr. LEE. I thank the Senator. I should like to proceed with my discussion. However, before I do, I will say that no matter what kind of wheat it is that is imported, it is in competition with the wheat which our farmer produces. In view of the fact that importation of wheat has jumped from 244,000 bushels to 77,000,000 bushels since the program of reduction has been inaugurated, it seems to me that the home market for the American farmer is even smaller than before.

Under the provisions of the resolution we adopted we are to seek new markets. What has been done seems to me to be a violation of the terms of the resolution. Under the resolution we are to seek new uses for farm commodities. There is no point in seeking new uses for farm commodities when we are doing something which causes synthetic articles to be produced. When the price of our cotton went up under the operation of the Bankhead law Germany began to use synthetic products, even using wood to take the place of cotton in the market we then had.

I desire to continue a statement of the graduation of payments.

Mr. McGILL. Mr. President——

Mr. LEE. I should like to go ahead with my explanation.

Mr. McGILL. I do not want to interrupt the Senator's explanation. We had been talking about the imports of wheat. I do not know where the Senator gets his figures.

Mr. LEE. From the Agricultural Year Book.

Mr. McGILL. In the agricultural statistics for 1937 it is shown that for 1935 the importations of wheat were 46,663,000 bushels.

Mr. LEE. That is a higher figure than the figure I have.

Mr. McGILL. I thought the Senator said our imports had increased to 77,000,000 bushels.

Mr. LEE. That is for the period 1936–37. I believe I have later figures than those referred to by the Senator. These figures were furnished me by the Department of Agriculture yesterday.

Mr. McGILL. I should like to ask the Senator one more question, and then I shall not interrupt him further. Does the Senator recognize the fact that white spring wheat, soft red winter wheat, hard red winter wheat, and durum wheat are separate commodities and are treated as such by the Department of Agriculture and by the buyers of the country?

Mr. LEE. That may be true when considered in a certain way, but considering it from the point of view of the farmer's production, wheat is wheat, and one competes with the other. Even rye competes with wheat, and corn competes with wheat. Grains all compete with each other. When we lose so large a market to foreign wheat, in the amount of 77,000,000 bushels shipped in, whereas 3 years ago, before the reduction program was started, we imported only 244,000 bushels, and when our exports have also fallen off, it is time for us to look around and see what is happening to the American market.

Mr. McGILL. There is no question that every bushel of the imported wheat is durum wheat, and it is not sold in competition with other wheat but is used by the millers of this country for blending purposes. We have a crop failure in that class of wheat, and a consequent increase of importation. It is not sold on the market in competition with other wheat.

Mr. LEE. Of course that argument is like the argument that the 266,000 bales of cotton shipped into this country are of long-staple cotton and that that cotton is not in competition with our cotton. Just the same, one fiber is in

competition with another, and one kind of grain is in competition with another kind of grain, regardless of whether or not their uses are sharply defined or whether from a technical standpoint they are exactly the same.

Mr. President, I want to show some of the payments which were made to big producers, first under the A. A. A. and then under the Soil Conservation Act. I will show some of those over $10,000. I understand this program is one to help the little farmer. It is my intention to support a program the purpose of which is to help the small farmer. The man who raises a family, the man whose family helps him raise the crop, the man who feeds his family, and clothes his family, and educates his family, the small-unit farmer is the one I want to help.

The committee bill or any other bill that artificially stimulates the price will help the big farmer. Why? Because he is cultivating a tremendous number of acres; he is cultivating each acre at a greater profit than is the small farmer, and, therefore, the higher we raise the price the more we increase the big farmer's profit. He is, so to speak, a power farmer. He has power in buying and selling, because he buys and sells in large quantities. Therefore, every time we artificially stimulate the market we are helping the big farmer in greater proportion than the little farmer, because the margin of the little farmer is smaller.

I will read some of the payments that were made under the Triple A, and I will refer first to cotton payments.

One Arkansas company was paid $84,000 in 1933. Was it the intention of Senators when they were voting for that bill to pay some corporation $84,000 to let its land lie idle? Then another Arkansas company was paid $80,000; a Mississippi company $54,200; the Mississippi State Penitentiary $43,200; and an Arkansas penal institution $25,500.

Referring to cotton payments made in 1934, one Arkansas company was paid $115,700, and a Mississippi company was paid $123,747. That is where the money has gone. Talk about the cost of the bill. Take some of the money that has been going to corporations, give it to the little one-row farmer, and it would go further. It would be necessary to spread the butter out, but it would cover more of the bread.

What about wheat? In 1934 and 1935 wheat payments were made to a California company in the sum of $29,398.33, to a Washington company $26,022.06, to a California bank operator $23,845.22, to a Montana farmer $22,325.82.

What about the corn-hog payments? Under that category to a California farming corporation there was paid $157,020, to a New Jersey company $49,194.38, to a California hog company $22,623.75, to a Massachusetts producer $19,098.75, and to a California producer $17,838.75.

I am taking the time to read these figures because I wish to show that it is impossible to graduate these payments under a production control bill, for when the attempt is made to graduate it we are giving the biggest landowner the advantage, and he is the man who can upset the market balance at any time. Unless a change is made from crop control, we are going to have to go on paying these corporation farmers and giving them greater and greater advantage over the little family farmer until finally such farmers will all be driven off the map and we will have nothing but a few big syndicated farms in this country.

I now come to payments to rice producers under the Agricultural Adjustment Act. I will not read the names, but in Louisiana there were payments as follows: In 1935, $59,285.01, $54,453.81, $41,595.04, $31,511.27, $31,202.48, $27,820.22, $24,489.60; in Arkansas, $28,261.20; in Texas, $50,983.77, $45,870.62, $40,668.66, $38,472, $37,379.35, $30,185.22, $26,896.94. In California there were payments of $63,768.75, $33,606.75, $31,836.75, and $31,138.50. To a Florida concern producing tobacco $41,454 was paid, and to a Connnecticut concern $20,530.91.

Here is a long list of sugar payments made in Louisiana under the Agricultural Adjustment Act. I will not read them all, but here are a few of them: $42,767.24; $47,231.63; $170.672.16; $181,523.11; $109,859.14; $101,524.72; $256,010.56; $197,333.49. That is about one-fifth of the number on that page. That is where the money is going which the Congress is appropriating.

Mr. TOWNSEND. I suggest that the Senator put the figures in the RECORD.

Mr. LEE. I am later going to ask that that be done.

I will read a few of the payments to large sugar corporations in Puerto Rico, as follows: $45,533.40, $30,432.60, $26,686.68, $103,667.94, $103,015.80, $99,617.28, and the statement further shows that one Puerto Rican producer was paid $961,064.

Did Senators know where the money was going when they appropriated it? Did they intend to vote such sums of money to corporations? That, however, is not all. I have here some figures of payments being made now. Those I have read were under the A. A. A. Of course, we justified that because of emergency, and we had to act and act quickly, but here are some payments that have been made under the soil-conservation program. They cannot be graduated under production control because, if that is done the big farmer will upset the market again. The big farmer will produce more and benefit by it; but under the plan proposed by my substitute bill the payments can be graduated, and I have graduated them so that on the payment of $212,000,000, $12,000,000 would be saved; and $12,000,000 divided among the little one-horse farmers, giving $300 to each, would take care of 41,000 of them.

Here are some of the payments under the Soil Conservation Act in California: $14,664, $15,657.60, $36,652.10, $41,882.83, $46,836.69, $54,378.01, $41,949.85, $12,212.96, $44,608.35, $34,453.34, $92,237.72, and $65,505.25. I have not read them all. I really do not wish to tire the Senate.

Here are some of the payments under the agricultural-conservation program in Illinois and I am going to give the names of some of these.

In Illinois, estate of Hiram Sibley, $10,336.63; Minnesota, Humbolt Farming Co., $12,275.74; Florida, Tobacco Corporation, $13,982.14; Louisiana, Maxwell Plantations, Inc., $14,214.12; Mississippi, Delta Planting Co., $13,905.61; Delta Pine & Land Co., $60,388.06; the Gaddis Farms, $10,438.92; the Missisippi State Penitentiary, $37,488.40; the Robertshaw Co., $15,199.04; Will Dockery estate, $11,785.33; P. H. Brooks & Co., Inc., $10,530.11; McKee Bros., $19,342.95. In Texas, G. L. Murray & Sons, $15,825.50; Alcorn Land & Improvement Co., $10,731.81. In Arizona: Arizona Citrus Land Co., $47,682.47; Maricopa Reservoir Power Co., $19,269.90.

Did the Senators realize when they appropriated money for the benefit of some ragged farmers that over $19,000 would be paid to a power company?

To the Miller Cattle Co. in Arizona there was paid $12,621.14; to the Cortaro Farms Co., $17,051.06; and to the Breece Prewitt Sheep Co., $25,576.

Here are some of the payments under the agricultural conservation program: In Arkansas, Twist Bros., $10,961.79; Fairview Farms Co., $12,660.37; Joel W. Pugh, $14,660.96; Tillar Mercantile Co., $10,377.23; William W. Draper, $10,680.07. In Texas, to Oscar J. Wintermann, $15,014.81; Hudspeth Farms, $11,931.41; H. B. Jackson, $11,930.68; J. S. Mooring, $10,719.23; Chapman Ranch, $32,052.65; Simmonds & Perry, $14,990.98; Sugarland Industries, $11,675.15. In South Carolina, to J. F. Bland & Co., $10,013.45. In Florida, to United States Sugar Corporation, $80,321.92. In Mississippi, to R. W. Owen & Son, $10,405.13. In Iowa, Amana Society of Iowa, $16,748.82; Metropolitan Life Insurance Co., $16,945.84; Equitable Life Insurance Co., $14,810.82; Equitable Life Assurance Co., divided in four counties, $11,584.53, $10,515.42, $16,663.50, and the fourth $15,216.35, making a total of $53,976.80. There was a further payment to the Metropolitan Life Insurance Co. of $13,357.75. In South Dakota, to the Phoenix Mutual Life Insurance Co., $10,723.94; to the Mutual Benefit Life Insurance Co., $11,253.48; to the

South Dakota Rural Credits Board, $11,847.74. To the State of Montana there was paid $14,883.64. In California there was paid to the American Crystal Sugar Co. $11,012.23, and so on, and so on. I ask that the tables from which I have read be inserted in the RECORD at this point.

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

The tables referred to are as follows:

Cotton payments made in 1933:	
Arkansas company	[1]$84,000+$56,000=$140,000.00
Another Arkansas company	80,000.00
Mississippi company	[1]$54,200+$37,000= 91,200.00
Mississippi State Penitentiary	43,200.00
Arkansas penal institution	25,000.00
Cotton payments made in 1934:	
Arkansas company	115,700.00
Mississippi company	123,747.00
Wheat payments made in 1934 and 1935:	
California company	29,398.32
Washington company	26,022.06
California bank operator	23,845.22
Montana farmer	22,325.82
Corn-hog payments in 1934:	
19 corn-hog contracts in excess of	10,000.00
8 corn-hog contracts in excess of	16,000.00
California farming corporation	157,020.00
New Jersey company	49,194.38
California hog company	22,623.75
Massachusetts producer	19,098.75
California producer	17,838.75

There were only two contracts paid in 1935 in excess of $10,000.

[1] If Arkansas company had taken cash payment instead of partly in options, the amount would have been about $56,000 more; would have been $37,000 higher for Mississippi company.

Agricultural Adjustment Act payments to rice producers over $10,000 as announced Apr. 4, 1936

State	Acreage allotment	1935 Payment
Louisiana	4,670	$59,285.01
Do	5,528	54,453.81
Do	3,372	41,595.04
Do	3,015	31,511.27
Do	3,379	31,202.48
Do	3,331	27,820.22
Do	2,981	24,489.60
Arkansas	2,205	28,261.20
Texas	3,584	50,983.77
Do	3,368	45,870.62
Do	2,586	40,668.66
Do	3,147	38,472.00
Do	2,451	37,379.35
Do	2,301	30,185.22
Do	1,910	26,896.94
California	2,579	63,768.75
Do	1,739	33,606.75
Do	1,403	31,836.75
Do	1,245	31,138.50

Agricultural Adjustment Act—Payments to large producers of tobacco, announced Apr. 4, 1936

Total, 1934:	
Florida concern	$41,454.00
Connecticut concern	20,530.91

Agricultural Adjustment Act—List of sugar payments over $10,000 in Louisiana, announced Apr. 4, 1936

State	Total payment
Louisiana	$42,767.24
Do	22,229.72
Do	40,041.82
Do	74,140.48
Do	27,205.50
Do	45,571.57
Do	47,231.63
Do	55,913.32
Do	29,788.49
Do	170,676.16
Do	44,657.16
Do	58,728.48
Do	181,523.11
Do	13,647.00
Do	44,701.85
Do	70,099.75
Do	64,203.28
Do	86,068.43
Do	109,859.14
Do	46,593.82
Do	36,380.21
Do	40,982.96

Agricultural Adjustment Act—List of sugar payments over $10,000 in Louisiana, announced Apr. 4, 1936—Continued

State	Total payment
Louisiana	$57,685.81
Do	29,071.18
Do	32,452.91
Do	55,864.46
Do	36,553.16
Do	27,953.00
Do	101,524.72
Do	65,941.97
Do	84,535.54
Do	39,186.06
Do	33,062.76
Do	256,010.56
Do	197,333.49
Do	70,474.90
Do	35,345.80
Do	32,808.29
Do	35,536.40
Do	24,679.97
Do	68,982.63
Do	19,787.01
Do	15,285.72
Do	15,463.89
Do	25,174.41
Do	18,776.84
Do	15,377.70
Do	38,280.02
Do	23,017.83
Do	19,864.83
Do	39,465.30
Do	18,985.04
Do	12,081.65
Do	17,844.79
Do	127,793.14
Do	20,106.39
Do	37,036.94
Do	29,272.43
Do	17,666.78
Do	21,429.87
Do	14,662.65
Do	15,189.72
Do	15,747.71
Do	26,991.08
Do	14,661.25
Do	15,683.76
Do	30,398.48
Do	23,890.35
Do	15,996.19
Do	28,064.55
Do	22,277.82
Do	18,039.71
Do	35,224.87
Do	18,540.81
Total	3,466,094.26

Agricultural Adjustment Act—Payments to Puerto Rican producers as announced Apr. 4, 1936

SUGAR	*Advance 1935 payment*
Puerto Rico	$45,533.40
Do	30,432.60
Do	26,686.68
Do	41,030.04
Do	10,597.14
Do	53,023.20
Do	20,404.50
Do	32,064.24
Do	18,304.62
Do	34,690.80
Do	21,359.46
Do	13,245.30
Do	103,667.94
Do	14,970.60
Do	103,015.80
Do	30,111.00
Do	23,751.84
Do	13,555.38
Do	12,634.32
Do	10,928.40
Do	11,646.90
Do	99,617.28
Do	33,522.60
Do	21,354.54
Do	19,507.02
Do	24,423.78
Do	32,576.28
Do	28,495.50
Total	931,151.16

The total payments in most cases would be about five to six times the individual figure given as the advance payment in the above table.

One Puerto Rican producer has been paid $961,064.

Agricultural Adjustment Act—Payments over $10,000 to sugarbeet operators, as announced Apr. 4, 1936

State	Total payment
California	$14,664.00
Do	15,657.60
Do	36,652.10
Do	41,882.83
Do	46,836.69
Do	54,378.01
Do	41,949.85
Do	12,212.96
Do	44,608.35
Do	34,453.34
Do	33,904.60
Do	12,304.00
Do	92,237.72
Do	11,565.00
Do	23,058.00
Do	10,967.80
Do	28,717.75
Do	19,694.98
Do	17,761.73
Do	15,921.83
Do	37,656.20
Do	17,055.03
Do	16,851.86
Do	13,706.61
Do	19,210.19
Colorado	65,505.25
Total	779,414.28

Agricultural conservation program

PAYMENTS OVER $10,000, ANNOUNCED MAY 20, 1937

State	Company	Amount
Illinois	Estate of Hiram Sibley	$10,336.63
Minnesota	Humbolt Farming Co	12,275.64
Florida	Tobacco Corporation	13,982.14
Louisiana	Maxwell Plantations, Inc	14,214.12
Mississippi	Delta Planting Co	13,905.61
Do	Delta Pine & Land Co	60,388.06
Do	The Gaddis Farms	10,438.92
Do	State Penitentiary	37,488.40
Do	The Robertshaw Co	15,199.04
Do	Will Dockery Estate	11,785.33
Do	P. H. Brooks & Co., Inc	10,530.11
Do	McKee Bros	19,342.95
Texas	G. L. Murray & Sons	15,825.50
Do	Alcorn Land & Improvement Co	10,731.81
Arizona	Arizona Citrus Land Co	47,682.47
Do	Maricopa Reservoir & Power Co	19,269.90
Do	Hodges, J. L	10,835.46
Do	Miller Cattle Co	12,621.14
Do	Cortaro Farms Co	17,051.06
Do	Breece Prewitt Sheep Co	25,576.00

Conservation

PAYMENTS OVER $10,000, ANNOUNCED SEPT. 9, 1937

State	Company	Amount
Arkansas	Twist Bros	$10,961.79
Do	Fairview Farms Co	12,660.37
Do	Joel W. Pugh	14,660.96
Do	Tillar Mercantile Co	10,377.23
Do	Wm. W. Draper	10,680.07
Texas	Oscar J. Wintermann	15,014.81
Do	Hudspeth Farms	11,931.45
Do	H. P. Jackson	11,930.68
Do	J. S. Mooring	10,719.23
Do	Chapman Ranch	32,052.65
Do	Simmonds & Perry	14,990.98
Do	Sugarland Industries	11,675.02
South Carolina	J. F. Bland & Co	10,013.45
Florida	U. S. Sugar Corporation	80,821.92
Mississippi	R. W. Owen & Son	10,405.13
Iowa	Amana Society of Iowa	16,748.82
Do	Metropolitan Life Insurance Co	16,945.84
Do	Equitable Life Insurance Co	14,810.82
Do	Equitable Life Assurance Society of United States.	[1] 11,581.53 [2] 10,515.42 [3] 16,663.50 [4] 15,216.35
Do	Metropolitan Life Insurance Co	13,357.75
South Dakota	Phoenix Mutual Life Insurance Co	10,723.94
Do	Mutual Benefit Life Insurance Co	11,253.48
Do	South Dakota Rural Credits Board	11,847.74
Montana	State of Montana	14,883.64
California	American Crystal Sugar Co	11,012.23
Do	Newhall Land & Farming Co	13,779.27
Do	American Crystal Sugar Co	13,976.59
Do	E. L. Adams	16,715.04
Do	Chatom Co., Ltd	11,878.32
Do	Mendota Farms, Inc	21,844.42
Do	Hotchkiss Estate Co	29,780.59
Do	California Packing Corporation	11,359.41

[1] Winnebago County.
[2] Humboldt County.
[3] Kossuth County.
[4] Wright County.

Mr. POPE. Mr. President, will the Senator yield at that point?

Mr. LEE. I yield.

Mr. POPE. Outside of corn, wheat, and cotton, would the Senator's bill, in any way, affect the soil-conservation payments?

Mr. LEE. Only in the graduated scales, as I include them in the graduated payments.

Mr. POPE. The Senator does not include any other commodities than corn, wheat, and cotton?

Mr. LEE. It is not my intention so to do.

Mr. POPE. So, outside of corn, wheat, and cotton, the payments which were made as to sugar and as to potatoes and as to all the other commodities under the Soil Conservation Act would not be changed?

Mr. LEE. Let me correct my last statement. I shall extend it to the others.

Mr. POPE. The Senator proposes by amendment to extend it to all the others?

Mr. LEE. Absolutely. The idea of paying this money out to corporations does not appeal to me.

Mr. POPE. Let me ask the Senator another question. Would the Senator desire to amend in that respect by a provision in his bill the sugar bill which was passed at the last session?

Mr. LEE. I should want to amend it in the most practicable manner. If this bill is not the proper place, I desire to place the amendment where it should be.

Mr. POPE. Has the Senator given study to the sugar bill and the payments that are made under it, so that he desires to amend it?

Mr. LEE. I have not, except I have made a study of the payments.

Mr. POPE. To the sugar growers?

Mr. LEE. The payments are all I have seen, and they are enough to convince me that the big corporations are sharing in the program in a way that we did not have in mind.

Mr. POPE. The Senator will recall that at the last session the sugar bill was passed almost unanimously by the Senate, having the support of the growers, the processors of sugar, and everybody else; and I am merely asking the Senator if it is his intention now to attempt to amend that bill before it is given a full trial in administration?

Mr. LEE. Of course I did not understand that was the soil-conservation bill.

Mr. POPE. It is the sugar bill, and payments which are made are of course made both under the Soil Conservation Act and the Sugar Act.

Mr. LEE. It is not my intention in any way to make legislation any more complicated. It is my intention to effect a graduated scale on these big payments, which would be carrying out the resolution we passed last spring.

Mr. POPE. Since in the Soil Conservation Act there is that acreage-diversion feature, does the Senator hope that by making that change we can accomplish very much soil conservation?

Mr. LEE. Certainly.

Mr. POPE. The principal payments are made for soil diversion. If we cut down the payments very materially on the larger owners, could we get them to go into the program of soil conservation?

Mr. LEE. The soil-conservation bill we passed gave a great deal of leeway to the Secretary of Agriculture. We did not set up a yardstick by which the payments should be made. It is very elastic. The Secretary of Agriculture made the payments on the basis of production. Which ground produced the most? It was the richest ground, the bottom land, the level land that needs the least soil conservation. The hillside land that needs it seven times more gets only one-seventh of the benefit. The fine black bottom land farmer in Texas, the big corporation farmer, when he heard what he would get, turned away and discharged 50 of his tenants, driving them to the relief rolls. His land is lying idle today and he is drawing benefit payments today, while the hillside farmer who needs soil-conservation aid is not getting it. I intend to do what I can to change that situa-

tion. It was not my intention, when we gave liberty of payment, to give most to the man who has most.

Unto every one that hath shall be given, and he shall have abundance; but from him that hath not shall be taken away even that which he hath.

Yes, I intend to do what I can to change that situation.

The Senator from Idaho [Mr. POPE] is worried about what will happen to soil. It will mean that every little 160-acre farmer, every little family farmer, will get this money instead of it going to the big corporation. The corporations will get up to $2,500 and 5 percent above that. They will not get anything unless they carry out the entire soil-conservation program. If that is not enough to interest them in taking care of their own soil, then they will have to stay out of the program.

The thing the committee has had to worry about is that every time we effect a graduation downward, we let loose land for production. I do not intend to try to control that production, but to graduate the big fellow downward and hold him down.

Let me make one or two further statements and then I hope I shall be able to close. The argument was made, which I wish to answer now, that the proposed substitute will increase production by removing control. The farmer never before had a choice of producing part of his crops at a profit and the other part at a loss, as he would have under the proposed substitute. He had a fixed obligation which he had to meet. His obligation was $100 of taxes and possibly $100 of interest. That obligation was fixed. He had to raise enough cotton, even though it went to 4½ cents a pound, to meet that fixed obligation. He increased his production. Had he had a reasonable income on part of it, he could have done that without increasing his production that much. The result will be that the farmer will increase his production only enough to assure himself of his quota and have a margin for good years and bad years.

The Senator from Idaho said in his explanation of the bill that it is desired that an ever-normal granary be set up similar to the set-up Joseph had in Biblical days. If I should advocate the kind of government under which Joseph had his ever-normal granary, the Senator would hit the ceiling. It was one of the most rigid monarchies ever set up. Of course, under a Stalin government or a Hitler government that might be done, but under the plan proposed we have a more automatic natural granary on every man's farm. The farmer would come in and give proof that he had raised his allotted amount of wheat and the Government would pay him, and that would end it; or he could take the wheat home and feed it to his chickens, or grind it and eat it, or put it in a metal granary hoping for a better price later, or he could put it into a cooperative wheat pool and gamble on the future, or he could sell it that day. He can put it all in his own granary and then he can feed part of it.

I have raised three crops of wheat for feed. I did not have any other grain to feed my mules. Nobody knew how much I had from day to day. Of course, my farmer knew, but even I did not know. That fact alone would have a stimulating effect on the market, whereas if every bushel of wheat is sealed and every bushel of corn is tagged, the buyers will know how much grain is in the country and will drive the price down all they can, and we will have to do more jacking up to get the prices back. By letting the farmers raise what they can in good years and by paying them a bounty check, we would be able to tide them over.

The farmer could hold a part of his crop. I know farmers who like to do that. Every farmer likes to have enough grain to run at least 2 years. Nowadays, with metal ventilated granaries, a man can store his corn and wheat and keep it a considerable length of time, and there we have an automatic ever-normal granary in the proper way that it was intended to be had. It gives an exportable surplus that we can export.

One of the most important features of this problem is to restore the farmer to that point where he can regain his old feeling of independence. The farmer is a natural individualist. He is about the only individualist we have left. The merchant has to kowtow to his customers. The professional people have different kinds of clients and have to get along with them all, but the farmer can stand on his own two feet and announce his feelings to the world. He is an individualist. I want to see him kept in that position. I think that is a position worthy of preservation in America, that feeling of independence that would be gone if we should regiment the farmer. Taking away entirely that feeling of independence would be regimentation and nothing less.

Furthermore the bill would provide for greater national security. After 3 years of reduction we faced a corn shortage in the country and had to ship corn in from abroad. After a wheat reduction we had a wheat shortage and had to ship in wheat from abroad. What is going to happen to our foreign trade, much less our own trade, if this continues? During 1935–36, if we had exported as much as we imported, the farmer would have had a market in America of $1,500,000,000 more than he did have. We are letting the foreign countries dip into our market. I want America to have a place in the sun. I want us to sell at home and abroad.

During the last session there was some talk that we were going to be offered a merchant marine subsidy bill. I had thought that I would support such a bill. I wanted our goods to be carried over to foreign countries. I wanted our merchants to walk up the steps and knock on their doors and ask for their trade, because there is trade to be had. I did not know you wanted us to teach Russia how to power farm on a grand scale and then turn the market over to her. I have a telegram here showing that our cottonseed is going to Ethiopia to increase the cotton market. The world cotton market has jumped up every year, and world production has increased every year. I have a telegram from the Agricultural Department of Texas stating that 80 percent of our cottonseed will be shipped to the Italian Government to be delivered in Ethiopia. We not only have taught those folks to farm, but now we are furnishing them seed, and are going to buy it for them and let somebody else have the market. I do not believe we ought to do that. I think we ought to maintain that foreign trade, and we can do it under the substitute. We cannot maintain our trade under the other measure.

Then there is the question of employment. If we cut off 5,000,000 bales of cotton, that is equal to a billion man-hours. These figures are from Colonel Westbrook, who was formerly with the W. P. A. That amounts to one billion man-hours; and, figured at 40 cents an hour, that is $400,000,000 that we shall have to dig up and pay to Harry Hopkins to put the farmers to work that are going to be put out of work if we cut off the 5,000,000 bales. The Senator has asked us to cut off more than that, and it will be multiplied by just what we cut off in our production. There are over 3,000,000 persons engaged in the handling of cotton alone in the South, compressing, transporting, oil-mill workers, etc.

The beauty of this substitute is that it will work automatically. A great deal of machinery will be required to operate the committee bill. The substitute bill will work almost automatically, and that certainly is an advantage in considering any piece of legislation. It is based on the sound philosophy of paying a man for doing something, rather than paying him for not doing it.

I ask permission to have inserted in the RECORD, following my remarks, some of the tables to which I have referred.

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

Production of corn and wheat for 26 years

CORN

Year	Production (million bushels)	Farm price [1] (per bushel)	Net export (percent)
1909	2,611	$0.59	1.05
1910	2,853	.48	2.3
1911	2,475	.62	1.7
1912	2,948	.49	1.7
1913	2,273	.69	.05
1914	2,524	.64	1.6
1915	2,829	.58	1.2
1916	2,425	.89	2.7
1917	2,908	1.28	1.6
1918	2,441	1.37	.8
1919	2,679	1.51	.2
1920	3,071	.61	2.2
1921	2,928	.53	6.1
1922	2,707	.75	2.6
1923	2,875	.84	.8
1924	2,298	1.05	.2
1925	2,853	.70	.8
1926	2,575	.75	.7
1927	2,678	.85	.5
1928	2,715	.84	1.5
1929	2,536	.80	.4
1930	2,065	.59	.1
1931	2,589	.32	.1
1932	2,907	.32	.3
1933	2,352	.52	.2
1934	1,381	.85	
Total	67,493		
Average per year	2,596	.748	1.3

WHEAT

1909	684	$0.98	12.9
1910	625	.88	11.2
1911	618	.87	12.7
1912	730	.76	19.7
1913	751	.80	19.5
1914	897	.99	37.3
1915	1,009	.92	23.8
1916	635	1.60	28.5
1917	620	2.01	16.6
1918	904	2.04	30.6
1919	952	2.16	22.8
1920	843	1.83	27.1
1921	819	1.03	32.4
1922	847	.97	24.2
1923	759	.93	17.4
1924	840	1.25	30.3
1925	669	1.44	13.8
1926	834	1.22	24.7
1927	875	1.19	21.8
1928	913	1.00	15.6
1929	822	1.03	17.1
1930	890	.67	12.6
1931	932	.39	13.3
1932	746	.38	4.3
1933	529	.74	4.8
1934	496	.88	
Total	20,240		
Average per year	778	1.11	20.2

[1] Price per bushel received by producers. Prices for years 1909 through 1918 are as of Dec. 1 of each year. Prices for years 1929 through 1934 are weighted average prices for crop-marketing season.,

Source: Yearbook of Agriculture, U. S. Department of Agriculture. Production figures for all years from 1935 edition, 74th Cong., 1st sess., H. Doc. No. 33. Farm prices for years 1919 through 1934 from 1935 edition. Farm prices for years 1909 through 1918 from 1934 edition, 73d Cong., 2d sess., H. Doc. No. 260, as these figures were not shown in 1935 edition.

Cotton: Production, average farm price, exports, and percent exported, United States, 1909–35

Year	Total production (per 1,000 bales)	Average farm price (per pound)	Domestic exports (per 1,000 bales)	Percentage of exports to total production
		Cents		
1909	10,005	13.9	6,353	61.9
1910	11,609	14.1	8,027	67.1
1911	15,693	8.8	11,116	69.3
1912	13,703	11.9	9,146	64.9
1913	14,156	12.2	9,508	65.3
1914	16,135	6.8	8,702	51.6
1915	11,192	11.3	6,113	50.7
1916	11,450	19.6	5,525	45.6
1917	11,302	27.7	4,402	36.1
1918	12,041	27.6	5,774	46.2
1919	11,421	35.6	6,707	52.5
1920	13,440	13.9	5,973	42.8

Cotton: Production, average farm price, exports, and percent exported, United States, 1909–35—Continued

Year	Total production (per 1,000 bales)	Average farm price (per pound)	Domestic exports (per 1,000 bales)	Percentage of exports to total production
		Cents		
1921	7,954	16.2	6,348	75.2
1922	9,755	23.8	5,007	46.5
1923	10,140	31.0	5,815	54.5
1924	13,628	22.6	8,240	58.1
1925	16,104	18.2	8,267	49.3
1926	17,977	10.9	11,299	66.7
1927	12,955	19.6	7,859	58.1
1928	14,478	18.0	8,419	54.9
1929	14,828	16.8	7,035	44.8
1930	13,932	9.5	7,133	50.5
1931	17,096	5.7	9,191	53.2
1932	13,002	6.5	8,895	67.4
1933	13,047	10.2	7,964	59.9
1934	9,636	12.4	5,037	51.1
1935	10,420	11.1	5,973	56.1

Sources: Yearbook of Agriculture, 1933, U. S. Department of Agriculture, p. 472 [S21 .A35]; Agricultural Statistics, 1936, U. S. Department of Agriculture, p. 76; Cotton Production and Distribution, Season of 1935-36, U. S. Department of Commerce, Bulletin 173, p. 42.

United States: Foreign trade in specified agricultural products, 1927–37

Year ended June 30	Wheat, including flour		Corn, including flour and meal		Cotton, lint	
	Exports	Imports	Exports	Imports	Exports [1]	Imports [2]
	1,000 bushels	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*	*1,000 bales*	*1,000 bales*
1926–27	219,160	13,264	19,819	1,098	11,281	400
1927–28	206,259	15,734	19,409	5,463	7,890	367
1928–29	163,687	21,442	41,874	490	8,520	476
1929–30	153,245	12,956	10,281	497	7,096	414
1930–31	131,475	19,059	3,317	1,747	7,048	107
1931–32	135,797	12,886	3,969	386	8,989	139
1932–33	41,211	9,382	8,775	195	8,647	133
1933–34	37,002	11,494	4,965	244	8,366	157
1934–35	21,532	25,134	2,324	20,430	5,066	116
1935–36	15,929	46,636	816	31,286	6,397	148
1936–37	21,584	47,924	553	77,974	5,722	266

	Beef [3]		Pork [4]		Lard [5]	
	Exports	Imports	Exports	Imports	Exports	Imports
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
1926–27	151,531	60,289	1,012,668	21,004	695,869	84
1927–28	106,595	117,790	1,046,306	11,838	740,197	5
1928–29	101,303	164,900	1,112,394	11,820	799,230	3
1929–30	102,080	122,307	1,138,588	6,188	803,943	2
1930–31	98,379	21,158	791,354	3,838	596,430	2
1931–32	79,482	26,947	679,748	5,264	550,320	9
1932–33	74,000	32,941	686,462	4,487	565,857	1
1933–34	78,515	40,605	705,981	1,897	551,413	(6)
1934–35	40,882	267,384	355,072	4,010	227,403	22
1935–36	32,009	235,241	159,103	25,399	88,860	17
1936–37	30,171	108,629	167,197	62,417	101,465	243

[1] Bales of 500 pounds gross.
[2] Bales of 478 pounds net.
[3] Includes canned, cured, and fresh beef, oleo oil, oleo stock, oleomargarine, tallow, and stearin from animal fats.
[4] Includes canned, fresh, salted, or pickled pork, lard, neutral lard, lard oil, bacon, hams, and Wiltshire & Cumberland sides.
[5] Includes neutral lard.
[6] Less than 500 pounds.

Bureau of Agricultural Economics. Compiled from Monthly Summary of Foreign Commerce of the United States, January and June issues, 1926–37, and official records of the Bureau of Foreign and Domestic Commerce.

Memorandum prepared by Mrs. Grace Knott, branch 2905, National Resources Committee in Department of the Interior.

Sources: National Bureau of Economic Research, Brookings Institution.

1921–35—WEALTH

5½ percent of the people own 54½ percent of the wealth.
3.2 percent of the people own 46.4 percent of the wealth.
2 percent of the people own 40.2 percent of the wealth.
1½ percent of the people own 37.3 percent of the wealth.
0.6 percent of the people own 28.1 percent of the wealth.
0.02 percent of the people own 6.3 percent of the wealth.
0.00016 percent of the people own 2.9 percent of the wealth.
(Welford King Distribution of Income and Wealth, printed 1926.)

1929—INCOME

13.7 percent of the population has 50 percent income.
11.1 percent of the population has 46 percent income.
9.1 percent of the population has 43 percent income.
0.02 percent of the population has 6.6 percent income.

Mr. LEE. I offer the amendment which I send to the desk, and to which I have referred during my remarks.

The PRESIDING OFFICER. The amendment will lie on the table.

Mr. LEE's amendment was to strike out all after the enacting clause, and in lieu thereof to insert the following:

That this act may be cited as the "Agricultural Adjustment Act of 1937."

TITLE I—DOMESTIC ALLOTMENTS AND PAYMENTS FOR COTTON, WHEAT, AND CORN

SECTION 1. (a) For the marketing year ending in 1938 and each marketing year thereafter, there shall be established for each farm of any farmer producing cotton, wheat, or corn a domestic allotment with respect to the production of each such commodity. The normal year's domestic consumption of each such commodity shall be allotted by the Secretary among the several States and among the counties or other administrative areas in such States deemed by him the most effective in the region for the purposes of the administration of this act. Such allotment shall be on the basis of the annual average production of the commodity within such States and administrative areas during the preceding 10 years, with adjustments for abnormal weather conditions, trends in production, and the diversion of acreage under the agricultural adjustment and conservation programs, during such period.

(b) The allotment for each such administrative area shall be allotted, through the State, county, and local committees of farmers hereinafter provided, among the farms within the local administrative area on which the commodity is produced for market, on the basis of the average annual production of the commodity on such farms during the preceding 10 years, with equitable adjustments for abnormal weather conditions, crop failures, diversion of acreage under the agricultural adjustment and conservation programs, and the cotton, wheat, and corn productivity of the total cultivated ground on such farms (considering land used for growing alfalfa and other temporary hay crops as cultivated ground): *Provided*, That the combined minimum allotments of cotton, wheat, and corn for any farm shall not be less than the smaller of the following amounts: (1) The amount of the average production of such commodities on such farm during the preceding 10 years, or (2) an amount of such commodities having a combined value of $, computed at parity prices as of the end of the preceding marketing year. Not less than 3 percent of the allotment of each such commodity to each administrative area shall be available for allotment to farms on which none of such commodity was produced during the preceding 10 years.

(c) The amount of a commodity allotted to a farm under this section shall be its domestic allotment with respect to such commodity.

SEC. 2. (a) Promptly following the close of each marketing year (beginning with the marketing year ending in 1938) for cotton, wheat, or corn the Secretary shall make parity payments to farmers who engaged in the production of each such commodity on farms having a domestic allotment for such commodity for such marketing year, and who cooperated with the program under the Soil Conservation and Domestic Allotment Act during such marketing year. The parity payments shall be computed at a rate equal to the amount by which the average parity price for the commodity during such year exceeded the current average farm price for such commodity during such year, and shall be paid on the smaller of the following: (1) The domestic allotment for the farm with respect to which the payment is made, or (2) the amount of the commodity shown to the satisfaction of the Secretary to have been actually produced on such farm during such marketing year.

(b) Notwithstanding the foregoing provisions of this section, parity payments for cotton, wheat, or corn with respect to the marketing year ending in 1938 shall be computed at the rates heretofore announced by the Secretary under the 1938 agricultural conservation program in connection with farm goals for cotton, wheat, and corn, respectively, in case such rates are greater than the rates hereinbefore in this section provided.

(c) The amount paid to any farmer as a parity payment under this act with respect to any year shall be deducted from any amounts payable to him under the Soil Conservation and Domestic Allotment Act with respect to such year.

CROP INSURANCE

SEC. 3. In any case in which any farmer, by reason of crop failure, during any marketing year (beginning with the marketing year ending in 1938) produces less than 50 percent of his domestic allotment of cotton, wheat, or corn, the Secretary shall pay to such farmer a sum equal to the value, computed upon the average parity price for such marketing year, of the amount of such commodity by which his production was less than 50 percent of the smaller of (1) his domestic allotment with respect to such commodity, or (2) the normal yield of the acreage planted by him to such commodity.

SEC. 4. The payments paid by the Secretary to farmers under this act, and the Soil Conservation and Domestic Allotment Act, shall be divided among the landowners, tenants, and sharecroppers of any farm, with respect to which such payments are paid, in the same proportion that such landowners, tenants, and sharecroppers are entitled to share in the proceeds of the agricultural commodity with respect to which such payments are paid; and such payments shall be paid by the Secretary directly to the landowners, tenants, or sharecroppers entitled thereto: *Provided*, That if the amount of such payments (except payments computed under section 2 (b) of this act) to any person with respect to any year, computed as hereinbefore provided, would exceed $600, such amount shall be reduced by 25 percent of that part of the amount in excess of $600, but not in excess of $1,000; by 60 percent of that part of the amount in excess of $1,000, but not in excess of $1,500; by 90 percent of that part of the amount in excess of $1,500, but not in excess of $2,500; and by 95 percent of that part of the amount in excess of $2,500.

SEC. 5. The Commodity Credit Corporation is hereby authorized and directed to extend the maturity date of all notes evidencing a loan made by that Corporation on cotton produced during the crop year 1937–38 from July 31, 1938, to July 31, 1939.

The Corporation is further authorized and directed to waive its right to reimbursement from warehousemen accruing because of the improper grading of cotton as provided in the loan agreement. Except insofar as herein specifically modified, all the terms and conditions of the loan agreement shall remain applicable.

TITLE II—TOBACCO

NATIONAL MARKETING QUOTA

SECTION 201. (a) The marketing of tobacco constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Tobacco produced for market is sold on a Nation-wide market and, with its products, moves almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes and are widely scattered throughout the Nation; in many cases such farmers carry on their farming operations on borrowed money or leased lands and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government protection and sanction. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the price for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of tobacco exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in such commerce.

SEC. 202. (a) Whenever, on the 15th day of November of any calendar year, the Secretary finds that the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level therefor, the Secretary shall proclaim the amount of such total supply, and, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the tobacco marketed during such succeeding marketing year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the total quantity which may be marketed, which will make available for marketing during the succeeding marketing year a supply of tobacco equal to the reserve supply level. Such proclamation shall be made not later than the 1st day of December in such year.

(b) Within 30 days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum of farmers who would be subject to the national marketing quota for tobacco to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the 1st day of January, proclaim the result of the referendum and such quota shall not become effective.

(c) In connection with the determination and announcement of any marketing quota for the 1938–39 marketing year, the determination by the Secretary pursuant to subsection (a) of this section shall be made as of the 15th day of January and proclaimed not later than the 1st day of February, and the proclamation of the Secretary pursuant to subsection (b) of this section shall be made prior to the 1st day of March.

APPORTIONMENT OF NATIONAL MARKETING QUOTA

SEC. 203. (a) The national marketing quota for tobacco established pursuant to the provisions of this title shall be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the 5 calendar years immediately preceding the calendar year in which the quota is proclaimed (taking into account the base acreages and goals for tobacco established under previous agricultural adjustment and conservation programs), with such adjustments as are determined to be necessary to make correction for abnormal conditions of production for small farms, and for trends in production during such 5-year period.

(b) The Secretary shall provide, through local committees of farmers, for the allotment of the marketing quota for any State (less the amounts to be allotted under subsection (c) of this section) among the farmers producing tobacco therein on the basis of the following: Past production of tobacco; land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That except for farms on which for the first time in 10 years tobacco is produced to be marketed in the marketing year for which the quota is effective, the marketing quota for any farm shall not be less than the smaller of either (1) 2,400 pounds or (2) the average tobacco production for the farm during the preceding 3 years, not exceeding the normal production of the average of the base acreages or goals for tobacco established for the farm under agricultural adjustment and conservation programs during any of such preceding 3 years.

(c) The Secretary shall provide, through local committees of farmers, for the allotment of not in excess of 3 percent of the national marketing quota apportioned to any State to farms in such State on which for the first time in 10 years tobacco is produced to be marketed in the year for which the quota is effective on the basis of the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That farm marketing quotas established pursuant to this subsection shall not exceed 75 percent of the farm marketing quotas established pursuant to subsection (b) of this section for farms which are similar with respect to the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco.

(d) Farm marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

ADJUSTMENT AND SUSPENSION OF QUOTAS

SEC. 204. If the Secretary has reason to believe that any national marketing quota for tobacco will not make a normal supply of tobacco available for marketing during the marketing year for which such quota has been established, he shall cause an immediate investigation to be made with respect thereto in the course of which due notice and opportunity for public hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same, and upon such proclamation the amount of such national marketing quota shall be increased to such amount as he shall have determined upon the basis of such investigation will make available for marketing during such marketing year a normal supply of tobacco, and shall announce such increased marketing quota. The amount of such farm marketing quota shall be increased in the same ratio.

(b) If the Secretary has reason to believe that because of a national emergency or because of war any national marketing quota for tobacco shall be terminated, he shall cause an immediate investigation to be made to determine whether the termination of such quota is necessary in order to effectuate the declared policy of this title or to meet an increased demand arising from such war or emergency. If, upon the basis of such investigation, the Secretary finds that such termination is necessary, he shall immediately proclaim such finding, and thereupon such quota shall terminate.

PENALTIES

SEC. 205. (a) Any person who knowingly acquires from a producer tobacco marketed by such producer from a farm in excess of the marketing quota for such farm shall be subject to a penalty of 50 percent of the market price of the tobacco on the date of such acquisition, or 3 cents per pound in the case of flue-cured, Maryland, or burley, or 2 cents per pound in the case of all other kinds of tobacco, whichever is the higher. If the tobacco is acquired by sale the purchaser may deduct the amount of the penalty from the price which would otherwise be paid for such tobacco. All penalties shall be remitted to the Secretary and shall accrue to the United States.

(b) All persons, in whatever capacity acting, including producers, warehousemen, processors of tobacco, and common carriers and persons engaged in the business of purchasing tobacco from farmers, or of redrying, prizing, or stemming tobacco for farmers, shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any records as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $500.

(c) The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of this section. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided in this section. The remedies and penalties provided for herein shall be in addition to and not exclusive of any of the remedies or penalties under existing law.

(d) All information reported to or acquired by the Secretary pursuant to this section shall be kept confidential by the Department, except that such information as the Secretary deems relevant may be disclosed in a suit or administrative hearing involving the administration of this title.

TITLE III—MARKETING QUOTAS FOR RICE

DOMESTIC ALLOTMENT

SECTION 301. (a) The marketing of rice constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate or foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Rice produced for market is sold on a Nation-wide market, and, with its products, moves almost wholly in interstate or foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes; in many cases such farmers carry on their farming operations on borrowed money or leased lands and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government sanction and protection for joint economic action. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity, with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate or foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the prices for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in such commerce and industrial products therein, with a consequent diminution of the volume of interstate or foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of rice exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate or foreign commerce in such commodity and its products, and the operation of the provisions of this title becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in such commerce.

SEC. 302. (a) Not later than December 31 of each year the Secretary shall ascertain from the latest available statistics of the Department of Agriculture and shall proclaim the total amount of rice which will be needed during the next succeeding marketing year to meet the requirements of consumers in the United States, its Territories, and in Cuba if at the time of such announcement the Cuban tariff rate applicable to the first 100,000,000 pounds of rice imported into Cuba in any year from the United States is at least $1.70 per hundred pounds less than the tariff rate on rice imported into Cuba from countries other than the United States. Such amount is hereinafter referred to as the "domestic allotment of rice."

(b) Within 30 days after the enactment of this title the Secretary shall ascertain from the latest available statistics of the Department of Agriculture and shall proclaim the total amount of rice which will be needed during the marketing year commencing August 1, 1937, to meet the requirements of consumers as provided in subsection (a).

(c) The domestic allotments of rice for the marketing years commencing August 1, 1937, and August 1, 1938, shall be apportioned by the Secretary among the several States in which rice is produced on the following basis: First, between California on the one hand and all other States on the other hand in proportion to the rice base production established for such States under the 1937 agricultural conservation program; second, among the States other than California in proportion to the average of (1) the rice base production established for each State under the 1937 agricultural conservation program, (2) the average amount of rice produced in each State during the 5-year period 1932–36, and (3) the amount of rice produced in each State in 1937. The domestic allotment of rice for each subsequent marketing year shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the larger of (1) the average amount of rice produced in each State during the 5-year period including the calendar year in which such domestic allotment is announced, or (2) the domestic allotment made to each State for the preceding year.

(d) The Secretary shall provide, through local and State committees of farmers, for the allotment of each State apportionment among persons producing rice in such State. Such allotment with respect to the marketing years commencing August 1, 1937, and August 1, 1938, shall be made on the basis of the average of (1), if such a base was established, the rice base production established for each such person under the 1937 agricultural conservation program; (2) the average amount of rice produced by each such person during the 5-year period 1932–36, including the normal production of any acreage retired or diverted from rice production by such person during such years under agricultural adjustment and conservation programs; and (3) the amount of rice produced by each such person in 1937, including the normal production of any acreage diverted from rice production by such person during such year under the agricultural conservation program, with such adjustments as may be necessary in order that the allotment for each person shall be fair and reasonable as compared with allotments established for other persons having similar conditions with respect to the following: Land, labor, and equipment available for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice. Such allotment for subsequent years shall be made on the basis of the larger of (1) the average amount of rice produced by each person during the 5-year period upon which State apportionments pursuant to subsection (c) are based for such year, or (2) the allotment made to such person for the preceding year, with such adjustments as may be necessary in order that the allotment for each person shall be fair and reasonable as compared with allotments established for other persons having similar conditions with respect to the following: Land, labor, and equipment available for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice: *Provided*, That not exceeding 3 percent of each State apportionment shall be available for allotment among persons who, for the first time in 5 years, produce rice to be marketed in the marketing year next succeeding the marketing year in which such State apportionment is made, such allotments to be made upon such basis as the Secretary deems fair and just and will apply to all persons to whom an apportionment is made under this provision uniformly within the State on the basis or classification adopted. In determining the average amount of rice produced by any person during any 5-year period there shall be omitted from such computation any year in which the amount of rice produced by such person is less than 75 percent of the average amount computed by including such year, if such deficiency in production for such year was due to damage caused by storms, salt water, or other uncontrollable acts of nature.

SOIL-CONSERVATION PAYMENTS

SEC. 303. (a) Notwithstanding any other provision of law, beginning with the crop harvested in the calendar year of 1937, and with respect to the crop harvested in each calendar year thereafter, the Secretary is authorized to make payments from the funds appropriated pursuant to section 15 of the Soil Conservation and Domestic Allotment Act for the purpose of carrying out the provisions of that act, under the conditions set out in subsection (b) of this section, to rice producers on the amount of rice allotted to them of the domestic allotment of rice last announced by the Secretary under section 51. Such soil-conservation payments shall be at a rate not to exceed five-tenths of 1 cent per pound of rough rice, and shall be made as soon as practicable after compliance with the conditions prescribed pursuant to subsection (b) of this section has been determined.

(b) The payments provided for by this section shall be made only to those producers of rice who, in connection with the production of the crop of rice with respect to which the payments are to be made, have set aside for each acre of rice planted 1 acre of land suitable for the production of rice and previously used for the production of rice, and have allowed such land to remain idle or fallow during the year, or have devoted to the production of rice during such year an acreage not in excess of the rice-acreage allotment established for them pursuant to the agricultural conservation program for such year, and upon such other conditions and in such manner as the Secretary determines will carry out the policy of this title.

MARKETING QUOTAS

SEC. 304. (a) If, at the time of any proclamation made under the provisions of section 51 (a) of this title, it shall appear from the latest available statistics of the Department that the total supply of rice exceeds the normal supply thereof for the current marketing year by more than 15 percent of such normal supply, the Secretary shall also proclaim that, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for marketings of rice by producers: *Provided*, That no marketing quota shall be in effect for the marketing year commencing August 1, 1938. The Secretary shall also ascertain and specify in such proclamation the amount of the national marketing quota in terms of the total quantity thereof which may be marketed by producers which shall be that amount of rice which the Secretary determines will make available during such marketing year a normal supply.

(b) Within 30 days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum of farmers who would be subject to the national marketing quota for rice to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the 15th day of February, proclaim the result of the referendum, and such quota shall not become effective.

(c) The national marketing quota shall be apportioned among States and farmers, including new producers, in the manner and upon the basis set forth in section 50 for the apportionment of the domestic allotment of rice.

(d) Marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

(e) If the Secretary has reason to believe that any national marketing quota for rice will not make a normal supply of rice available for marketing during the marketing year for which such quota has been established, he shall cause an immediate investigation to be made with respect thereto in the course of which due notice and opportunity for public hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same forthwith and shall specify the termination of, or such increase in, the national marketing quota as he finds upon the basis of such investigation will make available for marketing during such marketing year a normal supply of rice. If the national marketing quota is increased pursuant to the provisions of this subsection, the amount of each producer's marketing quota shall be increased in the same ratio.

(f) If the Secretary has reason to believe that because of a national emergency or because of war any national marketing quota for rice should be terminated, he shall cause an immediate investigation to be made to determine whether the termination of such quota is necessary in order to effectuate the declared policy of this title or to meet an increased demand arising from such war or emergency. If, upon the basis of such investigation, the Secretary finds that such termination is necessary, he shall immediately proclaim such finding, and thereupon such quota shall terminate.

EXCESS MARKETING PENALTY

SEC. 305. (a) Any person who knowingly acquires from a producer rice marketed by such producer in excess of his marketing quota shall be subject to a penalty of five-tenths of 1 cent per pound of the excess so marketed. If such rice is acquired by sale, the purchaser may deduct the amount of the penalty from the price which otherwise would be paid for such rice. All penalties shall be remitted to the Secretary and shall accrue to the United States.

(b) The penalties provided for in subsection (a) of this section shall be collected and paid in such manner, at such time, and under such conditions as the Secretary may by regulations prescribe. The penalties provided for under subsection (a) of this section shall be collected under the direction of the Secretary and shall be covered into the general fund of the Treasury of the United States. Any person who knowingly violates any regulation made by the Secretary pursuant to this section shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than $100 for such offense.

(c) All persons, in whatever capacity acting, including producers, warehousemen, processors of rice, and common carriers and persons engaged in the business of purchasing rice from farmers shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any records as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $500.

TITLE IV—DEFINITIONS, FINDINGS, AND ADMINISTRATIVE PROVISIONS

PUBLICATIONS AND REVIEW OF SOIL-DEPLETING BASE ACREAGES, NORMAL YIELDS, AND MARKETING QUOTAS

SECTION 401. (a) Under regulations of the Secretary, each local committee of farmers shall post in the area for public inspection a list of the soil-depleting base acreages, normal yields, domestic allotments, and farm-marketing quotas, if any, for every farm within jurisdiction of the committee; and shall file for public inspection a certified copy of the list with the recorder of deeds or similar county official.

(b) Under regulations of the Secretary, any farmer dissatisfied with the determination of any soil-depleting base acreage, normal yield, domestic allotment, or marketing quota for his farm may, within 15 days after the posting for public inspection of such determination as hereinbefore provided, have the determination reviewed by a review committee whose membership shall be composed of farmers but shall not include any members of the committee of farmers making the determination. Unless application for such review is made within such period, the determination of the local committee of farmers shall be final.

(c) Under regulations of the Secretary any farmer dissatisfied with the determination of the review committee may, within such reasonable time and in such manner as the Secretary shall prescribe, file with a reviewing officer to be designated by the Secretary a written petition alleging that the determination made by the review committee was not in accordance with law, regulations, or fact and praying for the modification thereof; and the

petitioner shall thereupon be afforded an opportunity for full hearing on the petition at a place of hearing within the county in which the petitioner's farm is located. After such hearing the reviewing officer shall make a report in writing stating his findings and conclusions, and an order confirming or modifying the determination of the review committee of farmers. A copy of the report and order shall be served on the petitioner by sending the same to him by registered mail.

(d) The petitioner may, within 15 days after receipt of a copy of such report and order, file a bill in equity against the Secretary as defendant, in the United States district court for the district in which the land in question is located, for the purpose of obtaining a review of such order. The bill of complaint in such a proceeding may be served by delivering a copy thereof to the Secretary or to any person within the district in which suit is brought who may have been authorized by the Secretary to accept service of such a bill, and thereupon the reviewing officer shall certify and file in the court a transcript of the record upon which the determination complained of was entered. The review by the court shall be limited to questions of law, and findings of fact by the reviewing officer when supported by substantial evidence shall be conclusive. No objection to the order of the Secretary shall be considered by the court unless such objection shall have been urged in the hearing before the reviewing officer, or unless there were reasonable grounds for failure so to do. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the reviewing officer, the court may order such additional evidence to be taken before the reviewing officer in such manner and upon such terms and conditions as to the court may seem proper. The reviewing officer may modify his findings and conclusions and his order by reason of the additional evidence so taken, and he shall file with the court such modified or new findings, conclusions, or order, which findings, if supported by substantial evidence, shall be conclusive. At the earliest convenient time the court shall hear and determine the case upon the original record of the hearing before the reviewing officer, or upon such record as supplemented by further hearing before him pursuant to an order of the court, and the court shall affirm the reviewing officer's order, or the order as modified by him, if the court determines that the same is in accordance with law. If the court determines that such order or modified order is not in accordance with law, it shall remand the proceeding to the reviewing officer with direction either to make such order as the court shall determine to be in accordance with law or to take such further proceedings as in its opinion the law requires.

(e) Notwithstanding any other provision of law, the jurisdiction conferred by this section to review the legal validity of a determination made by a reviewing officer pursuant to this title shall be exclusive. No court of the United States or of any State shall have jurisdiction to pass upon the legal validity of any such determination except in a proceeding under this section. The commencement of judicial proceedings under this section shall not, unless specifically ordered by the court, operate as a stay of the reviewing officer's order.

(f) In the event of an increase with respect to any agricultural commodity of any depletion base acreage or marketing quota for any farm as a result of the review of the determination thereof under this section, then all other depletion base acreages or marketing quotas, respectively, for farms in the same local administrative area shall be reduced pro rata in accordance with regulations of the Secretary, if such action is necessary to prevent a substantial increase of marketing quotas in the local administrative area.

SEC. 402. DEFINITIONS.—(a) For the purpose of this act—

1. The Secretary is authorized after due notice and opportunity for public hearing to interested parties to treat as a separate major agricultural commodity any market classification, type, or grade of any cotton, wheat, corn, tobacco, or rice if he finds such treatment necessary in order adequately to effectuate the policy of this Act with respect to such market classification, type, or grade.

2. "Parity", as applied to prices for cotton, wheat, corn, tobacco, or rice, shall be that price for the commodity as will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the period from August 1909 to July 1914, or, in case of tobacco, August 1919 to July 1929, and which will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during the applicable base period.

3. The term "crop failure" means complete or partial failure to produce the normal yield of an agricultural commodity upon a farm by reason of abnormal weather conditions, insect pests, plant diseases, or any other natural cause beyond the control of the farmer.

4. "Normal year's domestic consumption" shall be the yearly average quantity of the commodity produced in the United States that was consumed in the United States during the preceding 10 marketing years, adjusted for current trends in such consumption.

5. "Normal year's exports" shall be the yearly average quantity of the commodity produced in the United States that was exported from the United States during the preceding 10 years, adjusted for current trends in such exports.

6. The term "marketing year" means, for cotton and rice, the period from August 1 of one year to July 31 of the succeeding year; for wheat and flue-cured tobacco, the period from July 1 of one year to June 30 of the succeeding year; for all other types of tobacco and for corn, the period from October 1 of one year to September 30 of the succeeding year: *Provided, however*, That cotton produced in any year and marketed prior to August 1 of the same year shall be deemed to have been marketed during the marketing year commencing August 1 of such year.

7. "Total supply" of any agricultural commodity for any marketing year shall be the carry-over at the beginning of such marketing year plus the estimated production thereof in the United States during the calendar year in which such marketing year begins, except that the estimated production of type 46 tobacco during the marketing year with respect to which the determination is being made shall be used in lieu of the estimated production of such type during the calendar year in which such marketing year begins in determining the total supply of cigar-filler and cigar-binder tobacco.

8. The normal supply for the following agricultural commodities shall be—

Rice, a normal year's domestic consumption and exports plus 10 percent thereof as an allowance for a normal carry-over;

Tobacco, a normal year's domestic consumption and exports plus 175 percent of a normal year's domestic consumption and 65 percent of a normal year's exports as an allowance for a normal carry-over.

9. "Carry-over" in the case of tobacco and rice for any marketing year shall be the quantity thereof on hand in the United States at the beginning of such marketing year which was produced in the United States prior to the beginning of the calendar year then current, except that in the case of cigar-filler and cigar-binder tobacco the quantity of type 46 tobacco on hand and therefore produced in the United States during such calendar year shall also be included.

10. (a) The "normal yield" per acre, for wheat and corn for any farm shall be the average yield per acre for the commodity thereon during the preceding 10 years, adjusted for weather conditions, or if there is no actual yield or the data therefor are not available for any year, then an appraised yield to be determined by the Secretary.

(b) "Normal yield" per acre of cotton for any county shall be the weighted average yield of cotton produced therein during the 5 years immediately preceding the year in which such normal yield is used in any computation authorized in this act, provided, that if for any year of such 5-year period the yield of cotton produced therein is one-third less than the normal yield so computed, the normal yield of cotton shall be the weighted average of yields of cotton produced therein during the remaining years in such 5-year period. In determining normal yield in the case of cotton for the year 1938 there shall be included the estimated yields for the crop year 1937–38.

11. "Reserve supply level" shall be the normal supply plus a percentage of a normal supply adequate to insure a sufficient quantity to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty. In the case of tobacco such percentage shall be 5 percent. In the case of rice, 10 percent.

12. "Tobacco" means each of the kinds of tobacco listed below, comprising the types specified as classified in Service and Regulatory Announcement No. 118, of the Bureau of Agricultural Economics of the Department of Agriculture:

Flue-cured tobacco, comprising types 11, 12, 13, and 14;

Fire-cured tobacco, comprising types 21, 22, 23, and 24;

Dark air-cured tobacco, comprising types 35, 36, and 37;

Burley tobacco, comprising type 31;

Maryland tobacco, comprising type 32; and

Cigar-filler and cigar-binder tobacco, comprising types 41, 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55.

The provisions of this Act shall apply to such kinds of tobacco severally.

13. "Corn" means field corn.

14. The term "interstate or foreign commerce" means sale, marketing, trade, and traffic between any State or Territory or the District of Columbia or Puerto Rico, and any place outside thereof; or between points within the same State or Territory or within the District of Columbia or Puerto Rico, through any place outside thereof.

15. The term "affect interstate or foreign commerce" means among other things, in such commerce, to burden or obstruct such commerce or the free and orderly flow thereof; or to create or tend to create a surplus of any major agricultural commodity which burdens or obstructs such commerce or the free and orderly flow thereof.

16. The term "United States" means the several States and Territories and the District of Columbia and Puerto Rico.

17. The term "State" includes a Territory and the District of Columbia and Puerto Rico.

18. The term "Secretary" means the Secretary of Agriculture, and the term "Department" means the Department of Agriculture.

19. The term "for market" in the case of wheat and corn means for disposition by sale, barter, exchange, or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away; and the terms "marketed" or "to market" mean to dis-

pose of in any such manner. Such terms shall not include consumption on the farm.

20. The term "person" means an individual, partnership, firm, joint-stock company, corporation, association, trust estate, or any agency of the State.

21. The term "tilled land" means the acreage devoted to soil-depleting row crops and all other soil-depleting feed crops the previous year.

22. The yields and production for the crop year 1937-38 shall be included in any determinations of yields or production made for 1938.

23. The term "for market" in the case of cotton and tobacco means for disposition by sale, barter, exchange, or gift; in the case of rice, for disposition in any of such ways for use in human consumption.

24. "Marketing" means disposing of by sale, barter, exchange, or gift and in the case of rice, disposing of rice in any such ways for use in human consumption.

ADMINISTRATIVE PROVISIONS

SEC. 403. (a) Utilization of local agencies: (1) The Secretary shall designate local administrative areas as units for the administration of programs carried out pursuant to this title, the Soil Conservation and Domestic Allotment Act, and such other agricultural laws as he may specify. Farmers having farms lying within any such local administrative area, and participating or cooperating in programs administered within such area, shall elect annually from among their number a local committee for such area. The chairmen of all such local committees within any county shall constitute a county committee for the county which shall elect from its members an administrative committee of three. The county agricultural agent shall be a member, ex officio, of the county committee and of the administrative committee. There shall be a State committee for each State composed of the State director of agricultural extension, ex officio, and of four farmers resident within the State to be appointed by the Secretary. Before appointing any appointive member of a State committee the Secretary shall consult with, and give consideration to such recommendations as are made by, the State director of agricultural extension and authorized representatives of leading State-wide farm organizations within the State. The Secretary shall make such regulations as are necessary to carry out the provisions of this subsection, including regulations to carry out the functions of the respective committees and for the administration within any State, through the State, county, and local committees within such State, of such programs. No payments shall be made to a member of any State, county, or local committee of any State for compensation or otherwise except solely for services performed or expenses incurred in administering such programs within such State.

(2) The Secretary is authorized and directed to make payments to State, county, and local committees of farmers hereinbefore authorized, to cover the estimated administrative expenses incurred or to be incurred by them in cooperating in carrying out the provisions of this act. Such estimated administrative expenses of any such committee may be deducted pro rata from the Soil Conservation Act payments, parity payments, or surplus reserve loans unless payment of such expenses is otherwise provided by law. The Secretary in the administration of this act shall accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations as will be in harmony with the policy toward cooperative associations set forth in existing acts of Congress and as will tend to promote efficient methods of marketing and distribution.

(b) Proclamation of parity and farm prices and total supply: The Secretary shall, on the 1st day of each month (or on the ensuing business day if said 1st day is a holiday in the District of Columbia or a Sunday) ascertain and proclaim the parity price and the current average farm price for each agricultural commodity. The Secretary shall, within 45 days after the beginning of the marketing year for each agricultural commodity, ascertain and proclaim the current average farm price for the commodity during the preceding marketing year, to be weighted in accordance with the quantity of the commodity marketed. Within such 45-day period the Secretary shall also ascertain and proclaim the total supply of such commodity as of the beginning of the marketing year.

(c) Available statistics: The latest available statistics of the Department shall be used by the Secretary in ascertaining the "total supply," "normal year's domestic consumption," "normal year's exports," "parity" as applied to prices and income, and "current average farm price."

(d) Finality of farmers' payments and loans: The facts constituting the basis for any soil-conservation act payment, parity payment, or surplus-reserve loan, or the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary of Agriculture or by the Corporation shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government.

(e) Benefits available to Members of Congress: The provisions of sections 3741 of the Revised Statutes (U. S. C., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U. S. C., title 18, secs. 204 and 205) shall not be applicable to contracts or payments made under this act.

PERSONNEL AND ADMINISTRATIVE EXPENSES

SEC. 404. The Secretary is authorized and directed—

(a) Except as otherwise may be provided in this act to provide for the execution by the Agricultural Adjustment Administration of such of the powers conferred upon him by this act as he deems may be appropriately exercised by such Administration; and for such purposes and for the purposes of the Surplus Reserve Loan Corporation, the provisions of section 10 (a) of the Agricultural Adjustment Act, as amended and reenacted by the Agricultural Marketing Act of 1937, shall be applicable to the employment and compensation of such officers and employees.

(b) To make such expenditures as he deems necessary to carry out the provisions of this act, including personal services and rents in the District of Columbia and elsewhere, traveling expenses (including the purchase, maintenance, and repair of passenger-carrying vehicles), supplies and equipment, law books, books of reference, directories, periodicals, and newspapers.

APPROPRIATIONS

SEC. 405. (a) Beginning with the fiscal year commencing July 1, 1938, there is hereby authorized to be appropriated, for each fiscal year for the administration of this act and for the making of Soil Conservation Act payments and payments under this act such sums as are necessary. There is hereby made available for parity payments with respect to cotton, wheat, and field corn under this act for any year commencing on or after July 1, 1938, 55 percent of all sums appropriated for the purposes of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, for such year.

(b) For the administration of this act during the fiscal year ending June 30, 1938, there is hereby authorized to be made available from the funds appropriated for such fiscal year for carrying out the purposes of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, a sum not to exceed $10,000,000.

(c) All funds for carrying out the provisions of this act shall be available for allotment to bureaus and offices of the Department, and for transfer to such other agencies of the Federal Government or to such State agencies as the Secretary may request to cooperate or assist in carrying out the provisions of this act.

(d) The Secretary shall determine the character and necessity for expenditures under this act; the Soil Conservation and Domestic Allotment Act, as amended; and the Sugar Act of 1937; the manner in which they shall be incurred and allowed, the persons to whom payments shall be made including the persons entitled to receive the payments in the event of the death, incompetency, or disappearance of the persons who otherwise would have been entitled to receive the payments, and shall also prescribe voucher forms and the forms in support thereof, without regard to the provisions of any other laws governing the expenditure of public funds, and such determinations and forms shall be final and conclusive upon all other officers of the Government.

(e) The Secretary shall at all times maintain complete and accurate books of account. The financial transactions pursuant to the provisions of this act shall be audited at least once each year by the General Accounting Officer for the sole purpose of making a report to Congress, together with such recommendations as the Comptroller General of the United States may deem advisable: *Provided*, That such reports shall not be made until the Secretary shall have had reasonable opportunity to examine the exceptions and criticisms of the Comptroller General or the General Accounting Office, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report.

(f) Notwithstanding any other provision of this act, if the aggregate payments payable under title I of this act for any marketing year are estimated by the Secretary to exceed the sum appropriated for such payments for such year, all such payments shall be reduced pro rata that the estimated aggregate amount of such payments shall not exceed the funds available for such payments.

(g) Payments under this act may be made, subject to the consent of the farmer, in the form of the commodity with respect to which the payment is made, in such amounts as the Secretary determines are equivalent to money payments at the rates determined pursuant to the provisions of schedule A of this title.

(h) No payment shall be made with respect to any farm pursuant to the provisions of this act and of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, with respect to cotton, wheat, corn, tobacco, and rice, unless, where the area of crop land on the farm permits, and it is otherwise feasible, practicable, and suitable, in accordance with regulations prescribed by the Secretary, there is grown on such farm an acreage of food and feed crops sufficient to meet home consumption requirements.

(i) All cotton of the 1937 crop warehoused in the calendar year 1937 and held as security for a loan from the Federal Government shall, pursuant to regulations of the Secretary, upon the request of any borrower, be reclassified, restapled, and reweighed by a licensed Government classer without expense to such borrower.

(j) The first sentence of the Third Deficiency Appropriation Act, fiscal year 1937, under the subhead "Price Adjustment Payment to Cotton Producers" is amended to read as follows:

"Notwithstanding any other provisions of section 32 of Public Law Numbered 320, Seventy-fourth Congress, as amended, $65,000,000 of the funds available under said section 32 in each of the fiscal years 1938 and 1939 shall be available until expended for price-adjustment payments to cotton producers, upon such terms and conditions as the Secretary of Agriculture may determine, with respect to the 1937 cotton crop. Cotton which on July 1, 1938, is under a 1937 Commodity Credit Corporation loan and which, had it been sold prior to that date, would under the

regulations prescribed by the Secretary of Agriculture be eligible for payment, shall be treated as if sold on July 1, 1938, but there shall be deducted from the cotton price adjustment payment in respect thereof, and paid to the lending agency, the unpaid carrying charges under such loan due June 30, 1938. Payment shall be made only upon application filed prior to October 1, 1938."

LONG-STAPLED COTTON

SEC. 406. The provisions of this act shall not apply with respect to cotton having a staple of 1½ inches in length or longer.

SEPARABILITY

SEC. 407. If any provisions of this act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the act and the application of such provision to other persons or circumstances, and the provisions of the Soil Conservation and Domestic Allotment Act, as amended, shall not be affected thereby.

TITLE V—SURPLUS RESERVE LOAN CORPORATION

ESTABLISHMENT

SECTION 501. For the purpose of making and administering surplus reserve loans hereinafter authorized, there is hereby established as an agency of and within the Department a corporation to be known as the "Surplus Reserve Loan Corporation." The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices elsewhere in the United States under regulations prescribed by the board of directors (hereinafter referred to as the "board"). The management of the Corporation shall be vested in the board subject to the general supervision of the Secretary. The board shall consist of three persons employed in the Department who shall be appointed by and hold office at the pleasure of the Secretary. Vacancies in the board, so long as there shall be two members in office, shall not impair the powers of the board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the board. The directors shall receive no additional compensation for their services as directors of the Corporation but may be allowed necessary traveling and subsistence expenses in accordance with the laws and regulations governing traveling and subsistence expenses for governmental employees generally engaged in the business of the Corporation outside of the District of Columbia. The board, subject to the approval of the Secretary, shall select a manager, who shall be the executive officer of the Corporation with such power and authority as may be conferred upon him by the board. The board shall have the power to adopt such bylaws, rules, and regulations, and amendments thereto, as it deems necessary for the conduct of the business of the Corporation. The board shall define the authority and duties of the officers and employees of the Corporation, delegate to them such of the powers vested in the Corporation as it may determine, and require bonds of such of them as it may designate, and fix the penalties and pay the premiums of such bonds.

LOANS ON COMMODITIES

SEC. 502. (a) The Corporation is directed to make available to farmers who cooperate with the conservation program under the Soil Conservation and Domestic Allotment Act, loans (herein referred to as surplus reserve loans) on cotton, wheat, corn, tobacco, and rice, and may make available to such farmers loans on all other agricultural commodities. Loans made pursuant to this subsection shall be made on the security solely of stocks of the commodity insured and stored under seal. The amount, terms, and conditions of such loans shall be fixed by the Corporation, taking into account the maintenance of foreign outlets for the commodity and the effect of prospective production of the commodity on the value of the stock of the commodity held or to be acquired as security for the loan.

(b) For the purposes of this act any agricultural commodity shall be deemed to be stored by the farmer under seal only if stored in such warehouses or other storage facilities, whether on or off the farm, as conform to requirements of such regulations as the Secretary shall prescribe in order more effectively to administer this act.

(c) Notwithstanding any other provision of this section, if the farmers producing tobacco or rice indicate by vote in the referendum carried out pursuant to the provisions of this act that marketing quotas with respect to such commodity are opposed by more than one-third of such farmers, loans shall not be available thereafter with respect to the commodity during the period from the date on which the results of the referendum are proclaimed by the Secretary until the beginning of the second succeeding marketing year.

SEC. 503. Whenever the current average farm price for cotton, wheat, corn, tobacco, or rice, as proclaimed monthly by the Secretary hereunder, exceeds the parity price so proclaimed for the commodity, the Secretary shall, to the extent necessary to stabilize at parity such current average farm price for the commodity—

1. Call loans secured by the commodity;

2. Release stocks of the commodity held under marketing-quota restrictions;

3. Dispose of stocks of the commodity acquired by the Corporation in connection with loans.

Stocks of tobacco and rice acquired by the Corporation is connection with surplus-reserve loans shall, if the current average farm price does not exceed the parity price therefor, be disposed of only for human-relief, export, or surplus-reserve purposes.

POWERS OF CORPORATION

SEC. 504. The Corporation shall have succession until dissolved by Act of Congress and shall have power (a) to sue and be sued in any State or Federal court of competent jurisdiction; (b) to adopt and use a corporate seal, which shall be judicially noticed; (c) to make contracts; and (d) to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of its business. The Corporation shall have such other powers as may be necessary and incident to the conduct of its powers and duties under this Act. The Corporation shall be entitled to the free use of the United States mails in the same manner as the other executive agencies of the Government. The Corporation, with the consent of any board, commission, independent establishment, or executive department of the Government may avail itself of the use of information, services, facilities, offices, agents, and employees thereof in carrying out its functions under this Act.

SEC. 505. The Corporation shall have a capital stock of $100,000,000, subscribed by the United States of America, which sum is hereby authorized to be appropriated. Such subscriptions shall, with the approval of the Secretary, be subject to call, in whole or in part, by the board. Receipts for payments by the United States of America for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

ISSUANCE OF OBLIGATIONS

SEC. 506. (a) The Corporation is authorized and empowered to issue and have outstanding at any one time its notes, debentures, or other such obligations in a par amount aggregating not more than five times the amount received by the Corporation in payment of its capital stock; such obligations to mature not more than two years from their respective dates of issue, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the Corporation. The notes, debentures, and other such obligations of the Corporation may be secured by assets of the Corporation in such manner as shall be prescribed by the board and may be offered for sale by the Corporation at such price or prices as the board shall determine. The said obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand when due the principal of or interest on notes, debentures, and other such obligation issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, or other obligations. The Secretary of the Treasury is authorized and directed, whenever in the judgment of the board additional funds are required for purposes of making loans, to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of the sale of any securities hereafter issued under sections 752–754 and 757 of title 31 of the United States Code, and the purposes for which securities may be issued under said sections are extended to include such purchases. The Secretary of the Treasury may at any time sell any of the obligations of the Corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the Corporation shall be treated as public-debt transactions of the United States.

(b) In order that the corporation may be supplied with such forms of notes, debentures, or other such obligations as may be needed for issuance under this section, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the Corporation to be held by the Treasury, subject to delivery upon order of the Corporation. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, or other obligations.

DESIGNATED FISCAL AGENCY

SEC. 507. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public money and shall act as a financial agent of the Government, and, when acting as such, shall perform such reasonable duties as a depository of public money and as a financial agent of the Government as may be required of it by the Secretary of the Treasury.

EXPENDITURE OF FUNDS AND EXEMPTION FROM TAXATION

SEC. 508. (a) The board shall determine the character and necessity for its expenditures under this act, other than administrative expenditures, and the manner in which they shall be incurred, allowed, and paid without regard to the provisions of any other laws governing the expenditure of public funds, and such determination shall be final and conclusive upon all officers of the Government. The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary a complete report as to the business of the Corporation. The financial transactions of the Corporation shall be audited by the General Accounting Office at least once each year.

(b) All notes, debentures, or other such obligations issued by the Corporation shall be exempt both as to principal and interest

from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States; by any Territory, dependency, or possession thereof; or by any State, county, municipality, or local taxing authority. The Corporation, its property including its franchise, capital, reserves, and surplus; and its income shall be exempt from all taxation now or hereafter imposed by the United States; by any Territory, dependency, or possession thereof; or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

PENAL PROVISIONS

SEC. 509. (a) Whoever, for the purpose of obtaining any loan from the Corporation, or any extension or renewal thereof, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation under this act, makes any statement knowing it to be false, or willfully overvalues any security, shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 1 year, or both.

(b) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Corporation or pledged or otherwise entrusted to the Corporation; or (2) with intent to defraud the Corporation, or any other body, politic or corporate, or any individual, or to receive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation or draws any order, or issues, puts forth, or assigns any note or other obligation, warehouse receipt, or other security; or (3), with intent to defraud the Corporation, participates or shares in or receives, directly or indirectly, any money, profit, property, or benefit through any transaction, loan, contract, or any other act of the Corporation, shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 1 year, or both.

(c) Whoever knowingly, with intent to defraud the Corporation, shall conceal, remove, dispose of, or convert to his own use or to that of another any property pledged to or held by the Corporation as security for any obligation shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 1 year, or both.

(d) Whoever (1) falsely makes, forges, or counterfeits any obligation or coupon in imitation of or purporting to be an obligation or coupon issued by the Corporation; or (2) passes, utters, or publishes or attempts to pass, utter, or publish any false, forged, or counterfeited obligation or coupon purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any obligation or coupon issued, or purporting to have been issued, by the Corporation; or (4) passes, utters, or publishes or attempts to pass, utter, or publish as true any falsely altered or spurious obligation or coupon issued, or purporting to have been issued, by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 1 year, or both.

TITLE VI—AMENDMENTS TO SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

SECTION 601. (a) Section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, is amended by striking out "Subject to the limitations provided in subsection (a) of this section, the Secretary shall have the power to carry out the purposes specified in clauses (1), (2), (3), and (4) of section 7 (a) by making", and inserting in lieu thereof "In order to carry out the purposes specified in section 7 (a) the Secretary shall have the power to make."

(b) Section 8 (b) of such act, as amended, is amended by striking out the expression "or (4)" after the expression "required for domestic consumption", and inserting in lieu thereof the following:

"(4) their equitable share as determined by the Secretary of the national production of any commodity or commodities required for domestic consumption and exports adjusted to reflect the extent to which their utilization of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7 (2) or (5)."

(c) Section 8 (b) of such act, as amended, is amended by inserting after the expression "during the year with respect to which such payment is made" and before the expression "in carrying out the provisions of this section", the following:

"In determining the amount of any payment or grant measured by (4), the Secretary shall take into consideration and give equal weight to (1) the national acreage required to be devoted to the crop or group of crops or to the practices designated by the Secretary for such farm pursuant to subsection (c) in order to provide adequately for domestic consumption and exports of any one or more agricultural commodities and to effectuate the purposes specified in section 7 (a), and the value of the production of such commodity or group of commodities on such national acreage on the basis of average values for the 10 years immediately preceding the year in which such payment is determined, and (2) the national average acreage devoted to the production of such commodity or commodities or to such practices during such 10-year period in excess of the national acreage required for such purposes and the value of production from such excess acreage on the basis of average values during the 10 years immediately preceding the year in which such payment is determined."

(d) Section 8 (b) of such act, as amended, is amended by striking out the sentence "In carrying out the provisions of this section, the Secretary shall not have power to enter into any contract binding upon any producer or to acquire any land or any right or interest therein" and by inserting in lieu thereof the following: "In carrying out the provisions of this section, the Secretary shall have the power to enter into contracts with producers, but shall not have the power to acquire any land or any right or interest therein."

(e) Section 8 (c) of such act, as amended, is amended by striking out "specified in clauses (1), (2), (3), or (4)."

TITLE VII—COTTON POOL PARTICIPATION TRUST CERTIFICATES

SECTION 701. There is hereby authorized to be appropriated, from any moneys in the Treasury of the United States not otherwise appropriated, the sum of $1,800,000, or so much thereof as may be required by the Secretary to accomplish the purposes hereinafter declared and authorized. The Secretary of the Treasury is hereby authorized and directed to pay to, or upon the order of, the Secretary, such a part or all of the sum hereby appropriated at the request of the Secretary.

SEC. 702. The Secretary is hereby authorized to draw from the Treasury of the United States any part or all of the sum hereby appropriated, and to deposit same to his credit with the Treasurer of the United States, under special symbol number, to be available for disbursement for the purposes hereinafter stated.

SEC. 703. The Secretary is hereby authorized to make available, from the sum hereby appropriated, to the manager, cotton pool, such sum or sums as may be necessary to enable the manager to purchase, take up, and cancel, subject to the restrictions hereinafter reserved, pool participation trust certificates, form C–51, where such certificates shall be tendered to the manager, cotton pool, by the person or persons shown by the records of the Department to have been the lawful holder and owner thereof on February 1, 1937, the purchase price to be paid for the certificates so purchased to be at the rate of $1 per 500-pound bale for every bale or fractional part thereof represented by the certificates C–51. The Secretary is further authorized to pay directly, or to advance to the manager, cotton pool, to enable him to pay costs and expenses incident to the purchase of certificates as aforesaid, and any balance remaining to the credit of the Secretary or the manager, cotton pool, not required for the purchase of these certificates in accordance with the provisions of this act shall, at the expiration of the purchase period, be covered into the Treasury of the United States as miscellaneous receipts.

SEC. 704. The authority of the manager, cotton pool, to purchase and pay for certificates hereunder shall extend to and include the 31st day of January 1938: *Provided*, That after expiration of the said limit the purchase may be consummated of any certificates tendered to the manager, cotton pool, on or before January 1, 1938, but where for any reason the purchase price shall not have been paid by the manager, cotton pool. The Secretary is authorized to promulgate such rules, regulations, and requirements as in his discretion are proper to effectuate the general purposes of this title, which purpose is here stated to be specifically to authorize the purchase of outstanding pool participation trust certificates, form C–51, for a purchase price to be determined at the rate of $1 per bale or twenty one-hundredths cent per pound, for the cotton evidenced by the said certificates, provided such certificates be tendered by holders thereof in accordance with regulations prescribed by the Secretary not later than the 31st day of January 1938, and provided such certificates may not be purchased from persons other than those shown by the records of the Department to have been holders thereof on or before the 1st day of May 1937.

SEC. 705. The Secretary is authorized to continue in existence the 1933 cotton producers' pool so long as may be required to effectuate the purposes of this title. All expense incident to the accomplishment of purposes of this title may be paid from funds hereby appropriated, for which purpose the fund hereby appropriated shall be deemed as supplemental to such funds as are now to the credit of the Secretary, reserved for the purpose of defraying operating expenses of the pool.

SEC. 706. The authorization contained in this title for the purchase of outstanding participation trust certificates, C–51, is not intended as recognizing or establishing any right or claim in the holders thereof against the United States, or any obligation on the part of the United States to purchase these certificates, but is in the nature of a gratuitous action on the part of the United States to accomplish the distribution of a surplus resulting from cotton operations, amongst those persons, or their assignees, who have come to be the bona fide holders and owners of these certificates and who, as such certificate holders, came to believe that they were entitled to a distribution of all net proceeds derived from marketing of the cotton involved in the transaction. After expiration of the time limit herein established, the certificates then remaining outstanding and not theretofore tendered to the manager, cotton pool, for purchase, shall not be purchased and no obligation on account thereof shall exist.

Amend the title so as to read: "A bill providing for parity and crop insurance payments with respect to cotton, wheat, and corn; providing an adequate and balanced flow of certain agricultural commodities in interstate and foreign commerce, and for other purposes."

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

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

Mr. LEE. I yield.

Mr. McNARY. I enjoyed very much the remarks of the able Senator from Oklahoma. They were very edifying and extremely interesting.

I think the Senator stated in the first part of his argument that his amendment referred only to three agricultural commodities—cotton, corn, and wheat. Is that correct?

Mr. LEE. That is correct.

Mr. McNARY. But in very hastily looking over the Senator's amendment—it just reached my desk at noon today—I find that there seems to be some treatment of tobacco and rice in his bill, though the first part of his bill seems to be limited to wheat, cotton, and corn.

Mr. LEE. It was my intention, and I believe the Senator will find that it is so worked out, to amend the committee bill so far as wheat and cotton are concerned, but not to attempt to amend it so far as tobacco and rice are concerned; otherwise to leave it, as applied to those commodities, as it was proposed by the committee.

Mr. McNARY. Is the Senator's amendment in the nature of a complete substitute for the so-called Pope-McGill bill?

Mr. LEE. Yes.

Mr. McNARY. Then the Senator does treat in his bill of rice and tobacco, but in the same fashion in which they are treated in the bill which is now before us for consideration, as reported from the committee?

Mr. LEE. That is correctly stated; yes.

Mr. McNARY. That the Senator did not make clear to me. Perhaps others may have understood it, but I did not.

The Senator stated that he treated of crop insurance. That provision is found on page 4, in section 3. No reference is made in the bill before the Senate to crop insurance, and I think properly so, because last year we passed a crop-insurance bill which was introduced by the able Senator from Idaho [Mr. POPE].

For many, many years I have felt a great interest in that subject. I thought it one of the most complete methods of relief to the farmer that had been offered. Indeed, in 1922 I introduced the first resolution covering the subject, and held exhaustive hearings on it, and had passed through the Senate two bills on the subject. I did not lose interest in the problem, but lost faith in my ability to secure legislation on the subject when I could not get it through the House. The matter was later taken up by the Senator from Idaho [Mr. POPE] in a very able way.

The Senator from Oklahoma stated that crop-insurance is not in the bill before the Senate, but it is in the Senator's substitute bill. Do I correctly understand that if the farmer should suffer a loss of his crop, money must be appropriated to pay him the full sum of that loss?

Mr. LEE. Up to half the amount allotted to him for his production.

Mr. McNARY. Is that one-half of the crop he produces, or one-half of the allotment based upon the soil-depleting base acreage?

Mr. LEE. One-half of the allotment based upon pounds and bushels, not upon acreage.

Mr. McNARY. Is there any premium required to be paid by the farmer who shares in the benefit of this insurance?

Mr. LEE. Nothing more than his compliance with the soil-conservation program.

Mr. McNARY. The money is extracted from the Treasury without any compensation being paid by the farmer who suffers the loss of his crop?

Mr. LEE. That is correct.

Mr. McNARY. Has the Senator made any estimate of the cost this would entail to the Treasury, based upon the natural average hazards that befall farmers during a period of years?

Mr. LEE. I did not understand the first part of the Senator's question.

Mr. McNARY. The Senator must know that the premium for insurance, whether it be crop insurance, or marine insurance, or fire insurance, or burglary insurance, or any other kind of insurance, is based on hazards the insured may suffer over a period of years.

Mr. LEE. Yes.

Mr. McNARY. The Senator in this proposal has provided for an insurance of 50 percent of the crop. Has he made an estimate from the experience over a period of years that might be considered as a conservative period, as to the probable loss that would come from the natural hazards the farmer would encounter during that period of time?

Mr. LEE. I have not. I assumed the committee would bring in a bill with something like this provision in it, so it was only after the committee bill was printed that I undertook to write the substitute. It was not entirely new ground, but I did not have time to get the information necessary. Crop failure is defined toward the end of the substitute.

Mr. McNARY. At what page?

Mr. LEE. Page 29. It provides:

> The term "crop failure" means complete or partial failure to produce the normal yield of an agricultural commodity upon a farm by reason of abnormal weather conditions, insect pests, plant diseases, or any other natural cause beyond the control of the farmer.

It occurred to me that it would not cost any more to give to the farmer half of his allotted crop in case of total failure, the Government to make up to half of it, than it would cost us to appropriate year after year for drought relief, and flood relief, and grasshopper relief, and army-worm and boll-weevil relief. This would be a more practical and more systematic way of reaching that problem instead of setting up another organization to spend relief money.

Mr. McNARY. The cause is deserving. One is always exercised by the failure of the farmer to produce his crop after it has been sowed and cultivated. I was curious to know whether the Senator had made any estimate of the cost.

Mr. LEE. Knowing the great knowledge of the Senator, and his past interest in this field, and also that of the Senator from Idaho (Mr. Pope), who has made a fine study of the subject, I should be happy to consider any amendment designed to improve the proposal. I make no claim that it is water-tight, so to speak, considering the short time I have had to prepare it. The main thing today toward which I direct my energy is the policy of the general domestic allotment, and I shall be very generous in accepting any improving amendments.

Mr. McNARY. I have no criticism to offer. I know the rush with which the Senator has framed the amendment in the nature of a substitute. Where may I find in the substitute the provision as to graduated payments? I like that idea.

Mr. LEE. It is on page 5, section 4.

Mr. McNARY. I understood the Senator to say that the philosophy back of that, upon which it is bottomed, is that the large farmer, the corporation farmer, the man who has many acres, would not share equally with one who has a few acres, that the purpose of the substitute is to help the man with the small or moderate-sized farm, or what we call the "family farm." That is the idea, is it not?

Mr. LEE. That is correct.

Mr. McNARY. I think that is a very commendable provision.

Mr. LEE. Does not the Senator agree that such graduation or such scaling downward cannot be effected in a bill which has for its purpose acreage control?

Mr. McNARY. I find myself in complete accord with the statement of the able Senator in that regard. Will not the Senator again give me the reference to the place in the bill where the graduated payment provision may be found?

Mr. LEE. It appears on page 5, beginning about line 19.

Mr. McNARY. I will not take the time to read it now, but I shall make a reference to it, and will thoroughly enjoy reading it this evening. The Senator stated that the keystone of the substitute is not crop control.

Mr. LEE. The purpose of the substitute is not crop control, so far as it applies to wheat and cotton and corn. Its purpose is to help the farmer, to give him a bounty, to give him a soil-conservation program, and give him a natural ever-normal granary by virtue of his receiving a Govern-

ment check, or payment, or bounty, which will enable him to store the commodity on his farm.

Mr. McNARY. Does the Senator refer to it as an ever-normal granary, or is it a plan to encourage a sufficient storage of wheat by the producer so that in time of drought, or where crop conditions are not favorable, it may be available for consumption?

Mr. LEE. That is an accurate statement; I do not refer to it as an ever-normal granary.

Mr. McNARY. Is an effort made in the substitute to discourage production or decrease acreage of any of the crops?

Mr. LEE. The substitute will not, in my opinion, encourage production as much as if there were no regulation at all. Let me illustrate how I think it will work. Before there was any control the farmer was faced, when cotton went down to 5 cents a pound, with the necessity of increasing his production in order to make up for its reduced value. He had certain fixed obligations he had to meet, like taxes and interest. Therefore he increased his production, because he had to. Under the proposed program, by virtue of the fact that for a part of his commodity, his share of the domestic market, he will receive a good price, a parity price, it will be unnecessary for him to so increase his production in order to meet his fixed obligations, and thus, while it will not necessarily control him, the tendency will be toward that end. The farmer knows how many pounds there are in a bale of cotton. We understand that a farmer is not going to put in any more 5-cent cotton than he has to, so when it goes down to such a low figure, if he is getting an income on parity for a part of it, he is going to take that opportunity to diversify, to put in other crops, raise his food and feed first.

Mr. McNARY. Is the parity to which the Senator refers measured in the same fashion as the parity price is measured in the bill under consideration?

Mr. LEE. Yes; it was my intention to keep that the same. The payment is the difference between the current farm price and parity, as determined by the Secretary of Agriculture.

Mr. McNARY. Speaking of cotton, is it proposed in the substitute bill to pay the parity price on the whole production on a given acreage, or how is that arranged?

Mr. LEE. No; simply on the amount allotted to each farmer as his fair share of the domestic allotment.

Mr. McNARY. Who makes that allotment—the Secretary of Agriculture?

Mr. LEE. Yes. I have followed very much the committee bill in making the provision for such allotments. I made the provision a little more elastic, giving the Secretary a little more discretion, which would allow for allotments based not entirely on past production.

Mr. McNARY. Is provision made in the substitute to calculate upon a soil-depleting base acreage? In other words, is it provided in the bill, for example, that 45,000,000 acres might be called the maximum upon which cotton may be produced, and then that acreage shall be allotted proportionately among cotton States?

Mr. LEE. The previous average production over 10 years is taken, making allowance for drought, floods, and so forth, and each State is given its previous average production, considering the variances resulting from drought, floods, and so forth, and then in turn considering the production for each county. I have used the same language as that used in the committee bill with reference to the local committee in each county. One term used in the substitute bill is "wheat, cotton, and corn productivity" of the land to be considered. That provision is made in case some man has not been raising cotton. If we base conditions too severely on former production, we shall prevent farmers from rotating crops.

Mr. McNARY. Then, I judge from the Senator's statement, that the basis is somewhat more elastic than the one in the bill before us.

Mr. LEE. Yes.

Mr. McNARY. Does the Senator, in his proposed substitute, in any way attempt to curtail the surplus, or bring the production to a point where it is equal to the domestic requirements, or does he offer subsidies for the export of surplus?

Mr. LEE. I do not attempt to control production at all. Nature controls the production; and, as I said in the beginning, I am fully convinced that if we work more on the end of increasing buying power we shall find that we can buy almost all we produce in this country, and that if we do not artificially raise the prices of those commodities they will find a more ready market in foreign countries. Nature has her own way of controlling production. We have seen 4 years of drought just closed in Oklahoma, and it makes one think twice before he enters into an agreement for limiting production for the future.

Mr. McNARY. I was told by a very eminent authority in the Department of Agriculture that the prediction for this year was for a 1,000,000,000-bushel crop of wheat. Under the Senator's plan, what would a 1,000,000,000-bushel crop of wheat cost the Government?

Mr. LEE. Does the Senator mean for the domestic allotment?

Mr. McNARY. Yes; under the provisions of the Senator's bill.

Mr. LEE. That would not be the consumption. The amount to be consumed is the only part on which the allotment would be paid.

Mr. McNARY. What does the Senator consider consumption?

Mr. LEE. I understood the Senator to ask what the cost would be. According to the estimates of the Department of Agriculture, the cost would be $140,000,000.

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

Mr. LEE. I yield.

Mr. POPE. I was interested in the Senator's last statement. What current price did the Senator use in arriving at the figure of $140,000,000?

Mr. LEE. The Department of Agriculture furnished me the figures. They stated that parity on wheat as of last month was $1.17 plus. I do not call to mind the figure they gave me as to the current price; but since the figures were their figures, and they were not particularly interested in the matter either way, I take it that they gave me a fair statement.

Mr. POPE. I hold in my hand a statement prepared by the Department of Agriculture on that point. Using the October 15 prices as a basis, as compared with parity, cotton at 9.5 cents a pound would require $318,000,000; wheat at 57.6 cents per bushel would require $374,000,000; and corn at 40.4 cents a bushel would require $939,000,000, making a total of $1,631,000,000 figured on those prices. Those calculations were made by the Department of Agriculture and handed to me.

Mr. LEE. I have a list calculated by the Department of Agriculture, and given me since I started on this matter about 3 days ago. The figure given me on wheat was that it would cost $140,000,000 and cotton $260,000,000.

Mr. POPE. Evidently they were figuring as of the price on a different date than the present time, then, because I have here the figures on that point.

I wish to ask the Senator another question. Under his substitute, would all the cotton farmers and all the corn farmers and all the wheat farmers be paid exactly alike?

Mr. LEE. How does the Senator mean?

Mr. POPE. I mean, would they be given these varied payments on the basis provided in the Senator's substitute bill?

Mr. LEE. Yes.

Mr. POPE. All of them, whether they complied with the soil-conservation program or not?

Mr. LEE. No; it is provided that they must comply with the soil-conservation program.

Mr. POPE. Then since, in order to comply with the soil-conservation program, certain requirements must be met, certain acreages diverted, certain soil-conservation plans followed, the Senator's payment would be not on the full amount of the domestic consumption, but on that portion

of the domestic consumption in which the cooperators participated. Is that correct?

Mr. LEE. I do not follow the Senator. Let me state it in my own way and perhaps the Senator can point out better what he means. Under my plan a man's allotment of wheat is X number of bushels. On that X number of bushels he would receive a bounty that would bring him up to parity.

Mr. POPE. If he cooperates in the soil-conservation program?

Mr. LEE. Yes. The same is true of corn and cotton. If his conservation payment should be larger than his parity payment, he would take only the larger. He would not receive both payments under the substitute bill.

Mr. POPE. Suppose that no more money should be available for the making of the parity payments and soil-conservation payments next year than is available this year; no processing taxes have been levied; no additional funds have been made available. Would the Senator then say that under the provisions of his bill the cooperators would receive in parity payments any more than they now receive in soil-conservation payments?

Mr. LEE. I would not be able to say. There is no use beating around the bush about it. The farmer is going to get just what we appropriate. As between the committee bill and my substitute bill, no matter which one is passed, he will get just what we appropriate. What would the Senator's bill do in a case like that which he outlined?

Mr. POPE. It would do exactly the same as the substitute, but with this addition: Believing as we do that control of surplus is advisable, we would have the opportunity to bring up the commodity price so as constantly to reduce the necessary parity payment. But under the Senator's bill, with no restrictions upon the accumulation of surpluses, no control of production or market or anything else, would not the tendency be for the price constantly to go down and thereby constantly to increase the amount the Government would have to pay under his bill, whereas the tendency under the committee bill would be constantly to reduce the necessary parity payments by the Government because the current price would tend constantly to go up with control in better operation?

Mr. LEE. The Senator has correctly stated it, except it would not necessarily follow that prices go down, and it would not necessarily follow that production would be greatly increased. The Senator is right back where we started. It is a question whether we are going to put the burden on the consumer, who is less able to pay, or levy taxes in accordance with one's ability to pay.

Mr. POPE. Under the Senator's substitute if we carry on the soil-conservation program and only cooperators under that program can receive the parity payments, and if the parity payments will not exceed soil-conservation payments for the next year or two—because we will not have the money to do so—then what possible advantage could there be in the Senator's bill? We now have a soil-conservation program. We are making soil-conservation payments to the extent of about $500,000,000. If no more money should be available for the payments to the cooperators in the form of parity payments, then those payments will not be any greater than they are now. There are no control features involved, so what possible value could there be in the Senator's substitute?

Mr. LEE. The main value is elimination of the objectionable control features, and then the total volume of the farmers' income would be greater because they would have more to sell. Another advantage under the terms of my bill would be taking the money off the top, off the big payments to the corporations that we cannot graduate, and giving it to the small fellow. Another advantage would be that its cost of operation would be less, and more of the grease would get to where the squeak is.

Mr. POPE. The effect of the Senator's bill—and I think he is correct about it—would be to reduce the payments to the large cooperators under the Soil Conservation Act. Then why not amend the Soil Conservation Act and modify those payments? I can see the point involved and I have a great deal of sympathy with it, although I have great doubt as to whether we could obtain cooperation in the soil-conservation program if we should do that. However, I have sympathy with the Senator's purpose. Why not amend the Soil Conservation Act and accomplish that purpose, since his substitute bill could not possibly accomplish any other purpose, as I see it, because it does not control production nor provide payments under the name of parity payments, and the soil-conservation program would be carried on just as it is now.

Mr. LEE. Does not the Senator favor giving the farmer benefits?

Mr. POPE. Certainly. That is the purpose of our bill.

Mr. LEE. Does not the Senator agree that in order to do that we will have to appropriate money?

Mr. POPE. Yes.

Mr. LEE. Then the Senator's bill is just like mine, in that if we do not appropriate we are both in the same fix. If we do appropriate, then more of what we appropriate will go to the farmer under my bill than under the committee bill.

Mr. POPE. But the committee bill provides for control of production and for control of marketing, which I am convinced will have a tendency to bring up prices constantly. Price control, or control which would reduce any price increase, I think is by far the most important feature of any farm bill. My desire is to get to the point where there would be no necessity for benefit payments to the farmer at all. The only way to get there is to increase his price to a point where he will not need such payments.

Mr. LEE. Does the Senator remember when the price of beef and pork went so high that the consumers quit buying, and then the price went down again? Does not the Senator know when we raise generally the price level that condition naturally follows?

Mr. POPE. Exactly so.

Mr. LEE. And we are going to place an indirect tax on what the consumers have to buy.

Mr. POPE. By bringing the price up to parity, no comsumer would have a just ground of complaint.

Mr. LEE. Does not the Senator believe that parity would then raise the cost of what the farmer has to buy?

Mr. POPE. I do not think so.

Mr. LEE. Why not? All those things are so generally interconnected that it necessarily follows that the general price level goes up. We raise the price of corn, and that increases the price of beef and cattle, and that raises the level of pork and sheep, and wool, and labor, and everything else. Then the parity payment would go climbing on up and we would have to raise the other prices to catch it again.

Mr. POPE. There is some force in the Senator's statement; but if we have some antitrust laws and some other regulation, that would be the place to apply them to keep at a reasonable level the prices of the things the farmer has to buy.

Mr. LEE. Does not the Senator believe that the tariff is a discrimination against the farmer in favor of the manufacturer?

Mr. POPE. Certainly.

Mr. LEE. Does the Senator believe we can offset that benefit without either repealing that tariff or giving the farmer an equivalent advantage?

Mr. POPE. I think that is very true.

Mr. LEE. Does the Senator's bill propose to give the farmer an offsetting benefit without appropriating money, and giving it to him by the mere machinery of raising the price artificially? Does not the Senator believe that when we raise the price of cotton the prices of manufactured goods will go up and the manufacturer still will have the advantage that he previously had? We have not overcome that advantage, and we will not unless we appropriate money to make up the difference.

Mr. POPE. I think there is great force in the Senator's statement about the spiraling of prices; but some of the com-

modities, wheat and corn, for instance, have gone to parity. It may be true that the price of flour and bread has correspondingly increased, but it seems to me that is the only method of now helping the farmer. I do not think the farmer should be placed in the position where permanently he must receive benefits from the United States Treasury. I think it is far more important to work on the theory of making his price level comparable to the price level of the commodities he buys, so as not to put him in the position of accepting a dole or charity. I think no farmer desires to receive these benefits if he can only receive a fair profit.

Mr. LEE. That is true, but does not the Senator realize that when we raise the farmer's price we raise the price of manufactured goods, and then the farmer has not any advantage? His price level will have been moved up, and so will the manufacturer's, and we will not have done anything but make a futile gesture.

Mr. POPE. I think the Senator makes that entirely too strong. I am satisfied the corn farmers and the wheat farmers and even the hog farmers are much better off. It is true the prices of those commodities have been increased to the consumer to some extent, but at the same time I think it justifies our efforts to increase the prices of farm commodities even though we may have to contend with the other problem of increasing the cost to the consumer. The farmer being a consumer must be subject to the higher prices. Whenever the farmer, as in 1909 to 1914, has received a fair price, compared with the manufactured products, he has gotten along very well, but when his price has gone down disastrously low—even though the prices of the things he buys have gone down, they never go down as low as his prices do—he has been in great distress, losing his farm and being unable to make a living. I have noticed that follows.

Mr. LEE. I certainly do not want farm prices to go down. My bill is not intended to bring that about directly. My bill is intended to let the law of supply and demand operate. I am not advocating low farm prices; but, on the other hand, I am not advocating trying to pay the farmer an artificially stimulated price that will raise all prices alike, while he will not have any more advantage than he had before.

Mr. POPE. I should agree with the Senator, except that I do not think an increase of farm prices in this way would have the effect the Senator expects of correspondingly increasing the prices of the things the farmer buys.

Mr. LEE. So far, no argument has been given to show differently; and I will yield a few minutes to the Senator if he will show how it will work otherwise.

Mr. POPE. Of course, the parity price constantly reflects the price to which the farmer is entitled. Ever since the Agricultural Adjustment Act went into effect the Department of Agriculture has been figuring the parity price. The parity price has not varied very much from that time until this; and yet during that time the farmer has had the parity price, and even above the parity price, for corn and wheat, and perhaps for other commodities, such as beef and hogs. The parity price, which shows the relationship between manufactured commodities and the farmer's commodities, has not varied very much since the original Agricultural Adjustment Act went into effect, which shows that while there is some increase in the price of manufactured commodities, there is not by any means a corresponding increase. Otherwise, the parity price, which has constantly been figured, would have gone up two or three times higher than it was, we will say, in 1934, when the act went into effect.

Mr. LEE. No; the trouble with the Senator's argument there is that he assumes that the prices of manufactured articles went down when the prices of farm articles went down. They did not. A cultivator cost nearly as much as before. The International Harvester Co. was able to hold the price of a mowing machine right up around where it was, and many of the things the farmer had to buy never did go down; so when the farm price went down, and then was brought back up, there was not a corresponding rise in the case of other commodities, because their prices were already up.

Mr. POPE. I wonder if the Senator can answer my question, as he promised to do a while ago, as to what effect he thinks huge unsalable surpluses have upon the price of commodities.

Mr. LEE. First, they have the advantage of an export trade. More of them are sold in export, in foreign trade. I never did follow a bale of cotton to see where it went. I understood the farmers had cotton stored on farms, some of them in their sheds. I saw cotton out on the farms; I saw it in warehouses; but I do not undertake to shoulder the task of taking care of the surplus. Nature will take care of that. The following year we had pretty bad drought and boll weevil, and the surplus takes care of itself.

I have admitted all along that a surplus over a period of years will have a depressing effect upon the market. Unquestionably that is so, but I was refuting the argument that it is the sole factor in raising the price. It is a contributing factor, surely; I will admit that; but with the price going down there are certain compensations. We should have to appropriate more money for parity payments, it is true, but at the same time we should sell more cotton abroad; and every time we sell a bale of cotton abroad, if we get only $20 for the bale of cotton, the Nation as a whole is $20 more wealthy, and we have gotten rid of the cotton, and that increase in wealth is felt throughout the whole country, whereas if we do not get that export trade we are $20 less wealthy than we would have been if we had gotten it.

Mr. POPE. I may say to the Senator that of course the matter of demand is all important; but assuming a fairly constant demand and a rather constant export volume and a constant consumption in this country, the volume, under that assumption, is all important.

I happen to have on the wall in my office a chart showing the facts with reference to the production of hogs and cattle. It shows that as the volume increases year after year, the price decreases just as steadily over a period of 15 years as can be. The same thing would be true, assuming a constancy of demand, in the case of all other commodities—corn, cotton, wheat, and so forth.

Mr. LEE. But does not the Senator think that assumption is false in the beginning? The assumption of a constant demand and a constant supply of course is a great assumption. Part of our demand is abroad. They have a drought, and they make a greater demand on our products. They have a bumper crop, and the demand is less. So when the Senator assumes a constant demand, I showed the Senator that the demand is not always the same. When prices went so low that the consumer could not buy, the demand fell off, and I can show him that the consumption of pork and beef fell off, and the Senator knows it.

So if the Senator starts out on an assumption that is false in the beginning, he cannot build a very substantial argument on it. I do not agree with the assumption.

Mr. POPE. Let me say to the Senator that one cannot determine the exact demand; but, as stated by Secretary Wallace in his speech at Topeka the other day, the domestic consumption of wheat over a long period of years has approximated 550,000,000 bushels. In that connection he made the statement that the national stomach for wheat does not grow; and the same thing is very largely true of corn, although the amount of consumption of corn depends upon the number of hogs and vice versa. But the effective demand for a number of years has been fairly constant, because the exports have been about the same and the domestic consumption has been about the same.

With reference to potatoes, for instance, a number of years ago I checked up the national consumption of potatoes; and the Senator would be surprised to find how uniform it has been from year to year, notwithstanding low prices and high prices. The thing that affected potato prices, by reason of the fairly constant demand, was that with a bumper crop one year the price would go down to 10, 20, or

30 cents a hundred, and the next year, with a shorter yield, the price of the amount that was consumed would go up to a dollar or a dollar and a half.

I invite the Senator's attention to an examination of the charts, which show the effect of production on the potato market. I think the Senator has overlooked a study of the effect of volume on the price when the demand does remain fairly constant.

Mr. LEE. The Senator asks what would happen in the case of a surplus. Here is one thing that would happen. This would be one result:

In the home State of the Senator from Kansas—I should like the Senator from Kansas [Mr. McGILL] to listen to this—there is a Chemical Foundation company at Atchison, Kans. Its plant has a capacity of 10,000 gallons a day of fuel alcohol. It has a capacity of operation of from four to five thousand bushels of grain and from 16 to 20 carloads of potatoes, artichokes, and so forth. It will consume approximately $750,000 worth of raw material a year and give employment to from 10,000 to 25,000 acres of land and give employment to a number of persons, both on the farm and in the factory. It can do that, for instance, if the price of wheat is 60 cents; but above that it is not so profitable. In the case of kafircorn and other grain and sorghums it can operate profitably at 56 cents. With a big crop such as the Senator has in mind other uses would be developed, and when our oil wells and oil fields are going dry, certainly we ought to be considering some other way of producing fuel. This is a high-explosive fuel. It sells at 22½ cents a gallon at those prices of grain, and the factory can pay a good price for potatoes, too.

When the price goes up, the thing that happens is what happened in Germany. Synthetic substitutes are brought in to take the place of the commodity; and so we cannot increase and broaden our market when we are artificially stimulating the price. But when the surplus that the Senator so much fears comes, other uses will come to these commodities that we can use afterward, and thus broaden our market; and I rather think the Senator's statement that consumption does not increase, and that the stomach does not get larger, is a mistake, because it does get larger when people are able to buy.

Mr. POPE. In the Secretary's speech at Topeka, he commented on that, and pointed out the reason why the wheat stomach had not gotten larger. It was, he said, because other foods are used instead of wheat, but he did assert that the wheat stomach was not getting larger.

Let me call the attention of the Senator to a matter we found in connection with the hearings. We found that in Kansas, and the same would be true in Oklahoma and in Texas, the price was driven down below the cost of production by the production of all the oil the wells would yield. So that in Kansas there was first an attempt to control the volume of oil produced by voluntary agreement. It was found that there were some chiselers who would not cooperate in a voluntary agreement. Then a law was passed requiring a limitation of the production of oil. Not only that, but a compact was entered into with other States, and I presume that in the Senator's own State of Oklahoma such a law is in effect, limiting the amount of oil that can be produced. So a balanced production of oil is brought about at a fair price to the producer, and perhaps not an unfair price to the consumer.

Mr. LEE. Does the Senator think it is fair to compare the oil producer with the farmer, who cannot regulate his production, whereas the production of an oil well can be cut down, and only a few oil operators are required to get together to do that, as compared with many farmers. Does the Senator think that is a fair comparison?

Mr. POPE. Of course, it would not work with the same degree of accuracy, but the same principle would apply. If we were to follow the Senator's argument, that the farmers should produce all they possibly can, and that the surpluses, while of some importance, are not very important in the price structure, then we might say that the oil men should produce all they can. Assuming a demand for oil such as exists in this country, not entirely constant, but fairly constant, with that sort of a fairly constant demand, the volume of oil produced does affect the price, as indicated by the oil legislation. So to that extent, so far as the object is concerned, assuming it would not be exactly applicable so far as the principle of the effect of these surpluses upon price is concerned, it seems to me it is a fair analogy.

Mr. LEE. Of course, I admit that all has a contributing influence, but I believe we pay too dearly for it in our foreign market, and in the higher cost of living on the part of those least able to pay, and in the obnoxious-control feature.

I appreciate the timely interest of the Senator in the substitute, and his contribution to the discussion.

Mr. COPELAND. Mr. President, will the Senator from Oklahoma permit me to ask a question of the Senator from Idaho?

Mr. LEE. I yield.

Mr. COPELAND. Did the Senator speak about control of the production of oil?

Mr. POPE. Yes; I made reference to the matter of the control of the production of oil.

Mr. COPELAND. That control is by State compact, is it not?

Mr. POPE. By State compact, and State laws carrying out the compact.

Mr. COPELAND. Why would not exactly the same system be successful in relation to corn and wheat and cotton?

Mr. POPE. As pointed out by the Senator from Oklahoma, I think there are some differences because of seasonal conditions, and the fact that the soil produces one year better than another. I think there are some differences in the facts. But the same principle which I was urging a few minutes ago applies, that is, that a tremendous volume dumped onto the market brings down the price of the commodity. That applies in the case of oil, as well as to an overproduction of any other commodity.

What is the difference between corn grown on the land, wheat grown on the land, or cotton grown on the land, and oil, which comes out of the land? They are all natural products, and the same principle of extraordinary surpluses would apply to any one of them. I think history confirms that.

Mr. COPELAND. Mr. President, I do not at all dispute that the two problems are alike, that they run along parallel lines; but the question I asked was, if State compacts have been successful in the control of surplus oil, why would not State compacts be successful in the control of the production of wheat or cotton?

Mr. LEE. I will answer the Senator.

Mr. POPE. I think the Senator from Oklahoma himself can well answer that.

Mr. LEE. That would not be very effective, because a few of the States which did not enter into the compact could sell. The same is true as to cotton. We are trying to hold our foreign market with no control over the world market at all, merely by control here.

Mr. McGILL. Mr. President, will the Senator from Oklahoma yield?

Mr. LEE. I yield to the Senator from Kansas.

Mr. McGILL. Is not this also true, with reference to the difference in the situation of agricultural producers and those who produce petroleum, that there is a smaller number of persons engaged in the production of petroleum?

Mr. LEE. That is the point I made, that it could be controlled more easily.

Mr. McGILL. And that the production does not cover as wide an area in the country.

Mr. LEE. That is true.

Mr. McGILL. A large number of farmers, covering the entire country, present a very different situation, so far as

any cooperative program is concerned. Then, too, the State compacts, as I have understood, were not legal until they were authorized by act of Congress.

Mr. LEE. Mr. President, I am going to let my good friend the Senator from Kansas have the last word, because I have been trying to conclude my remarks. I wish to challenge the good Senators who have sponsored this bill to submit to a vote of the farmers the question of whether they would want the substitute as proposed, the domestic allotment plan, or they would want a control bill such as is pending.

Mr. McGILL rose.

Mr. LEE. Just a moment. There are several referendums provided for, but they are like the cotton referendum. They do not say, "Would you like to have the Bankhead bill or the domestic allotment plan, or some other plan," but they say, "Would you rather have this or no help at all?" That is the way the referendums are worded. So I challenge the Senators to submit to the farmers the question as to which plan they would prefer.

Mr. McGILL. Mr. President, does the Senator think we should have that referendum before any legislation is enacted in behalf of agriculture?

Mr. LEE. No; I just made that statement, in passing, to emphasize the idea that I believe the farmers would choose the plan provided in my substitute if they had a choice.

Mr. President, I shall ask for a roll call on the amendment. I will be guided by the wishes of the leader or others as to whether they want the vote now or at a future time.

The PRESIDENT pro tempore. The Chair will state that under the unanimous-consent agreement committee amendments are to be first considered, and therefore the substitute of the Senator from Oklahoma would not be in order until the committee amendments had been disposed of.

Mr. LEE. Will my amendment be in order following the disposition of the committee amendments?

The PRESIDENT pro tempore. Under the rule, amendments offered for the purpose of perfecting the bill are first in order. When the amendments affecting the bill have been disposed of, then a substitute for the entire bill as perfected will be in order. So the Senator will have to wait until specific amendments are disposed of. Then his substitute for the bill, as amended, will be in order.

Mr. LEE. Will my substitute bill then come up automatically, or will it be necessary for me to present it again?

The PRESIDENT pro tempore. It will be necessary for the Senator to present it again. When the Chair asks if there are any further amendments, if then there be no further amendments, the Senator will propose his substitute for the bill as amended.

Mr. LEE. I yield the floor.

Mr. COPELAND obtained the floor.

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

Mr. COPELAND. I yield.

Mr. BARKLEY. I assume the Senator from New York does not desire to proceed at this late hour?

Mr. COPELAND. My soul is stirring to make a speech on the bill, but I much prefer to speak tomorrow.

Mr. BARKLEY. Mr. President, I desire to make a brief observation with respect to the bill. The debate which has occurred so far has been very interesting and very enlightening. No one has had any desire to curb debate in any way. However, it seems to me that we have now about reached the time when we ought to be considering in detail the bill and the amendments which have been offered and which will be offered to it. I hope that at a very early hour tomorrow, as soon as practicable, the Senate may be able to proceed to consider the bill in detail and vote on some of the amendments which have been suggested by the committee, and other amendments that may be offered when the committee amendments shall have been disposed of.

Mr. McNARY. Mr. President, that is, of course, a natural desire. Several Senators are absent today who desire to discuss the general philosophy of the bill. Such discussion will have to precede action on the amendments.

Mr. BARKLEY. Of course, the Senator knows that any Senator can make a speech on the general philosophy of the bill at any time. I think we have about reached the point where we should give consideration to some of the amendments. I do not want to cut off the discussion of the bill, which I think has been very helpful, but I believe the Senator will agree with me that the sooner we get started on the amendments the sooner we shall get through with the bill.

Will the Senator from New York now yield to me so that I may move an executive session?

Mr. COPELAND. I yield.

EXECUTIVE SESSION

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

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

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Appropriations, reported favorably the nomination of Miles H. Fairbank, of Maryland, to be Assistant Administrator of the Puerto Rico Reconstruction Administration.

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

Mr. O'MAHONEY, from the Committee on the Judiciary, reported favorably the nomination of Carl L. Sackett, of Wyoming, to be United States attorney for the district of Wyoming.

Mr. BULKLEY, from the Committee on Banking and Currency, reported favorably the nomination of William H. Husband, of Ohio, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 6 years from July 22, 1934, to which office he was appointed during the last recess of the Senate, vice Henry E. Hoagland.

The PRESIDENT pro tempore. The reports will be placed on the Executive Calendar.

If there are no further reports of committees, the Executive Calendar is in order.

WEST VIRGINIA POST OFFICE NOMINATIONS—RECONSIDERATION

Mr. McKELLAR. Mr. President, before proceeding to the nominations on the Executive Calendar, I ask unanimous consent for a reconsideration of the votes by which the Senate confirmed, yesterday, the following nominations to the post offices indicated, all being in West Virginia:

Edwin Caperton, Alloy; William H. Hillborn, Beverly; Anna S. Been, Camden on Gauley; Blanche L. O'Dell, Hastings; George W. Kilmer, Hedgesville; George L. Carlisle, Hillsboro; Kerth Nottingham, Marlinton; Nell Bennett Wolford, Pickens; George L. Wilcoxon, Tams; Merle G. Raab, Triadelphia; Myrtle W. Orndorff, Wardensville; Thelma P. Forbes, West Liberty.

I further ask that these West Virginia nominations be again placed on the Executive Calendar.

Mr. McNARY. Mr. President, may I ask the reason for that request?

Mr. McKELLAR. The reason is that I received a telegram from the junior Senator from West Virginia [Mr. HOLT] asking that it be done, and I am now asking that the votes by which the nominations were confirmed be reconsidered, and that the names be returned to the calendar, so that if the junior Senator from West Virginia has objection to any of the nominees his objection may be stated and considered by the Senate.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Tennessee that the votes by which nominations of postmasters in West Virginia were confirmed yesterday, be reconsidered and that the names be returned to the Executive Calendar? The Chair hears none, and it is so ordered.

BOARD OF TAX APPEALS

The legislative clerk read the nomination of John W. Kern, of Indiana, to be a member of the Board of Tax Appeals.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

BUREAU OF INTERNAL REVENUE

The legislative clerk read the nomination of John Phillip Wenchel, of Washington, D. C., to be assistant general counsel.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

UNITED STATES PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of Dr. Wixom S. Sibley to be assistant surgeon.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk read the nomination of Margaret M. Westlund to be postmaster at Frazer, Mont.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Cletus J. Walsh to be postmaster at Polytechnic, Mont.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

That completes the Executive Calendar.

RECESS

The Senate resumed legislative session.

Mr. COPELAND. Mr. President, is it understood that I will have the floor when the Senate reconvenes tomorrow?

The PRESIDENT pro tempore. The Senator from New York was recognized and yielded to the Senator from Kentucky. The Senator from New York will have the floor when the Senate reconvenes tomorrow.

Mr. BARKLEY. I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 25 minutes p. m.) the Senate took a recess until tomorrow, Thursday, December 2, 1937, at 11 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 1 (legislative day, November 16), 1937

BOARD OF TAX APPEALS

John W. Kern to be a member of the Board of Tax Appeals.

BUREAU OF INTERNAL REVENUE

John Phillip Wenchel to be Assistant General Counsel for the Bureau of Internal Revenue.

UNITED STATES PUBLIC HEALTH SERVICE

Dr. Wixom S. Sibley to be an assistant surgeon in the United States Public Health Service.

POSTMASTERS

MONTANA

Margaret M. Westlund, Frazer.

Cletus J. Walsh, Polytechnic.

HOUSE OF REPRESENTATIVES

WEDNESDAY, DECEMBER 1, 1937

The House met at 12 o'clock noon.

The Reverend James Shera Montgomery, D. D., offered the following prayer:

Blessed is the man that feareth the Lord; that delighteth greatly in His commandments. He shall not be afraid of evil tidings for his heart is fixed.

Heavenly Father, be with us and overshadow us with Thy presence; rebuke any unholy desires and harmonize differences. Grant that there may be no reaction against large thoughts, helpful ideals, deep feelings, and heroic service. O Lord, remember us, and may we never forget the lesson of Thy truth—that we should increase the joy of others; that the strong should aid the weak; that the wise should counsel the inexperienced; and that the good life should lift up the fallen; thus we win victories which heaven celebrates. Lead us on, our Father, in the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Vice President had appointed Mr. BARKLEY and Mr. GIBSON members of the Joint Select Committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of executive papers in the following Departments:

The Department of the Treasury, the Department of War, the Department of the Navy, the Department of the Interior, the Department of Agriculture, the Department of Commerce, the Department of Labor, the National Archives, Veterans' Administration, Federal Housing Administration, and United States Food Administration.

RESIGNATION FROM COMMITTEES

The SPEAKER laid before the House the following communication, which was read:

NOVEMBER 30, 1937.

Hon. WILLIAM B. BANKHEAD,
Speaker of the House of Representatives.

MY DEAR MR. SPEAKER: I herewith tender my resignation as member of the following committees of the House of Representatives: Elections No. 1, Public Lands, Immigration and Naturalization, War Claims.

Respectfully yours,

SAM MASSINGALE.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to address the House at this time for one-half minute.

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

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I have taken the trouble to check on a number of booklets, pamphlets, and propaganda that come into this country by way of the mail and through smuggling. I have a list of 148 different forms of pamphlets and booklets which malign Americans and America and attack the principles of our Constitution.

Mr. Speaker, I ask unanimous consent to incorporate these in the RECORD.

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

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, there are 148 pamphlets and books containing subversive propaganda inimical to our form of government.

These vicious publications are directly sponsored by Germany and have been coming into the United States from Canada and Germany since 1933.

Every one of these publications has been published either in Germany or in Great Britain.

Nazi propaganda imported from Germany

LEAFLETS

Name	Language	Published in—	Name of publisher
France—A Menace to Germany's Safety.	English	Hamburg	Fichte Bund.
Hitler's Fight for his Country's Honour & Freedom.	do	do	Do.
The Truth about the Jews in Germany.	do	do	Do.
To the Front Line Fighters of the World War.	English (2 copies)	do	Do.
What I Saw in Germany	English	do	Do.
Adolf Hitler's Pronouncement on the Saar Plebiscite.	English (2 copies)	do	Do.
A Conspiracy of War	English	do	Do.
Interview with Adolf Hitler	do	do	Do.
Germany's Position in World Trade.	do	do	Do.
Germany's Reply to a Broken Promise.	English (3 copies)	do	Do.
The New Germany	English	do	Do.
Adolf Hitler's Peace Message. The Thirteen Points.	do	do	Do.
De Dertien Punten Voor Den Vrede Van Adolf Hitler.	Danish	do	Do.
Friedensfront Ehemaliger Frontkam (Peace Front of Ex-Service Men).	German	do	Do.
Peace Front of Ex-Service Men	English	do	Do.
Judentum und Straffalligkeit (Jewry and Penal Punishment).	German	do	Do.
Jewry and Penal Punishment	English (2 copies)	do	Do.
Jodendom en Misdadigheid	Dutch	do	Do.
Welt-Bolschewismus Ohne Maske (Bolshevism Unmasked).	German	do	Do.
Bolshevism Unmasked	English	do	Do.
The German Winter Help	do	do	Do.
Facts and Figures Versus Falsehood.	English (2 copies)	do	Do.
An Interview with Adolf Hitler	English	do	Do.
Adolf Hitler Offers France 25 Years of Peace.	do	do	Do.
Que Veut L'Allemagne?	French (2 copies)	do	Do.
Le Bolschevisme, Le Plus Grand Ennemi du Monde.	French (3 copies)	do	Do.

PAMPHLETS AND BOOKS

Name	Published in—	Number of pages	No. and date
Lieder der Hitler Yugend	Essen	141	
Die Fahne Hoch	Berlin	24	No. 3.
Do	do	24	No. 6.
Do	do	24	No. 7.
Do	do	24	No. 12.
Do	do	24	No. 20.
Do	do	24	No. 33.
Mir und der Jude	do	24	
Was der Christ vom Christentum nicht Weiss.	Hanover	46	
Für und wider die Deutchen Gottesworte.	Weimar	32	
Der neueste Stand der Volkisch Religiosen Bewegung in Deutschland	Erlangen	15	1935-36.
Die Geschichte von Adolf Hitler	Berlin	100	
Der Yude und der Deutsche Mensch	Breslau	32	
Der Bolschewismus als Aktion einer Fremden Rasse	München	16	
Pimpf im Dienst. Die neue Amtliche Ausbildunsbuch für das Yungvolk	Potsdam	350	
Marschieren und Singen	Berlin	32	
Trum Trum. Yungvolk Liederbuch	Magdeburg	52	
Hitler Yugend Liederbuch	Berlin	32	
Liederbuch für Deutsche Mädchen und Frauen.	do	55	
Niedersachsen Marschieren	Hanover	86	1935.
Aufbau des deutschen Sozialismus	Berlin	150	
Ludendorffs Halfmonatsschrift	München		July 6, 1936.
Der Schulungsbrief	Berlin		September 1935.
Do	do		June 1936.
Spaten und Ahren	Hanover		
Die Deutsche Volkskirche	Berlin		April 1936.
Die ersten hundert Bücher fur Nationalsozialistische Buchereien.	München		1935.
Die Zweiten hundert Bücher fur Nationalsozialistische Buchereien.	do		1935.
Die Dritten hundert Bücher fur Nationalsozialistische Buchereien.	do		1936.
Verzeichnis Judischer Verfasser Juristischer Schriften.	Stuttgart		1936.
Germany Declares for Peace. Adolf Hitler Addressing the German Nation.	Berlin		Oct. 4, 1933.
The World needs to think Commercially.	do		June 1935.
Welt Dienst	do		March 1936.
Der Welt Feind	do	32	
Yuridische Wochenschrift-Blutschutz Gesetz.	Leipzig		Oct. 24, 1936.
Das Kampfsblatt der Hitler Yugend			September 1935 to March 1937.
Mimeographed Nazi News. Typewritten articles and leaflets.			

Nazi propaganda imported from Germany—Continued

PAMPHLETS AND BOOKS—continued

Name	Published in—	Number of pages	No. and date
Welt Deutscher Beobachter (Anti-Jewish Caricatures).	Berlin		June 9, 1935.
National Soz. Partei Correspondenz	do		Jan. 8, 1936.
Rede des Führers und Reichskanzlers Adolf Hitler Vor dem Reichstag.	do		Mar. 7, 1936.
Juden über Deutschland	do	64	
Ein Bilderbuch fur Gross und Klein	Nürnberg		

NEWSPAPERS FROM NAZI GERMANY

Name	Place published	Date
Berliner Lokal Anzeiger	Berlin	May 11, 1937.
A. I. Z	do	Mar. 29, 1936.
Der Blitz	Bon-Harz	Apr. 26, 1936 and July 26, 1937.
Der Danziger Vorposten		
Der Deutcher Beobachter	Köln	May 29, 1936.
Der Deutscher Weg		May 17, 1936.
Der Eisenhandler	Berlin	Mar. 14, 1936.
Das Schwarze Korps	do	July 16, 1936.
Der Sturmer	do	May 1936 and August 1936.
Durchbruch	do	
Frankische Tageszeitung	Nürnberg	May 15, 1936.
Gross-Dortmund		Mar. 22, 1936.
Hakenkreuz Banner	Mannheim	Nov. 27, 1935.
Ilustrirter Beobachter (Anti-Comintern)	München	
Luxemburger Wort	Luxemburg	May 2 and 12, 1937.
Volkischer Beobachter	Berlin	Apr. 29, 1936.
Welt Post	Hamburg	Oct. 22, 1936.
Wiener Journal	Wien	Nov. 1, 1936.
Westfalische Landeszeitung	Dortmund	Mar. 1, 1936.

PUBLISHED BY WORLD SERVICE, ERFURT, GERMANY

1. Bombshell Against Christianity, by Marcus Eli Ravage.
2. The Hidden Hand of Judah.
3. What is World Service? (Subscription form.)
4. World Service, the Truth on Spain, February 1937.
5. World Service Bulletin, July 1, 1936; September 15, 1936; February 15, 1937.
6. Welt-Dienst-Bucherei. (Catalog of publications.)

PUBLISHED BY IMPERIAL FASCIST LEAGUE OF GREAT BRITAIN

1. Protocols of the Learned Elders of Zion, by Victor E. Marsden. (Issued by the Britons Publishing Society.)
2. Money No Mystery.
3. The Era of World Ruin. (The Era of Democracy.)
4. A Plot for the World's Conquest (Britons Publishing Society).
5. Who Wants War? (Britons Publishing Society).
6. Mightier Yet. (The Policy of the I. F. L.)
7. The Emancipation of the Gentiles from the Yoke of the International Financier.
8. Questions of Public Importance to be Answered by Political Leaders.
9. The Fascist: March 1937; August 1937.
10. Freemasonry.
11. Our Jewish Aristocracy.
12. Jewish Press Control.
13. Race and Politics.
14. The Hidden Hand Revealed, by the Fascist Cartoonist.
15. The Jew: Past and Present.
16. Agriculture Comes First.
17. P. E. P. (Political and Economic Planning) or Sovietism by Stealth.
18. Bolshevism is Jewish, by A. S. Leese.
19. Jews in Russia, by Victor E. Marsden.
20. The Plan of the Jew.
21. The Destruction of India—Its Cause and Prevention.
22. Disraeli the Destroyer, by A. S. Leese.
23. The Government of the Future—Racial Fascism.
24. Have We No Native Britons to Govern Our Colonies, by the Governor of Southern Rhodesia.
25. The Key to European Politics.
26. Whither the World?
27. His Majesty's Subgovernment—Departmental Jew Contacts.
28. Freemasonry.

PUBLISHED BY FICHTE BUND, HAMBURG, GERMANY

2. Bolshevism in Theory and Practice, by Dr. Joseph Goebbels.
3. Racio-Political Foreign Correspondence (RAK): December 1935, May 1936, October 1936, June 1936, July 1936, July 1937.
4. Peace Plan of the German Government. March 31, 1936.
5. Speech Delivered in Reichstag March 7, 1936, by Adolf Hitler.
6. Germany Declares for Peace, by Adolf Hitler. October 14, 1933.
7. Bolshevism Unmasked, by Dr. Joseph Goebbels.
8. The German Winter Help, Herr Hildenfeldt.
9. To the Poilu of Verdun (an open letter from a German front-line fighter).
10. The General Staff's Report of a European Great Power.

11. An Interview With Adolf Hitler.
12. Adolf Hitler Warns the World of the Menace of Bolshevism.
13. The Resurrection of the Unknown Soldier, by Prelate Bela Turi.
14. Who Are the Rulers in Russia?
15. Germany Demands Equality of Rights.
16. The Truth About the Jews in Germany.
17. Jewry and Penal Punishment, by Lt. George Daluege.
18. The Destruction of Domestic Life Through Bolshevism.
19. Adolf Hitler Offers France 25 Years of Peace.
20. World Enemy No. 1—Bolshevism.
21. Bolshevism and the Farm Class.
22. Fair Play for Germany, by E. Collinson.
23. To the Front Line Fighters of the World War.
24. Bolshevists as World War Mongers.
25. Danzig Attacks the League of Nations.
26. Adolf Hitler's Contribution to the Promotion of European Peace.
27. Bolshevist Atrocities in Spain.
28. Facts and Figures Versus Falsehood, by Dr. Ley, leader of the German Labor Front.

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address delivered by the Honorable James A. Farley, Postmaster General of the United States, on October 15, 1937, on the occasion of the dedication of the new Federal building at Centralia, Wash.

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

There was no objection.

Mr. ASHBROOK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter, which I presume all Members of Congress have received, giving the views of the National Grange on the pending farm bill.

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

There was no objection.

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of postal activities.

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

There was no objection.

Mr. DREW of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include a radio address by Mr. Herbert M. Syme, attorney for the Pennsylvania Unemployment Compensation Board.

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

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, the news magazine, Time, in the issue of November 29, printed an article which pointed out that Prime Minister Sir Neville Chamberlain, in announcing the proposed reciprocal-trade agreement with this country, indicated to the House of Commons that Great Britain was not so much approving a trade agreement as trading an economic treaty in the interests of immediately valuable political solidarity. Mr. Chamberlain is reported as saying:

> I feel sure that the House will warmly welcome this further step toward an agreement between the two governments.

Shortly after this, Mr. Leopold S. Amery made a speech at a meeting of the Empire Industries Association, in which he said:

> I can hardly imagine that such an agreement is likely to revolutionize the American outlook on foreign affairs, so that she will be willing to do battle either for us or for the League of Nations, in Europe or in the Far East.

Mr. Speaker, I think that clearly shows what Great Britain has in mind so far as an industrial League of Nations is concerned. In other words, she would like to get us into a political League of Nations, and we do not want that. If we fight, we will fight in our own time and our own way, and not at the bidding of any other country.

Mr. WILCOX. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

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

There was no objection.

Mr. WILCOX. Mr. Speaker, on November 22 I introduced in the House of Representatives a bill (H. R. 8469) providing for the granting of tax exemption on that part of net income, not in excess of 50 percent of the total, as shall be expended for the construction of new buildings or the repair of existing buildings, or other improvement of real estate.

Under the terms of this bill a taxpayer would be permitted to use as much as half of his net income for new construction and would be granted tax exemption on that part of his income so used.

Now for the next few minutes I want to discuss this measure; and, in doing so, to call attention to the serious problems now pressing upon the Congress and the necessity for finding an immediate and practical solution for those problems.

Our primary problem today, as it was in 1933, is the problem of finding jobs for the unemployed. Government spending or "pump priming," while a very necessary procedure as a temporary emergency measure, cannot solve the problem. Under our public-works program we have made it possible for millions to receive temporary employment, but, of course, the Government cannot continue to spend sufficiently large sums to insure employment to all who are in need of it. And while as an emergency measure it accomplished much, Government spending must ultimately defeat its own purposes, because the cost, with interest, must be paid by the people in increased taxes.

Federal taxation is the most iniquitous of all taxation because it is reflected in increased living costs and therefore falls more heavily upon the poor than upon the rich, in proportion to ability to pay.

President Roosevelt correctly stated the case when he said, in effect: "No tax has yet been devised which is not ultimately paid in the sweat of every man who labors."

Many people have the mistaken idea that they do not pay taxes to the Federal Government just because they do not hand the money over directly to the tax collector. They think it costs them nothing to have their Federal Government dish out huge sums of money for this, that, and the other thing. They look upon these Federal expenditures as "outside money" that comes from some mysterious source where there is an inexhaustible supply and that it costs nobody anything. Or at most they think that if it has to be paid back it will all come out of the millionaire income-tax payers.

No more erroneous idea was ever circulated. What they overlook is the fact that income taxes are added into the cost of every manufactured article and passed on to the next fellow and the ultimate consumer pays the taxes of every man or corporation who handled the article from its inception to its delivery. When the farmer or the laborer buys a pair of shoes he pays the taxes of the tanner, the manufacturer, the wholesaler, the jobber, the retailer, and the transportation lines which handled that pair of shoes. Therefore, as Federal taxes go up, the cost of living goes up and the farmer, the laborer, the salaried man, and the little fellow at the bottom of the ladder pays the bill.

Piling up the national debt means piling up the burden for the common people of the country to carry. The money which the Government spends is borrowed money and it must be paid back with interest. There is no way of paying it except from money collected in taxes which must be paid in the sweat of every man who labors and squeezed from the bread of the poor.

To continue such a policy would mean the placing of an impossible burden upon the backs of those whom we seek to assist.

And while, as I have said, Government spending was necessary as a temporary emergency measure and while it served a useful purpose as a "'pump priming" process, it cannot be continued indefinitely. If it is continued, it will produce a condition worse than the one we found ourselves in at the depth of the depression.

And since the Government can furnish employment only by the expenditure of borrowed money, it is quite evident that we have reached the point where a solution of this problem of unemployment must be found which does not require further Government expenditure.

Obviously, the burden must be assumed by private business, private industry, and private capital. How to accomplish this end, how to get private capital back into the field is the problem which must be solved and, if we are to avert another business collapse, it must be solved at once.

The bill H. R. 8469 offers what I believe is at least a partial solution. It proposes an inducement to private capital to enter the construction field. By granting an exemption from taxation it makes the expenditure of private money more attractive and it appeals to the natural desire of every man to avoid the payment of taxes.

There is no single industry that so vitally affects the welfare of the Nation as a whole as does the building or construction industry. No enterprise has the ability to put idle funds to work and to give employment to the unemployed in comparison with this industry. Millions of people are directly or indirectly dependent upon the construction business. As building increases business improves and as building decreases business in general falls off. Construction not only furnishes employment and income to the millions of workmen directly employed but it also furnishes an outlet for the products of the forest, the mines, and the mills, and furnishes business for the transportation lines.

When the building industry is active and these millions of workmen are employed, business in general is good because the purchasing power of these millions of people is increased and every line of business in the country profits as a result.

In his recent message to Congress, the President estimated that an average of from 600,000 to 800,000 dwelling units need to be built annually over the next 5 years to overcome the accumulated shortage and to meet the normal demand for housing facilities. Not only is the country badly behind in the construction of homes but industry as well is in need of hundreds of millions of dollars of additional construction.

If private capital can be induced to enter the construction field and build these twelve to sixteen billion dollars worth of homes and factory buildings, we will have solved the unemployment problem in America. We will have furnished employment for the miners in the iron mines, the workers in the steel mills, the laborers in the forest and in the saw mills, and we will have put back to work millions of idle skilled workmen in the building trades.

It occurs to me that in recent years we have piled up taxes to the point where we have to some degree at least discouraged the investment of private capital in the construction of new buildings and that this is in no small degree responsible for the lag in construction. The undistributed profits tax, the capital gains tax, and other levies have not only discouraged the investment of the capital of corporations in new construction but have actually prevented in many instances construction which should and would have been carried on had it not been for these levies. It seems to me, therefore, that while taxation may not have been entirely responsible for the failure of private capital to enter the construction field, at least our recent experiences should convince us that inducements in the way of tax exemption would certainly furnish attraction for capital to again take up the slack. We must offer encouragement and some inducements to people to put their own money into construction if we are to give employment to the millions of people who are directly dependent upon the building industry and at the same time provide adequate housing facilities for the people of the country.

My bill has the attraction of permitting the taxpayer to have his cake and eat it, too. By using 50 percent of his net income in construction he escapes taxation upon that part of his income but still has his money in the form of a new or improved building. But it will not result in any serious loss of revenue to the Government because, while the original taxpayer escapes taxation, he puts the money into circulation by the purchase of lumber, brick, cement, steel, and hardware, and by the payment of wages to carpenters, painters, masons, and so forth, thus stimulating business and increasing incomes of all with whom he deals.

This expenditure of money and the consequent acceleration of business would result in increased profits to business upon which taxes would be paid, and the loss, if any, to the Government should be very slight.

At least it offers an inducement to private capital to again enter the construction field and thereby offers a means for having private industry take up the burden of finding employment for the unemployed.

The idea of granting tax exemptions as an inducement for expansion of business is not new. We have witnessed the experience of hundreds of communities which, in order to secure the location of a new industry in their midst, will grant tax exemption for a period of years. State, county, and municipal officials, realizing that by securing a new industry in their community they furnish employment to their people and increase property values generally, have very wisely extended these tax exemptions for a limited period of time. If the Federal Government will profit by the experience of these communities and grant a limited tax exemption as a means of inducement for the investment of net income in construction, the Government will not only relieve itself of the burden of finding employment for the unemployed, but in the long run will increase its income from taxes because of the acceleration of business and industry and the increased incomes of all of its citizens.

But let us paint the picture in the darkest possible colors. Let us say, for the sake of argument, that the expenditure of private funds and the speeding up of business, with its consequent increase of incomes will not in fact result in increased revenue to the Government. Let us say that the tax exemption will result in a dead loss of that amount of revenue to the Government. This will not happen and cannot happen, because the speeding up of business will result in increased incomes, upon which taxes will be paid, and there will be no loss of revenue. But let us concede that it will result in a loss of revenue. Now, if by speeding up the building industry we can put the unemployed back to work and get them off the relief roll, we will save the Federal Government $1,500,000,000, which is the amount we have appropriated for relief for this fiscal year, so that we could sustain a loss of $1,500,000,000 in revenue and still break even, because we would save that amount, which we are now spending for relief.

It may be argued that granting tax exemption would encourage unwise construction. The answer to that, of course, is that the taxpayer is investing his money while securing a tax exemption and necessarily will see to it that the money is wisely invested.

Again, it may be said that the granting of tax exemptions as an inducement would result in overexpansion of the building industry and in the construction of more housing facilities than would be required by the country. It is hardly conceivable that there could be an overexpansion of the industry if the President's estimate is correct when he says that within the next 5 years we must construct between 3,000,000 and 4,000,000 family housing units in addition to the normal expansion requirements of business and industry. At $4,000 per unit, it is estimated that at least $16,000,000,000 worth of dwellings are required, and to this must be added the billions of dollars' worth of expansions, extensions, and new construction of buildings for industrial plants and business enterprises. If, during these next 5 years, we can induce private individuals and private business to construct this fifteen to twenty billion dollars' worth of new buildings now required, we will have created not only an unprecedented building boom and solved the unemployment problem of the Nation, but we will have added to the permanent

wealth of every municipality and every county in the country, and we will have increased the incomes of the people to the point where the Federal Government's taxes will have more than balanced the Budget.

I offer no criticism for the program of guaranteeing the payment of construction mortgages. On the other hand, I have enthusiastically supported this program as a means of inducing capital to resume the burden of finding employment for the people as well as supplying the housing needs of the country. It is quite evident from our recent experiences, however, that the mere guaranty of the payment of construction mortgages is not sufficient. We must induce those with money to invest that money in construction without Government guaranties. If the man with a $10,000 net income can be induced to spend $5,000 of it in the construction of a new building, he not only will have increased the value of his holdings but he will have contributed to the welfare of the country and to the solution of our most perplexing problem. And certainly no inducement could be offered which equals the inducement of securing an exemption from taxation.

This bill, therefore, capitalizes upon the natural desire of every man to avoid the payment of taxes. It gives him the advantage of increasing the value of his property while escaping the payment of taxes to his Federal Government. But in doing so he will not have deprived the Government ultimately of its taxes because he will have accelerated business and increased the income of those with whom he deals, thus increasing the revenues of the Government.

I therefore commend this bill to your earnest and careful consideration, confident that if it is enacted it will take from the relief rolls and the charity rolls of the country millions of workmen and place them back into legitimate employment in their regular lines of endeavor. It has been my observation that the American people do not want charity. They do not want to be supported in idleness. They want to earn what they receive and they want to earn it by legitimate labor in legitimate business. They do not like to feel that they are performing useless tasks or that they are being paid for unnecessary endeavor. They want to feel that they are actually earning their income by the performance of necessary, useful, and legitimate work. This bill, in my opinion, will furnish them that opportunity. [Applause.]

The SPEAKER. Under a previous special order of the House, the gentleman from Vermont [Mr. PLUMLEY] is recognized for 10 minutes.

ADMIRAL GEORGE DEWEY

Mr. PLUMLEY. Today, Mr. Speaker, we are taking time out of our busy lives, and it is the least we can do, to honor the memory and to observe the one hundredth anniversary of the birth of George Dewey.

Emerson said "There is properly no history, only biography." It is "the essence of innumerable biographies," says Carlyle.

There are those shortsighted, materially minded people who arrogate to themselves the designation "practical," who complain that days spent in observing the anniversary of any man or occasion, are a waste of public time and meaningless displays of public sentiment. Fortunately the direction of nations is not in the hands of such blind guides, men who can see nothing beyond the day's work and the day's profit. Wiser heads have managed from generation to generation to gain control of our destinies, realizing the cardinal defect of human nature, its selfishness, the shortness of its memory for the great moments of history, its significant crisis of achievement and warning, the great lessons taught by the lives of its great men. A great object is achieved, a great danger is passed. In the hours of triumph, escape, or accomplishment, men rend the skies with jubilations, crowd them with flags, irradiate them with bonfires, ring the bells. Never was such a moment but, left to themselves, a week or two would suffice ordinarily for the achievement to become a commonplace, the danger to be forgotten, and their remembrance of the event itself to sink into the limbo of the unremembered.

However, the wiser, farseeing ones, as they look on and as the tumult and the shouting cease, perceive the eternal significance of such moments. Great moments of achieved freedom. Heroes, saints, fighters, workers, dreamers, the dauntless martyrs for ideas—for these there should be abiding memorials, tangible or intangible, in order that men looking up from the dusty preoccupations of their daily tasks shall not be permitted to forget, but shall be sharply and inspiringly reminded of the fact that in the lives of all of us there is that something which we call a soul.

The wise ones know—and how true it is—that it is only by the recognition of our indebtedness to the accomplishments of those who have preceded us and by a proper respect shown the memory of these men and women that we can be brought to a realizing sense of our own responsibility and to an appreciation of the fact that—

The high crusade whereon we have embarked calls forth the free,
In hosts, with spears and flaunting flags arrayed;
Not for one dragon's end, one victory,
One last great war, but to unending war,
Without, within, 'till God's white torch supreme,
Melts the last chain, and the last door swings slowly wide to the triumphant dream.

The rise of Admiral George Dewey to fame, Mr. Speaker, was not an accident, neither was it the result of favoring contingencies, but the result of a great character unconsciously combining with a situation in which his country had, as if thoughtfully, placed him in its hour of trial. This is the only legitimate method of human greatness. This is the only greatness which is neither envied nor denied by those who cannot achieve it.

All his life had been a preparation for just the opportunity that came to him. Do you know that when other officers of his grade were suggested for the command of the Asiatic Squadron in 1897 no one cared for the assignment? It was offered to Dewey, who accepted it, not because he wanted to go, nor because he could or did foresee an opportunity to win renown and undying fame, but because he believed, as he always had told others, that "an officer should always be ready for any duty which may be required of him."

He owed his appointment—

Said President Theodore Roosevelt—

to the high professional reputation he enjoyed and to the character he had established for willingness to accept responsibility, for sound judgment, and for entire fearlessness.

The Nation must make ready the tools and train the men to use them, but at the crisis a great triumph can be achieved only should some heroic man appear. Therefore, it is right and seemly to pay homage of deep respect and admiration to the man when he does appear.

In naval circles the world around it is agreed that the victory at Manila Bay established the rank of Admiral George Dewey among those most distinguished naval heroes of all times, waged, as the battle was, with the utmost gallantry and skill, without error, and crowned with overwhelming success.

George Dewey, Mr. Speaker, the one hundredth anniversary of whose birth we are observing today, whose accomplishments are the possession and proud heritage of us all, was a typical son of the State of his nativity. From a humble and unpretentious home among those little green hills and valleys which he loved, he walked out to do his duty and, as a consequence, to change the course of the circle of empires, open the door of opportunity to and determine the destiny of millions of men relieved from the bondage and oppression of centuries, remake the map, and write a new chapter in the history of the world. He came back to us the same modest gentleman, unspoiled by triumph, though he came as conquerors come—he came back not creeping into port a wreck, with broken masts and rudder gone, but with flags flying, under full sail, strong for other voyages to other seas; and down the long years he will be remembered for what he did and was, and his name will be found written high on the honor roll of the world—written on the architrave, tablet, and pedestal with the names of Nelson and Decatur and Farragut—and there it will forever

be found throughout all the splendid history of the days to come. [Applause.]

On the 29th day of March 1937, the Governor of the State of Vermont approved a joint resolution which had been adopted by the Legislature of the State of Vermont, which joint resolution reads as follows:

Joint resolution relating to the observance of the centenary of the birth of Admiral Dewey

Whereas the centenary of the birth of Admiral George Dewey falls on December 26, 1937; and

Whereas Admiral Dewey was educated in the schools of Montpelier and at Johnson Academy and Norwich University before attending the United States Naval Academy at Annapolis; and

Whereas he later became one of Vermont's most distinguished sons as a naval commander in two wars, whose exploits in the Spanish-American War placed this Nation definitely in the forefront of naval powers of the world; and

Whereas his whole career in the service of his country and in his civil life provides a worthy example in citizenship and service for the youth of the State and Nation: Now, therefore be it

Resolved by the senate and house of representatives, That during the month of December 1937, the life and achievements of Admiral George Dewey be memorialized with proper ceremonies in the schools of Vermont and that public observance of the centenary of his birth be held in towns and cities of the State; and be it further

Resolved, That the Governor be hereby authorized to appoint a commission of three persons, and designate the chairman thereof, to arrange for such ceremonies in the schools and in the towns and cities of the State, and that the persons therein appointed shall serve without pay but shall be reimbursed for necessary expenses incurred in the performance of their duties on presentation to the auditor of accounts of proper vouchers therefor; and be it further

Resolved, That the sum of $200 be hereby appropriated to the said commission for the purposes of this resolution.

MORTIMER R. PROCTOR,
Speaker of the House of Representatives.
WM. H. WILLS,
President of the Senate.

Approved March 29, 1937.

GEORGE D. AIKEN, *Governor.*

Pursuant to the provisions of the foregoing joint resolution, the commission selected this day, the 1st of December 1937, for the appropriate observance of the one hundredth anniversary of the birth of that son of Vermont, who, as has been so well said, became a national hero overnight and one of the State's outstanding sons by doing a job he would rather have been avoided. And the editor of the Brattleboro Reformer in an issue of recent date goes on to say:

It is 40 years since Dewey's victory at Manila but the Nation still remembers him for it and he stands among the foremost naval commanders in American history. For his defeat of the Spanish Pacific Fleet in a day without the loss of a single American life his praises are sung, but it was his foresight and careful attention to detail, virtues which previously had gone unrecognized, that made the victory so complete and spared the lives of his men.

In 1897, when it was becoming apparent that the United States might become involved in a war with Spain over affairs in Cuba, Dewey, with the rank of commodore, was nearing retirement age. His career had been honorable, but he was in no way distinguished above scores of other naval officers. Since the Philippines were in Spanish hands it was probable that the command of the Asiatic Squadron would become an important post, and many officers coveted it. Dewey sought the post and through the intercession of Senator Redfield Proctor with President McKinley received it.

Dewey took command of the squadron in Japanese waters and proceeded to Hong Kong, where, he often afterward asserted, the Battle of Manila was won. He spent arduous days and nights in preparation. The men were drilled diligently and spent long hours in target practice. Supplies were put aboard, and Dewey and his officers gathered all information available on the Spanish fleet and Philippine waters.

When the squadron got orders to proceed to Manila and "capture or destroy" all Spanish ships it was trained to a fine edge. Seven days later the Spaniards were engaged in battle and in a few hours their vessels were all sunk, burned, or captured. Only seven American sailors were slightly wounded. Dewey received the rank of rear admiral and many other honors.

In a letter to his sister back home at Montpelier, shortly before he left Hong Kong, Dewey wrote: "I have seven men-of-war all ready for action, and should war be the word, I believe we will make short work of the Spanish reign in the Philippines. * * * But, after all, war is a terrible thing, and I hope some ways out of the dilemma may be found without resorting to the very last course." No other way was chosen, and Dewey won the fame he otherwise never would have enjoyed. But we may well believe that he would have been happier to go without it and see his Spanish foes return to their homes alive.

Today, this anniversary is being appropriately observed at Annapolis, at the State Capitol at Montpelier, in the schools of Vermont, at Norwich University, Northfield, Vt., and generally throughout the Nation.

Profs. P. D. Webster, S. F. Howard, K. R. B. Flint, and Librarian K. K. Moore, of Norwich University, a committee appointed by President Porter H. Adams, have prepared a brief review of the career of the great Vermonter whose memory we revere and the anniversary of whose birth we observe, honoring ourselves by so doing, as well as honoring him. The review above referred to is as follows:

GEORGE DEWEY

George Dewey's ancestry has been traced back through the nobility of France and England to a mythical stage of pagan history. His first American ancestor, having changed the name from Duce to Dewey, settled in Dorchester, Mass., in 1634. This Thomas Dewey later became one of the founders of Windsor, Conn., and from his second son, Josiah, the branch of George Dewey descended. His great grandfather, William Dewey, was one of the volunteers at Lexington, and his brother, Simeon, was with Ethan Allen when he demanded the keys of the fortress at Ticonderoga. No doubt, when George Dewey made the usual summer encampment as a Norwich cadet at Fort Ticonderoga, there were family stories which came back to him and gave him a lively sense of historical continuity. The Rev. Jedediah Dewey is said to have interrupted a sermon to fight the British at the Battle of Bennington, and then returned to conclude his sermon.

Julius Yemans Dewey, the father of George Dewey, graduated at the age of 23 from the medical college of the University of Vermont, settled in Montpelier to practice, became medical examiner and finally president of the National Life Insurance Co. He married Mary Perrin, of Berlin, Vt. Her favorite authors were Thomas Moore and Dr. Samuel Johnson. She was little more than a memory to her third son, George, for she died when he was only 5 and Dewey felt that he owed everything he had done to his father's influence and training.

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There are many stories told of Dewey's boyhood, and most of them have been slightly dramatized by successive narrators. He was a pretty active boy, and not at all afraid of trouble. The district school of Montpelier which he attended was somewhat unruly, and various masters had given it up in despair. When Z. K. Panghorn assumed his duties, he determined that he was going to maintain discipline. So when young George and his comrades set up the inevitable challenge, Mr. Panghorn bided his time, and then proceeded at the psychological moment to inflict quite severe corporal punishment upon George and another ringleader. When the teacher accompanied the boy home to his father, and the evidence of the trouncing was shown, Dr. Dewey, with his usual good sense, offered to continue the chastisement if George did not think he had learned his lesson. George thought he had.

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At 14, George wanted to go to sea. His father wanted him to stay home. The military academy at Norwich, Vt., was the compromise between father and son. This school rivaled, and in the judgment of some, surpassed West Point in those days. Southerners especially thought highly of this institution which was indescribably poor, but which seemed to graduate good officers. There were only two buildings then—the north and the south barracks. And there were only two courses, the collegiate and the scientific. But even in those days, which seemed so remote and peaceful, there were at least two versions of any university: The university as it sees itself through the faculty and the catalog, and the university as it is experienced by the student. In the Norwich University catalog for 1851–52 we find the name "George Dewey, Montpelier," in the list of those enrolled in the collegiate class. Greek and Roman poets and historians, mathematics, navigation, and surveying were the principal subjects studied. And, "on Monday mornings the students have a recitation in Paley's Natural Theology, Wayland's Moral Science, or other books of a religious or moral character." It is somthing of a surprise to find that "moral" and "science" were once connected and that theology, though not the queen of the sciences, was at least natural. It must have been a pleasure to listen to the Rev. Moses S. Royce as he expounded man's whole duty with sureness and conviction, instead of wandering in an egocentric universe relative to nothing.

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The frequent conflicts between the Norwich and the Dartmouth men just across the Connecticut probably compensated in part for the rigor of the military, and Dewey is said to have played a conspicuous part in the famous "Battle of Torn Coats." The trips to Ticonderoga and the tutelage of Gen. Alonzo Jackman, LL. D., in the poetry of mathematics and the very appearance of President Bourns must have been inspiring. Dewey's father became a trustee shortly after the boy was enrolled as a cadet and was a frequent visitor to the college.

Much has been said about the conditions of Dewey's transfer from Norwich to Annapolis. In all our research we can find only a statement that the appointment in those days was primarily political. The Vermont Representative was not disposed to appoint Dewey, who was an alternate. Admiral Dewey says: "There was

no vacancy for West Point from Vermont. Otherwise, I might have gone into Manila Bay on an army transport instead of on the *Olympia*. But it happened that there was a vacancy at Annapolis. A boy by the name of George Spaulding, of Montpelier, received the appointment at first, but decided that he would not take it. My father, through his influence with Senator Foote, had me made Spaulding's successor. Spaulding became a distinguished clergyman."

George Dewey entered the Naval Academy on September 23, 1854, and graduated in 1858. Of the 60 who entered, only 15 graduated, and even by the end of the first year 23 had been plucked. He graduated fifth in his class, and at the end of the 2-year cruise was third in standing.

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Even as a young man he had decisiveness and integrity of character. After his Mediterranean cruise on the *Wabash*, Dewey was commissioned lieutenant, and on May 10, 1861, he reported for duty on the old side-wheeler *Mississippi*, on which he served until it was set on fire by the batteries of Fort Hudson in March 1863. Farragut's indomitable character made a very great impression on the young naval officer, who was called upon to perform trying duties at the age of 24.

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When it became evident that under the grueling fire of the fort the *Mississippi* must be abandoned, Captain Smith and Lieutenant Dewey spiked her guns and went over the side. Dewey risked his life under the fire of sharpshooters to save the life of a seaman struggling to keep afloat with an arm paralyzed by a bullet. After this Dewey was ordered up the James River under Commander McComb. In 1864 he was attached to the North Atlantic Blockading Squadron, and in 1865 he was commissioned lieutenant commander for meritorious conduct in attacks on Fort Fisher.

Dewey always speaks of his own life with a detachment characteristic of a man of action. He never throught of himself as a hero, though after the universal acclaim of his Manila Bay victory he did say that he had become a hero too late in life. He never confused a star of destiny with the chances and changes of war and he always gave full credit to those who toiled with him in the preparation for the victory that followed. In 1867 he married Susie B. Goodwin, the daughter of New Hampshire's fighting Governor. Five years later she died, shortly after giving birth to their only child, George Goodwin Dewey. In the succession of appointments after the Civil War—with the European squadron, as an instructor at Annapolis, as lighthouse inspector, in command of the *Dolphin* and the *Pensacola*—Dewey fulfilled all the routine duties of naval life in times of peace with integrity and efficiency. Buying soap or tobacco for his men, awarding contracts, and building up an inferior Navy to the point where it became an efficient fighting machine for a great Nation took the greater part of his life, and these duties were an ultimate test of his devotion to the naval service. On May 23, 1896, he was promoted from captain to commodore, but continued president of the board of inspection and survey until a fleet was ready for him.

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There was a general expectation of war with Spain. The Navy had prepared for action. The first thing Dewey did was to change his base from Japanese to Chinese waters. Upon his arrival at Hong Kong he learned that the day before, February 15, 1898, the battleship *Maine* had gone down, with a loss of 266 of her crew. Newspapers in the United States were printed in red ink. The war feeling ran high. The Orient became very near, and its glamor moved men and women almost as much as the tyranny of Spain. When Dewey's fleet went into action in Manila Bay the slogan was, "Remember the Maine."

But Dewey had a job on his hands. Sentiment was not enough. He proceeded, when neutrality was observed by China, to move down to Mirs Bay. He bought supply ships and all the coal he could get. Yet when he moved on toward the Philippines there was only 60 percent of the war strength of supplies in his fleet and he was 7,000 miles from home. The British were enthusiastic; the Germans were truculent. The Kaiser wanted the Philippines, and it took great tact, as well as manly determination, to keep the Germans in their place. After the Battle of Manila Bay Dewey nearly had another war on his hands; in fact he offered it to the flag lieutenant of the German Fleet upon 5 minutes' notice. They took the hint and observed the embargo.

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On March 3, 1899, George Dewey became the first admiral of the United States Navy. The whole world rejoiced. When Admiral George Dewey came to the new Norwich in Northfield, Vt., the best orators of the day extolled his achievements, and everywhere great crowds wedged in close to the stand on which the national hero listened to the flowery oratory of the day. In his autobiography, we catch a glimpse which makes us understand the triumphal arch erected for him:

"Dewey arches, Dewey flags, and 'Welcome Dewey' in electric lights on the span of Brooklyn Bridge! The great city of New York made holiday. Its crowds banked the piers, the roofs, and Riverside Drive when the *Olympia*, leading the North Atlantic Squadron, which won Santiago, proceeded up the North River, and they packed the streets for the land parade in token of public emotion, while the gold loving cup which came to me with the freedom of the city expressed the municipality's official tribute. In the presence of this spectacle, which was without equal, my emotion was indescribable. I was no less deeply affected when I stood on the steps of the statehouse at Montpelier with the grounds filled with Vermont 'home folks,' and when on the steps of the east front of the capitol I received from the hands of the President the sword of honor which Congress voted me."

Anyone who studies the life of Dewey finds himself an admirer of the man—even though he is not prone to hero worship. And as we come now to the reversal of popular esteem, which fortunately was only temporary, we pity the great man and feel disesteem for the crowd. After the pageantry was over, and the "captains and kings" were silent, Dewey made the tremendous mistake of marrying a woman whom he loved—Mrs. Mildred (McLean) Hazen, and instead of selling outright the house which the public had given him in Washington (as several generals had done), he deeded it over to his new wife. At the worst, this is a pardonable error. But he also announced his Presidential candidacy. American people of his day felt outraged, and Dewey realized the permanent truth of the proverb, "Sic transit gloria mundi." But Dewey was still indomitable—still every inch a man, and a great one. Every day he went to his office in the Navy Department, fulfilled his routine duties, and keeping in touch with the living science of naval warfare, helped to prepare the American people for a realization of the uncertain tenure of all national relations, and built up the United States Navy for its part in the World War. When he died, on January 16, 1917, President Woodrow Wilson said:

"The whole Nation will mourn the loss of its most distinguished naval officer, a man who has been as faithful, as intelligent, and as successful in the performance of his responsible duties in time of peace as he was gallant and successful in time of war. It is such men that give the service distinction, and the Nation a just pride in those who serve it."

Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a joint resolution adopted by the Legislature of Vermont, an extract from an editorial appearing in the Brattleboro Reformer, and excerpts from a review of the career of Admiral Dewey prepared by a committee consisting of Professors Webster, Howard, Flint, and Librarian Moore, of Norwich University.

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

There was no objection.

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

Mr. PLUMLEY. I yield to the gentleman from Missouri.

Mr. COCHRAN. The gentleman knows, because he has rendered valuable assistance to me, that I have been trying for a number of years to bring to Washington the flagship of Admiral Dewey in the Battle of Manila Bay, the cruiser *Olympia*. A bill so providing has passed the House on two occasions. Does not the gentleman believe this is an opportune time to bring that ship here so the people of the country who come to Washington may have an opportunity to see the cruiser which served as the flagship of Admiral Dewey?

Mr. PLUMLEY. I agree with the gentleman.

Mr. COCHRAN. I thank the gentleman. I am positive that if this ship was tied up at the navy yard where the old *Mayflower* docked, until a suitable permanent home could be found for it, it would be visited by every person who comes to see the Nation's Capital. The ship is in excellent condition, the cost of upkeep would be no more than it is at the present time, and it could be towed here by a mine layer from the Philadelphia Navy Yard.

SPECIAL COMMITTEE ON WILDLIFE CONSERVATION

The SPEAKER. Pursuant to the provisions of House Resolution 11, Seventy-fifth Congress, the Chair appoints as a member of the Special Committee on Wildlife Conservation to fill an existing vacancy thereon the gentleman from New York [Mr. COLE].

THE FARM BILL

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8505, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. HOPE. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, before proceeding to a discussion of the general features of this bill, I want for a little time to discuss what is known as the Boileau amendment. My reason for doing this is that I believe that however well intentioned the amendment may be, if adopted it will make it impossible to administer not only this bill but the Soil Conservation Act as well.

The amendment provides that no land which may be taken out of soil-depleting crops under this program may be used to produce any soil-conserving or soil-building crop for market. The term "for market" is defined to mean not only sale but to include the feeding of the crop to livestock or poultry which is to be sold off the farm. However, it can be fed to livestock or poultry to be consumed on the farm. This is a condition precedent to payment, and under the provisions of the amendment it will be impossible for soil-conservation payments to be made until the Comptroller General is satisfied that this condition has been met. In other words, it puts the burden of proof on the farmer to show that he did not sell any of the crop or feed it to livestock or poultry destined for market before he can receive payment. Anyone who knows anything of farming operations knows how very difficult it would be for any farmer to make such a showing that would be satisfactory to governmental accounting officials. How is a farmer going to segregate his livestock which he is to use for home consumption and that which he may sell? To make sure that this condition was being met would require an army of inspectors and spies, would require infinite bookkeeping and accounting by the farmer, and a degree of regimentation never contemplated anywhere.

Before I discuss the amendment further, may I call attention to the fact that, despite all that has been said concerning the plight of the dairy industry, it is and has been throughout all the years considerably better off than any other branch of agriculture. It has not been helped in the same way some other branches of agriculture have been helped under recent legislation. It has not been necessary to furnish this help because, fortunately, we have been able to afford dairy products ample protection under our tariff system.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield for a question?

Mr. HOPE. I prefer not to yield now. I shall be pleased to yield a little later when I have completed my discussion of this subject.

We have tariffs on dairy products which are in effect prohibitive. The imports of butter in an ordinary year are considerably less than 1 percent of our total consumption. While the percentage of cheese imports will run higher than that, such imports are mostly of classes and grades of cheese which we do not produce in this country.

The same thing is true, of course, of other dairy products, such as fresh milk and cream, ice cream, and other manufactured dairy products. All of them are protected by high and practically prohibitive tariff rates. While it is hard to compute in dollars and cents how much of a subsidy the dairy industry receives as a result of this tariff protection, yet I think it is only fair to say it receives substantially the difference between the price of comparable dairy products in other countries and the price in this country.

If you will check up on the price of butter in Australia, New Zealand, Denmark, and other butter-producing countries and the price in this country you will find the tariff on butter is always partially and at times almost entirely effective. During the year 1936 wholesale butter prices in New York and other important markets averaged about 12½ cents per pound over Copenhagen and 11 cents over New Zealand. However, assuming that it was effective to the extent of only 10 cents a pound, the American consumer paid the dairy producer a subsidy of approximately $210,000,000 last year on our total production of approximately 2,100,000,000 pounds of butter. Of course, our production of creamery butter is not that large, but at that rate on creamery butter alone it would amount to $162,000,000 per year. In some years the difference in American and foreign prices is not so much as in 1936, but during the last 10 years the difference has never been less than 5 cents per pound and has averaged around 9 or 10.

We have a tariff of 7 cents a pound on cheese of the type known as American cheese. Cheddar cheese, of which we produce almost 500,000,000 pounds per year. If we assume the tariff is effective to the extent of only 5 cents a pound in price enhancement, this represents approximately $25,000,000 a year in the way of a subsidy to the producers of this particular product.

Therefore it is hardly fair for the producers of dairy products to say other crops and other producers are receiving a subsidy and they are receiving none, because they are receiving the most effective subsidy which can be given to any producers through the tariff benefits they receive.

Furthermore, dairy products have been given a class of protection through legislation received by no other agricultural product. We have legislated against substitutes for dairy products. We have our oleomargarine laws, which not only impose a tax upon production but apply strict licensing requirements upon dealers, manufacturers, and wholesalers. A number of other restrictions are imposed which have the effect of hurting the sale of oleomargarine and encouraging the sale of butter. We have no other agricultural product which is protected in the same way; but if we had legislation placing restrictions upon the sale of rayon in order to protect the cotton industry, we would have something similar; or if we had legislation to restrict the use of rye in order to protect the wheat producer, we would have the same idea; or if we had legislation to restrict the use of pecans in order to protect the peanut producer, we would be doing the same thing for the peanut producer we are doing for the dairyman. Dairy products are the only agricultural products which have been protected in this way. You cannot compute this in dollars and cents, perhaps, but it is a subsidy which is being paid by the American consumer to the dairy producer.

Then we have, in the case of fresh milk and cream, a sanitary embargo prohibiting the importation of those products into this country unless they meet certain sanitary requirements, which we do not have in the case of most agricultural products.

In addition to this, generous appropriations have been made by Congress over a period of years for the eradication of bovine tuberculosis. Since 1917 we have appropriated and spent over $92,000,000 for this purpose, and the States and counties have appropriated and spent $172,000,000 in addition.

For the eradication of Bangs disease the Federal Government had spent up to June 30 last, over $38,000,000 and the States and counties had spent over $2,000,000.

Purchases of dairy products by the Surplus Commodities Corporation for relief since July 1, 1933, have totaled $28,000,000, and, of course, the dairy farmer under the soil-conservation program is being paid on the same basis as every other farmer for his acreage devoted to soil-conserving crops.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. BOILEAU. The gentleman has mentioned the amount of money that has been spent in aid of the dairy industry and has included many health measures. Has the gentleman the figures as to the amount of money spent under the old Farm Board and under the Agricultural Adjustment Act, as well as the other acts, for the benefit of wheat and cotton?

Mr. HOPE. No; but they have been considerable——

Mr. BOILEAU. Has there not been spent $10 for wheat and cotton for every $1 spent for the dairy industry in the last few years?

Mr. HOPE. No; I do not think that is a correct statement. There has been a great deal spent for wheat and cotton, but the point I am making is that the dairy farmer is subsidized through a tariff——

Mr. BOILEAU. And we have a tariff on every other farm product.

Mr. HOPE. You cannot subsidize the surplus producer through a tariff, because his prices are fixed on the world market.

Mr. BOILEAU. And if you put us on a surplus basis, then the tariff will not be effective in our behalf either and we will be in the same position as the wheat and cotton producers.

Mr. HOPE. I agree with the gentleman, but I am going to point out that there is no possible chance of putting you on the basis of surplus production under the terms of this act. The able gentleman from Wisconsin on various occasions has made the same speech he made yesterday, in which he pointed out what he sincerely felt was a danger to the dairy industry, in that he felt there would be an increase in dairying in the Wheat and Cotton Belts. The gentleman has been making these speeches, as I say, ever since the original Agricultural Adjustment Act was passed, and it would seem that 4 years having elapsed since that time, if his fears have any basis, there ought to be something concrete and tangible in the way of proof. Yet if you will examine the records and the statistics of the Department of Agriculture, you will find there is no basis for his fears.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield there?

Mr. HOPE. I would prefer to yield a little later.

Mr. BOILEAU. The gentleman has made a statement which I do not think is borne out by the facts, and if the gentleman will permit I would like to reply to that statement.

Mr. HOPE. I yield.

Mr. BOILEAU. I showed yesterday very clearly, from the statistics of the Department of Agriculture, that the cow population of the South has increased in the last few years, from 1932, as against 1937, and have also shown that the increase in the production of manufactured dairy products, particularly cheese, has been tremendous, and the figures which I quoted yesterday in my remarks, I think are absolutely convincing on that point.

Mr. HOPE. I hope to be able to convince the gentleman, as well as other Members of the House, by some figures I am going to quote that the gentleman from Wisconsin is in error.

The gentleman from Wisconsin in the figures which he used yesterday, used the year 1932 as a base, and he pointed out that there was a small increase in the number of dairy cattle in the South in 1937, as compared with 1932. But we did not have any production program in effect in 1932. There was no program of any kind in effect in 1932, and if the gentleman had gone back to 1930 and 1931 he could have shown a far greater increase in 1937 over those years than he showed over 1932, because there was a constant increase in the number of dairy cattle in the South, and in some other parts of the country, from 1930 up to 1934 and in some States until 1935. The greatest increase took place before any of these agricultural programs were put into effect, and while it will take a little time, I want to call attention to the general summarized figures for the South, showing that this increase began before 1933, although it did continue into 1934 and 1935, but since that time it has gone the other way. All of the figures to which I call your attention being from the Department of Agriculture publication Agricultural Statistics for 1937.

I will tell you why we had an increase in dairying in the South, and in the West, in 1930, 1931, and 1932. It was because the cotton and wheat farmers were not able to make a living growing cotton and wheat and they resorted to dairying, as they always do under such circumstances. The reason we have had a decline in dairying since that time in those areas is because under these programs wheat and cotton production have been made more profitable, and farmers have stopped milking cows. These figures cannot be interpreted to show anything else.

In 1933—the first year these programs went into effect—in the South Atlantic section—which is the area including Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, and Florida—there were 1,921,000 dairy cows and heifers 2 years old and over. In 1937 there were 1,945,000, or an increase in that particular area of 24,000 dairy cows and heifers over 2 years old.

In the South Central area, which takes in the rest of the South, there were, in 1933, 5,081,000 dairy cattle and in 1937 there were 4,982,000, so that there was in that area a considerable decrease. In the entire South, and that takes in all the territory south of the Ohio River, and Mason and Dixon's line, there was a decrease in dairy cattle in those 4 years that these programs have been in existence of seventy-five-thousand-odd dairy cattle 2 years old and over. The major part of that decrease has taken place in the last 2 years. If I can have your attention for just a little bit longer, I call attention to the fact that in the South Atlantic section there were 1,678-000 dairy cattle over 2 years old, and in 1933, the first year these programs went into effect, the number was 1,921,000, or an increase of almost 250,000 in those 3 years. As I pointed out, since 1933 in that particular area there has been an increase of only 21,000. In the South Central area in 1930 there were 4,259,000 dairy cattle, and in 1933 the number had increased to 5,081,000, or over 800,000 head, in those 3 years before there was any program, and when the cotton farmer was receiving very low prices. It seems to me that if these figures prove anything they prove that farmers go into dairying when diminishing returns from cash crops make it imperative for them to seek some other source of income and that when their cash-crop income increases, they go out of dairying. I have given you figures only for dairy cattle 2 years old and older, but I call attention also to the figures on dairy cattle between 1 and 2 years of age, which show that in the entire South, between 1933 and 1937, there was a decrease of 60,000 head. That is significant because it shows they are not increasing, because if they were there would be a larger proportion of younger cattle.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. In a moment. Of dairy calves under 1 year there was a decrease of 164,000 head during that time, showing they are not building up their herds; they are letting them go down. I yield to the gentleman from Mississippi.

Mr. RANKIN. I would say to the gentleman from Kansas that in my section of Mississippi there are literally thousands of Jersey heifers shipped to Wisconsin, Minnesota, and New York every year. It is going on every week. That is one thing that has reduced the dairy heifers in our section of the country.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. BOILEAU. The gentleman just quoted figures showing a reduction in dairy cows. Was that in the last few years?

Mr. HOPE. 1933 to 1937, during the time those programs have been in effect.

Mr. BOILEAU. So that now there is considerably less than in 1933?

Mr. HOPE. Yes.

Mr. BOILEAU. The gentleman has used that for the conclusion he makes that when cotton and wheat farmers are prosperous, they go out of business so far as dairying is concerned. Are they so prosperous now in cotton and wheat that that is the reason why they have stopped their dairy production?

Mr. HOPE. I think everyone is aware of the fact that the cotton and wheat farmers have had better incomes during the last 4 years than in the 3 years preceding.

Mr. BOILEAU. But the gentleman used the figures 1937.

Mr. HOPE. Yes.

Mr. BOILEAU. As a point showing the difference. It seems to me the gentleman's argument is fallacious in the fact that now you have a low price for cotton and wheat and still the gentleman claims not to have an increase presently in dairy products.

Mr. HOPE. Of course, the gentleman knows that it takes a little while to build up a dairy herd. It is not done overnight. Low prices, if they continue, will be reflected during the next 2 or 3 years in an increase of dairy cattle. They will not be reflected instantaneously, of course. The drop in both cotton and wheat prices has taken place only in the

last few months. The figures which I gave on cattle were for January 1, 1937, when prices were much better than now.

Mr. BOILEAU. Then, the gentleman should not have used 1933; he should have used the year before the program went into effect.

Mr. HOPE. I used the figures for January 1, 1933. There was an increase until 1934 and 1935, being a continuation of the trend begun in previous years. If the gentleman would rather have those figures, I shall be glad to put them in the RECORD.

The year 1933 being the year in which these programs went into effect, I thought that was the proper year to use for the purpose of making a comparison. Any increase on account of farm programs would have to take place after January 1, 1933, which is the date upon which my figures are based.

Mr. BOILEAU. The only reason I used 1932 in my figures yesterday was because that was the year before the programs went into effect, and I thought that was the proper basis, and I used the last year for which the figures were available.

Mr. HOPE. I do not question the integrity of the gentleman's figures or his conclusions.

Mr. BOILEAU. I appreciate that, but I simply wanted to explain the reason why I used this particular year.

Mr. LORD. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Briefly; yes.

Mr. LORD. According to the statement of the gentleman from Mississippi [Mr. RANKIN], the reason that the dairies have decreased in the South is because they are making a business of raising them and shipping them north.

Mr. RANKIN. Will the gentleman yield?

Mr. HOPE. Yes; I yield briefly.

Mr. RANKIN. I will say to the gentleman from New York [Mr. LORD] that I would appreciate it very much if those New York dairymen would quit coming down there and taking away our Jersey heifers, so that we could increase our dairy production.

Mr. HOPE. Mr. Chairman, I refuse to yield further.

Mr. RANKIN. Ours are free from tuberculosis.

Mr. LORD. And so are ours.

Mr. RANKIN. Yes; because you bought them in Mississippi. [Laughter.]

Mr. HOPE. I also want to point out one other fact in connection with this discussion as to the status of the dairy industry as compared with other branches of agriculture by calling attention to the index numbers of farm prices for the month of October, as shown in the Department of Agriculture publication, The Agricultural Situation, for October.

I call your attention to this fact: That for the month of October the index price on grains was 93; on cotton it was 67; on dairy products, 128; on the average of all products, 112.

I also desire to call your attention to the fact that in 1932 approximately that relationship existed, because in that year the index number for grains was 44. The index number for cotton was 47; for dairy products it was 83. I might say that most of the time between those two dates the index number for dairy products has been higher than for other commodities. There have been some shifts back and forth, but taking it by and large the dairy index has been much higher.

Mr. SAUTHOFF. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. SAUTHOFF. Have you any tables that show the cost of production in the different commodities?

Mr. HOPE. No; I have not gone into that phase of the matter.

Mr. SAUTHOFF. That is the meat of the coconut.

Mr. HOPE. The meat of the coconut, as far as my discussion is concerned, is the relative price levels that have prevailed since 1932, as far as the dairy industry and other branches of agriculture are concerned. I want the gentleman to understand that I do not contend the dairy industry is getting all it should, or that dairy farmers are becoming rich, or anything like that, but my contention is that as compared with farmers engaged in other branches of agriculture, dairy farmers are relatively well off.

Mr. MICHENER. Mr. Chairman, will the gentleman yield right there?

Mr. HOPE. Briefly; yes.

Mr. MICHENER. If what the gentleman says is true, and it is true, that dairy has not been as hard hit as other industries, and we are passing legislation to help these other agricultural industries, and there is something in this legislation that will take 40,000,000 of land out of production of these other commodities and place it in production of dairy commodities, then do we not face a real injury or crisis, as far as the present prosperity of dairy is concerned?

Mr. HOPE. I do not think so. That has not been happening during the past 4 years when we have been taking land out of production, and there is no reason for believing it is going to happen to any greater extent during the next 4 years.

Mr. MICHENER. But the gentleman says the plan will not work. It will not work because the people in the South will not comply with it unless they are permitted to grow these soil-conservation crops and to use those crops for dairy products.

Mr. HOPE. I believe the gentleman is misinformed as to what will be done under the soil-conservation program. I have in my office a copy of the 1938 soil-conservation program, that is, an outline of it. There are six mimeographed pages in that outline of practices which are considered as soil conserving. Many other practices than the planting of grasses and legumes are permitted. You can use fertilizer on your land, you can lime it, you can plant trees or shrubs, you can do strip planting, you can control weeds, you can restore wood lots by nongrazing, you can practice contour farming, you can construct terraces. In fact, there are 44 different soil-building practices listed for which payments may be made. Some grasses and legumes will be planted, of course, but there are many other practices by which these soil-conserving payments may be earned.

Mr. BOILEAU. In 1936 the program was practically all grasses.

Mr. HOPE. I am talking about 1938. I do not care, however, to take up any more time on a discussion of this particular phase of the matter, and I would not do so now had not the issue been raised. I want it distinctly understood that what I have said has not been with any feeling of animus toward the dairy industry or those engaged in it, because I have supported practically all legislation that has been brought here on this floor for the dairy industry. I want to see the dairy industry prosper and I want to see all agriculture balanced as far as possible. I regret that we cannot afford other agricultural commodities the same type of protection that we can the dairy industry. This brings me to the thought that I want to elaborate upon now as a reason why we must have some legislation along the line of this bill if we are to maintain the proper balance between agricultural producers. I agree, if we are going to have 5-cent cotton and 35- or 40-cent wheat again, it is going to disturb the balance between dairying and other industries, but not in the way that the gentleman from Wisconsin and other spokesmen for the dairy industry think it is. It is going to do the same thing that it did back in 1930, 1931, and 1932, it is going to increase the number of dairy cows in the South and in the Wheat Belt, because farmers are going to have to go into the production of dairy products in order to eke out their income.

The CHAIRMAN. The gentleman from Kansas has consumed 30 minutes.

Mr. HOPE. Mr. Chairman, I yield myself 15 additional minutes.

Mr. Chairman, now getting to the bill itself, let me make my position plain by saying that I have always favored a voluntary type of program. I want to see a voluntary program continued; and that, in the main, is the purport of the program that is contained in the House bill. I

dislike the necessity for any sort of an agricultural program, but here is the situation that confronts the producers of surplus commodities: They are living in a country where almost every other industry is on a subsidized basis in one form or another. I am referring now particularly to the producers of wheat and cotton. It is true there is a tariff on wheat of 42 cents a bushel, yet today it might just as well be 10 cents a bushel or $1 a bushel, because we are on a world basis and our prices are on that basis. As far as wheat is concerned we are not going to get any benefit from the tariff except occasionally for certain types and grades of wheat or when crop failures reduce our surplus.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Very briefly, for a question.

Mr. LEAVY. If we are on a world basis on the price of wheat, why is it that today and for the last 30 days wheat in Winnipeg has been selling for from 15 to 30 cents a bushel over wheat in Minneapolis? I ask purely for information, because tariffs could not be responsible for that situation.

Mr. HOPE. That is a question that has puzzled me very much, because, ordinarily, when we are on a world basis there is a differential of from 15 to 20 cents per bushel between Chicago and Liverpool. Today there is about 35 cents difference between Chicago, Kansas City, and Liverpool. During the years from 1924 to 1929 wheat moved into world trade with a difference of 15 cents in price between Chicago and Liverpool, but it is not moving today except in small quantities, and I cannot tell the gentleman the answer to that, except that it proves very conclusively that price alone is not the factor that keeps us from getting into the world market. It indicates to me a very discouraging picture as to our ability to get into the world market as far as wheat is concerned. I am sorry I cannot answer the gentleman's question.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Briefly.

Mr. PIERCE. Seven cents might be accounted for by the tariff against our wheat in favor of Canadian wheat on the English market.

Mr. HOPE. That is true; we pay a tariff in England, whereas the British possessions do not. That does not account for all of it.

Mr. PIERCE. It accounts for part of it, at least.

Mr. HOPE. The same situation, of course, exists with reference to cotton. That is, the price is fixed on the world market. There is no tariff on cotton, and it would not make any difference, of course, if there were. So if we are going to get the producers of wheat and cotton on some sort of level with other producers in agriculture and industry who have tariff protection or benefit of a price level which is subsidized at least by the consumer, then it seems to me we might just as well face the facts and go at the matter in the simplest way, which is to provide a subsidy out of the Federal Treasury, if necessary, for the producers of these crops and give them the same basis upon which to operate that other producers have.

My idea is that the only fair and satisfactory solution of this problem is to put the producer of surplus crops upon a subsidy basis.

I would, as far as possible, raise the revenue for that purpose through a processing tax. That is the most logical way to do it. The justification for a subsidy is that the producer is receiving less for wheat and cotton than he should. That means the consumer is paying less than he should. The simplest way is to put on a processing tax and let the consumer pay what he ought to pay. However, I do not see any possibility at this time for an approach to the problem in that way. The Committee on Agriculture has refused to include a processing tax in this bill, and I doubt very much whether the Ways and Means Committee will look kindly upon the imposition of such a tax.

The bill that we have under consideration at this time does not specifically make provision for any benefit payments except such as are made under the Soil Conservation Act. Every commodity, the producers of which come under that act and all of them can come under it, is eligible to receive those benefit payments. Before we enact a permanent program as far as surplus crops are concerned I think it will be necessary to provide some other basis of benefit payments. I believe the processing tax offers the most logical way of approaching the problem. That is out of the question, as far as this bill is concerned, but I mention the matter now because I sincerely feel that no satisfactory and lasting program for surplus crops can be worked out which does not include reasonable benefit payments financed by a tax on the processing of the commodity the producers of which are benefited.

Mr. LUCAS. Will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Illinois.

Mr. LUCAS. There has been an unusual amount of misinformation through a hostile press with reference to the cost of this bill. Will the gentleman explain just briefly his understanding of that?

Mr. HOPE. As I stated a moment ago, there is no provision in this bill for payments to producers except such as are made under the Soil Conservation Act. There is a blanket provision near the end of the bill which authorizes the appropriation of such further sums as the Congress may decide to appropriate in addition to the amounts authorized to be appropriated by the Soil Conservation Act; but those payments, if made, would have to be made under the soil-conservation program. There is nothing in this bill that sets up any different basis for payment. The blanket provision in section 421 of the bill simply authorizes the Appropriations Committee to bring in a bill appropriating such sums above the $500,000,000 already provided for under the Soil Conservation Act as it may see fit, such additional sums to be used in making additional soil-conservation payments.

Mr. LUCAS. Will the gentleman yield further?

Mr. HOPE. I yield to the gentleman.

Mr. LUCAS. Under this bill $500,000,000 is all that is authorized, and those are all the funds that would be allocated for all basic commodities.

Mr. HOPE. Except for this blanket provision near the end of the bill, to which I have just referred.

Mr. LUCAS. Following the blanket provision, however, the Congress would have to appropriate more money than the $500,000,000?

Mr. TOBEY. Will the gentleman yield?

Mr. HOPE. I yield to the gentleman from New Hampshire.

Mr. TOBEY. The gentleman from Illinois speaks about the cost of this bill. Is he in hearty sympathy with the President when he made the statement about 2 weeks ago that Congress must designate the sources of the funds if this legislation is passed?

Mr. LUCAS. I am in sympathy with what the soil-conservation program provides and I believe I have made my position clear on that. I think the $500,000,000 is a sufficient amount for farm relief legislation at this time.

Mr. TOBEY. But if it exceeds $500,000,000, then we ought to designate it in the bill?

Mr. LUCAS. We ought to designate it in the bill if we are to spend any more money.

Mr. NELSON. Will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Missouri.

Mr. NELSON. Referring to the money that may be available, if I remember correctly, we have remaining under the old section 32 about $9,000,000 for this year, with the prospect of about $65,000,000 in unallocated funds for next year. Is that correct?

Mr. HOPE. Yes; that is my understanding. I may say we have never spent as much as $500,000,000 under the soil-conservation program. In 1936 we spent $397,000,000 out of an appropriated $500,000,000. The last Congress appropriated $440,000,000 rather than $500,000,000, so that is the limit that may be spent this year.

I sincerely hope that this Congress will appropriate the full $500,000,000 and that that amount may be expended, but I say very frankly I do not have any hope or expectation

there will be more than that amount expended on this program during the coming year.

Mr. LUCAS. Will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Illinois.

Mr. LUCAS. If the full amount of $500,000,000 authorized in the appropriation were actually appropriated and given to the farmers as benefit payments, the increased payments to their benefit would be approximately 15 percent over what they received last year; is that not true?

Mr. HOPE. I think that is correct.

Mr. NELSON. Will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Missouri.

Mr. NELSON. This year, as I recall, there was spent not $500,000,000 but $397,000,000.

Mr. HOPE. Yes. That is for 1936.

Mr. NELSON. So that actually we would have $103,000,000 more if we were able to get the $500,000,000?

Mr. HOPE. Yes. The most controversial point in this bill, of course, is the provision for the imposition of marketing quotas under certain conditions; and that, I think, every member of the committee will concede represents a compromise of the various conflicting viewpoints which existed not only in the committee but among farm organizations and among the farmers themselves.

Mr. Chairman, this bill was written by the Committee on Agriculture. It was not written by any farm organization; it was not written by the Department of Agriculture. It was all written in the committee room.

Mr. MICHENER. Will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Michigan.

Mr. MICHENER. Which member of the committee was the mathematician who figured all of this out?

Mr. HOPE. I may say to the gentleman from Michigan we have a number of good mathematicians on the Agricultural Committee. If the other Members of Congress are not as good mathematicians and cannot understand this bill, I am sure some member of the committee who is a good mathematician will be glad to expound further.

Mr. MILLS. Will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Louisiana.

Mr. MILLS. Did any Members of the House appear before the Committee on Agriculture?

Mr. HOPE. There were some Members, as I recall it, who appeared last summer when we were holding hearings. There have been some since the committee met on October 27.

References have been made during this discussion to the attitude of the various farm organizations on this legislation. I think I am justified in saying that this bill does not fully meet the views of any of the major farm organizations. The views of these organizations and the views of farmers generally are so much in conflict that it is impossible to write a bill which will meet the views of all the major farm organizations.

Beginning last January, a number of conferences were held by representatives of all the leading form organizations in which efforts were made to get together on permanent farm legislation. These conferences continued for several months without any agreement being reached, and the general opinion seemed to be that the differences in opinion were irreconcilable. Finally in May, the American Farm Bureau Federation, one of the groups which had participated in the conferences, prepared its own bill, which in substantially its original form was introduced in the House by Mr. FLANNAGAN, of Virginia, and in the Senate by Senators McGILL and POPE. The House committee conducted hearings on the Flannagan bill and on the general subject of farm legislation during the months of May and June 1937. The Secretary of Agriculture appeared before the committee at these hearings, and a considerable number of other witnesses were heard, both on behalf of the Flannagan bill and the Eicher bill, which had the support of at least some of the Farmers' Union groups.

After the conclusion of the hearings and at intervals until the adjournment of Congress in August, the committee considered general farm legislation. Upon the adjournment of Congress it was understood that the committee would be called together previous to the convening of a special session or the regular session in January for the purpose of working out a bill to be submitted when Congress convened. The committee met on October 27, and its members were in almost daily session from that date until the time the bill was reported. The bill is a committee bill in the sense that both its principles and details were worked out entirely in the committee. It is necessarily a compromise. The views of the various farm organizations have been given consideration, but, in view of the fact that the organizations themselves could not get together on a program, it was obviously impossible for the committee to incorporate their conflicting views in this measure. Furthermore, it is the business of Congress and not the farm organizations to draft legislation, although the Committee on Agriculture has always appreciated the suggestions of farm organizations and has given them careful consideration.

Doubtless, there are some parts of this bill which meet the views of all of the farm groups. The principal point of disagreement among the farm groups seems to be on the question of the imposition of marketing quotas. On this point the American Farm Bureau Federation has expressed itself in disagreement with the House bill, because it does not go as far as that group would like in opposing rigid marketing restrictions. On the other hand, the National Grange is apparently opposed to any provisions for marketing quotas. The Farmers' Union has not, to my knowledge, expressed any views on the pending bill. The National Cooperative Council has sent all the Members of the House and Senate a letter in which, as the representative of the major cooperative groups of the country, it calls attention to a statement made by the executive committee of the council on two important points summarized as follows:

First. Opposition to compulsory production control. The Government's efforts should be in the direction of encouraging voluntary acreage adjustment and of developing a system for dealing with surpluses after they are produced.

Second. Opposition to price-pegging loans above market prices. Such loans accumulate surpluses and prevent their movement into the channels of domestic and foreign trade. Such loans are in fact subsidies, and if subsidies are paid, they should be paid as some form of cash bounty.

If my understanding of these two points is correct, I believe the House bill fulfills the requirements which are set out therein. The House bill contains no provisions for compulsory production control. It does provide for a distribution of accumulated surpluses through marketing quotas. The features of the bill dealing with acreage control are purely voluntary and the marketing quota plan is "a system for dealing with surpluses after they are produced." In the absence of any more explicit statement from the cooperative council as to how it would deal with surpluses after they are produced, I take it that we are justified in assuming that the council has no objection to the method provided in this bill.

As to point No. 2, I think the requirements are fully met by the House bill. The loan provisions in the Senate bill would undoubtedly peg prices above the market. It would be possible to make loans for price-pegging purposes under the House bill, but inasmuch as no provision is made for mandatory loans, whatever mistakes that would be made along that line would be purely that of administration.

As I have already stated, the House bill is frankly a compromise, as is the case with most legislation. I am sure no member of the committee claims it is a perfect bill. Possibly no single member of the committee is in accord with all its provisions. There are a number of things about it that I do not like, nevertheless, I feel that it is a constructive and helpful measure and one which deserves the support of all Members of the House who are interested in a broad national program for agriculture.

Mr. O'CONNOR of Montana. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I will yield to the gentleman, but I must decline to yield hereafter because I want to make a connected statement.

Mr. O'CONNOR of Montana. It was pointed out on the floor of the House yesterday that the packing industry is the second largest industry in the United States. I am impressed with the gentleman's argument. As a member of the committee, does the gentleman find any protection given to the livestock industry in this country? Does the gentleman find any protection given in this bill to the beef, the mutton, the sheep, and the wool producers?

Mr. HOPE. The provisions of this bill do not deal directly with the livestock industry, of course, except as they do so through the provisions which apply to corn, which is principally a livestock feed.

Mr. O'CONNOR of Montana. Is it not a fact that the higher the price of corn is raised the cheaper the feeder class of cattle must be sold upon the market?

Mr. HOPE. I think the gentleman's statement is true up to a certain point. I believe you can yet the price of corn too high, so high it will depress the price of feeder cattle. It depends largely, however, both as to cattle and hogs, upon the relationship between the price of the finished product and the price of corn. There is no question about that.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield myself 10 additional minutes, and I should like to proceed without interruption.

I believe the gentleman from Montana is undoubtedly right, and this brings me to one of the points in this bill which I want to emphasize.

I do not believe there is anything in this bill which is going to injure the livestock producer. In the Senate bill, however, particularly as it applies to corn, you have a situation where marketing quotas go into effect on corn very shortly after we have a normal supply; so if we have a supply of something like 2,500,000,000 bushels of corn—I have forgotten the exact figures—under the Senate bill the marketing quotas will apply. It is the purpose and intent of that bill to maintain parity prices for corn through the making of loans, the making of benefit payments, and the control of marketing. I believe under the Senate bill the cattle industry, in which the gentleman from Montana is interested, will be placed very much at a disadvantage.

Mr. O'CONNOR of Montana. Sheep also.

Mr. HOPE. Livestock generally, I will say. However, under the House bill we do not resort to marketing quotas until the supply of corn comes up to approximately 2,900,000,000 bushels.

I do not believe there will be any danger to the livestock industry when the marketing quotas apply at such a high point of supply. We do provide for loans, however, which I believe will have the effect of stabilizing the price. After all, a stable price for corn and other feeds is a great advantage to the livestock industry.

I feel that under the Senate bill the corn producer, as well as the livestock man, is in danger of being severely penalized, because if you attempt to maintain the price of corn at a price which is out of line with the price of other feeds you will immediately run into the question of substitutes. Any attempt to enforce a program on corn, like the one which is contained in the Senate bill, can have only one of two results. Either the program will break down entirely or you will have to put every kind of livestock feed on a quota basis. I do not see how you can reach any other conclusion, because all feeds are in competition. If you get the price of corn up to a point where it is out of line with the price of oats, barley, wheat, rye, or the grain sorghums, you are then going to have shifts to those commodities. The result will be that the program will break down unless you put those commodities under the same kind of restriction.

I do not believe this will happen under the House bill. I think we provide in our bill for a moderate sort of control which will come into effect only when the surplus reaches the point at which farmers themselves will demand that some action be taken.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I prefer not to yield just now.

I believe the same is true as far as wheat is concerned. Wheat quotas cannot go into effect until we reach a supply of 1,027,000,000 bushels. When we get that large a supply of wheat in this country we shall have to do something about it.

Under this bill an opportunity is given to the producers to decide by a two-thirds vote whether they want their marketing quotas to be applied under conditions. Likewise, in the bill we make provision for loans on wheat, which will have the effect of stabilizing the price, although I do not think you can go to the same extent in stabilizing the price of wheat as in the case of corn, because wheat is an export crop and the world market must be taken into consideration.

This brings me to the subject of cotton. There is a provision in this bill for cotton loans, which I believe to be a mistake because under the provisions of the bill the minimum loan is 55 percent of the parity price, which means a loan of over 9 cents on the present basis of parity.

I believe the future of the cotton industry in this country does not lie in too much restriction. There must be some restriction under any sort of program, but as I suggested a while ago, I think the solution of our difficulties as far as cotton is concerned is to recognize frankly that the cotton producer cannot produce without a subsidy as long as he must buy in a subsidized market. I would not fix any price on the crop through loans or otherwise which would prevent the crop from moving into the channels of foreign commerce. If such a price is fixed, eventually we will have to pinch the cotton producer down to the basis of domestic consumption. I hate to think of, and I hesitate to suggest, the readjustments which would have to be made in the South if that were to be done. There was a time when we thought the world could not do without American cotton. The great expansion of foreign production, however, is reducing the demand for American cotton every year. If we adopt a policy of keeping our price above world prices our exports will continue to decline. If we pinch either the cotton producer or the wheat producer down to the basis of domestic consumption so we can protect them through the tariff, then there will have to be a great expansion of the producers of both into other lines of agriculture like the dairy industry or into industrial life. I know that no one interested in cotton has any desire to diminish our export market or cut down the supply to the basis of domestic consumption, yet it seems to me that result is inevitable if we continue to make loans about the world price.

We know pretty well how much American cotton can be absorbed abroad at world prices. We know how much we normally consume here. It seems to me the sensible policy for cotton is to limit our production to approximately these amounts plus an allowance for carry-over, to pay a subsidy on that part domestically consumed, and let the remainder seek the world market. The subsidy preferably to be financed by a processing tax.

Before concluding I want to mention briefly one of the constitutional questions which has been raised here, and that is with respect to the referendum. There has been some discussion to the effect that the referendum provisions in this bill are unconstitutional.

The courts are at variance on this particular point, but the provisions of this bill are drawn in harmony with the most recent decision of the court on that question, the decision of the court in the Edwards case in the ninth circuit in San Francisco, in which the court held that while there were decisions to the effect you could not delegate legislative power to a group of farmers or any other group, nevertheless it was permissible to leave the power of negation with such groups. In other words, the court held in a case where the referendum was almost exactly like the referendum in this case, a case which came up under the old Agricultural Adjustment Act, that the power of negation was not a delegation of legislative power. This case undoubtedly will be appealed to the Supreme Court of the United States because of its very great importance, and before marketing quotas

can go into effect there should be a decision of the Supreme Court on this particular question.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield there?

Mr. HOPE. I yield.

Mr. ANDRESEN of Minnesota. Does the gentleman think there is any distinction between the fact that two-thirds may put the marketing quotas into effect or that more than one-third may negate the marketing quotas?

Mr. HOPE. That is the view the court took in this particular case—that is, the court held there was a distinction.

Mr. ANDRESEN of Minnesota. The gentleman knows that the Supreme Court, in the Carter case, decided that two-thirds of the coal producers could not conduct a legal referendum.

Mr. HOPE. If the gentleman is familiar with the decision in the Edwards case he knows that the court distinguished between the two cases. Whether the Supreme Court will make a similar distinction or not I do not know, but up to this time this one case, which is directly in point, holds there is a distincton between the two classes of cases and that the power of negaton is not a delegation of legislative power.

Mr. MAPES. Mr. Chairman, will the gentleman yield for a question?

Mr. HOPE. I yield.

Mr. MAPES. Does the gentleman from Kansas agree with the statement in the minority report that in view of the separability provision of the bill if the referendum is declared unconstitutional——

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield myself 2 additional minutes to answer this question.

Mr. MAPES. If the referendum provision is declared unconstitutional, then the bill puts compulsory control into the hands of the Secretary of Agriculture?

Mr. HOPE. I do not know just what interpretation should be put on that, but as a practical matter, we have this situation. I take it the question will not be raised until or after a referendum has been had, and not until the producers themselves have voted that marketing quotas may go on. In such event if the question were raised and the producers have voted that marketing agreements may go on, I would assume in that case the whole thing would be declared unconstitutional and the marketing quota and all would go out. This would be my interpretation.

Mr. MAPES. Does the gentleman agree with the statement in the minority report to which I have referred?

Mr. HOPE. I am not sure I am entirely familiar with the statement to which the gentleman refers.

Mr. ANDRESEN of Minnesota. Mr. Chairman, if the gentleman will yield to me I can state the proposition.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield myself 3 additional minutes.

Mr. MAPES. Mr. Chairman, the statement to which I refer in the minority report is this:

> Under the separability clause contained in the bill and if the Court would declare the referendum unconstitutional, the Secretary could put into effect the compulsory program despite the opposition of the majority of farmers. In fact, he would be compelled to do so under the law.

Does the gentleman agree with that statement?

Mr. HOPE. As I said a moment ago, I do not think that situation will arise for the reason that the question will not be raised unless the farmers have agreed to go along on the program. So that if it does go out, it will go out after the farmers have agreed. There will be no opportunity for the Secretary to put a marketing quota into effect if the farmers do not agree to it. If the farmers vote down the marketing quota in the referendum, of course, it does not go into effect. So I do not believe there is any possibility under this act that the Secretary will impose a marketing quota upon the producers without their consent.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield to me?

Mr. HOPE. Yes.

Mr. ANDRESEN of Minnesota. Assuming that the farmers vote favorably in the referendum and the marketing quota goes into effect, and then the Court later on throws out the referendum vote, does the marketing quota remain in effect if it is not thrown out by the Court?

Mr. HOPE. I will say to the gentleman that in my opinion it would not remain in effect, because as I stated to the gentleman from Michigan, I think if the referendum were held unconstitutional, the quotas and all would go out. However, even if the quotas stayed in, the producers would not be affected any differently than otherwise because they would have already voted for quotas. As I stated a moment ago, as a practical matter I do not think that question is ever going to come up.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Illinois.

Mr. LUCAS. The gentleman from Kansas has made a very interesting discussion of the question of commodity loans and I think his philosophy and mine are about the same. Am I correct in my understanding that you feel there is little or no value in connection with loans on wheat and cotton, but there is distinct and indispensable value in having loans on corn?

Mr. HOPE. I think there may be times when loans on wheat would be of value, but, generally speaking, I feel that you cannot stabilize the price of wheat or cotton in that way because their prices are affected so greatly by the world market. The price of corn is not so affected, and I agree with the gentleman's views as to the value of corn loans. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. JONES. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman, the gentleman from Kansas [Mr. HOPE] not only delivered an interesting address, but also a very instructive one. I was mighty glad to have the opportunity to listen to the statistics he has given, and I am positive if everybody paid attention as I did, they know more about the science of agriculture now than they did in the past.

Mr. Chairman, it is my intention to support the bill which is now being discussed because, according to the information I received, if this measure is enacted into law, it will greatly benefit the distressed farmers. The people who are employed in industrial and other kinds of business establishments cannot prosper without the assistance of the farmers and the farmers cannot be successful without the assistance of the people who work in our industrial establishments. My friends, those of you who represent the farming districts and who believe that the bill which is now being considered will be a great benefit to the farmers should not hesitate to sign the wage and hour petition which is now on the Speaker's desk. The wage and hour bill, if enacted into law, will be a great benefit to the people who are employed in industrial institutions. The farmer and the laboring man must cooperate if they are to have a prosperous life. President Roosevelt has, on several occasions this year, informed us that one-third of the people in the United States are in need of the necessities of life. That means about 42,000,000 men, women, and children are deprived of those essentials to which every human being is justly entitled. We could solve any economical problem if we would legislate in behalf of the people who are in need. The people who are in need are not only the farmers and the men and women who work in our factories, but also lawyers, doctors, school teachers, and other professional people. I think it is the duty of every Representative to assist in the enactment of laws which will eradicate the sweatshops, slum districts, child labor, and other social evils which are responsible for a great deal of the human misery prevailing throughout the land. [Applause.]

Mr. JONES. Mr. Chairman, I now yield to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN. Mr. Chairman, the main objective of the special session of Congress is to pass a farm bill, so the

farmer can obtain a fair price for his commodities and increase his purchasing power. Unless the buying power of the farmer is materially raised, many industries of this country cannot operate, and furthermore most of our farmers will be forced to leave the farms and go on relief.

We all desire permanent prosperity. This we can never have until the farmer is guaranteed in some form a sufficient amount for his labor that will allow him the necessities of life. This will increase the business of all classes, lower the living cost of the individual, and will stabilize business for all time.

From the standpoint of relief, it is essential that we help the farmer all we can, in view of the fact that the Government will spend money in other directions with less hope of permanent prosperity.

Everyone knows that farm-relief legislation is necessary and that the welfare of approximately 40,000,000 people, directly and indirectly engaged in agriculture demands helpful legislation at this time.

I hope we can find a way to prevent such low prices now and forever for our cotton and some other agricultural commodities.

There are no more able and finer men to be found anywhere than those on the Agriculture Committee of the House. They have been faithfully working for months on a permanent farm bill. The task has been very difficult in dealing with more than 200 farm commodities, and I know of my own knowledge that they have labored day and night in order to bring out some helpful legislation for all of our farmers. It is very difficult to report any bill which will meet with the approval of all the Members of Congress or all of our farmers. Farmers growing the same commodities differ widely among themselves.

I prefer a voluntary plan for cotton control, with large benefits so attractive that the farmer cannot afford to stay out of the plan. Benefits to the cotton farmer should be sufficiently large to convince him that he would receive more money in this way than he would by not cooperating and participating in the plan. I feel that the average farmer, knowing that the yield of cotton is more than 18,000,000 bales this year will see the folly of not reducing and cooperating if he is paid substantial benefits.

The uncertainty of the constitutionality of any compulsory program at this time when cotton is selling for less than half the parity price is a chance to take. However, the present bill carries a very mild compulsory feature.

The bill provides for the domestic-allotment plan, and also the tilled-acreage base is provided for the farmers of the respective counties of each State, and the 5 calendar years immediately preceding the calendar year in which the acreage allotment is determined is substituted for the old base period from 1928 to 1932, inclusive. I think it is preferable that each individual farm should be allotted its quota of acreage to cotton based upon the tilled land upon the farms throughout the cotton area. The method of allocation of acres and money should be included in the act itself, and also as far as possible the method of administration should be included in the act. Nothing should be left to rules and regulations that can possibly be definitely set up in the act itself.

Agriculture in a way is the foundation upon which our whole economic structure rests.

The farmers need a Government policy to protect them against the cheap-labor products of foreign growing areas which already are offering serious competition in the world markets. In other words, with Government policy which tends to maintain a high price level for industrial products by reason of a high tariff wall, the farmers are looking to the Government to regulate domestic prices at compensatory levels and at the same time provide export bounties for cotton shipped to world markets.

The cotton growers need price protection which will enable them to sell their cotton in any market and obtain sufficient funds to keep them in the necessities of life. There are many counties in my district where cotton is the only money crop and through its sale is the only means the people have of bringing in goods from our industrial centers.

It does not seem unreasonable to me to contend that if northern and eastern industrial labor is protected from cheap foreign labor by a tariff, that the western and southern farmers, whose purchasing power is thereby diminished by just that amount, should be placed on a parity and benefits paid them to offset this disadvantage, thereby allowing them to compete with cheap foreign labor engaged in the same business that they are.

I maintain if we are going to have a compulsory program in any form that the benefits should be large enough so the farmer could readily see his mistake in not cooperating.

The compulsory program would be much more satisfactory for the corn and wheat farmer than for the cotton farmer for the reason that corn and wheat are mainly consumed in this country and only about one-half of our cotton is for domestic use, and besides the cotton farmer has domestic competition from rayon, jute, wool, and so forth.

Many thousands of our people have made suggestions to their Congressmen and also to the Agricultural Committees of both the House and the Senate relative to cotton benefits and control, but whatever legislation is passed we must keep in mind maintaining our foreign markets.

I am afraid under the bill as drawn that we will not obtain enough funds for necessary benefits, especially to the cotton farmer. This bill does not make any provision for new funds, and the Secretary of the Treasury was quoted in the newspapers some days ago as saying that agricultural funds must be reduced along with road funds to balance the Budget. I cannot understand why he should make this statement in view of the fact he well knows money will be spent for relief, and from a relief standpoint more people will be aided by helping the distressed farmer than any other way. As for the road funds, this is helpful to every section of our country and is a fair and equitable distribution to all.

It has been estimated that 13,500,000 bales of cotton are consumed in America and sold to foreign markets annually. If 55 percent of this amount is used for domestic consumption and 45 percent for export, that would be 7,425,000 bales for American use and 6,075,000 for foreign markets. Now, if we pay a subsidy of 3 cents a pound from import duties or from the Soil Conservation and Domestic Allotment funds or divide between the two funds, and 4 cents per pound from equalization taxes on domestic consumption allotment—a total of 7 cents per pound and a total cost of domestic consumption of $259,875,000, this would give the producer nearer a parity for domestic-consumption cotton, and if he should receive 8 cents per pound on cotton sold to foreign markets he could realize 12 cents for his total crop.

Most of us would be very glad to see parity prices for the basic farm commodities. The parity price for cotton on the 15th of October last was 16½ cents per pound. Cotton then was selling for around 8 cents per pound. Today cotton is worth less than this, and unfortunately cotton in my section and practically all over the Cotton Belt has been damaged in grades in the field due to excessive rains. Therefore very little of it grades middling and is not bringing over 7 cents per pound. The parity price for wheat on the 15th of October last was around $1.15 per bushel, and the parity price for corn on the same date was about 87½ cents per bushel. I know it is very difficult to secure parity prices for these commodities at once, but I hope we can pass a bill which will bring about an approach to parity prices on cotton and other basic agricultural commodities.

Every Member of Congress should be broad enough, and I believe the Members are, not only to help the one particular commodity in his section but all the commodities in every section of the United States. We have not enough Members in Congress from the cotton section to pass any legislation to aid cotton, the money crop for our particular section, nor has any other one commodity group sufficient Members to pass legislation for their particular commodity and, therefore, it is up to us to help each other when we have presented a plausible and good reason for asking for

aid for our particular commodity. Cotton is the only money crop of my district, but I certainly want to help groups of Congressmen who produce other basic commodities when their cause is just, fair, and reasonable.

The chairman of the House Agriculture Committee made it plain that he would not object to amendments perfecting the bill in order to carry out the idea of as near parity prices as possible if this could be done, and I hope when we begin reading the bill for amendments and adoption that we will be able to strengthen the bill and obtain the desired relief for the distressed farmers.

The 2,600,000 cotton farmers, at the present price of cotton, are receiving smaller income from their commodity than the producers of any other commodities. I do not see how the small cotton farmer can live on an annual income of about $145.

A day or two before the convening of Congress in special session I had the honor of appearing before the House Committee on Agriculture, when I stated that in the Piedmont section of my State and throughout the hill section of many States of the South a very large number of farmers were only making three or four bales of cotton per year and they are dependent on cotton for a livelihood, this being their only money crop.

I stated that under the base period between 1928 and 1932, inclusive, many were not allowed more than five or six hundred pounds of lint cotton and are now required to reduce this amount 35 percent in order to obtain the parity payment, and will receive 3 cents per pound payment on only 65 percent of this amount.

I also stated that prior to 1921 the Piedmont section referred to, in my State and other Southern States, was considered a splendid farming section. Many of the farmers were in better condition than the average.

Both farmers and businessmen then were thriving, but due to the deflation of 1920, when the price of cotton fell from 40 to 10 cents per pound, and the advent of the boll weevil in 1921, and the general depressed condition following this period, the cotton production was reduced to about 50 percent of a normal production. Probably 45 percent of our Negro population and 35 percent of our white population left the farms and moved to towns and cities to seek employment. Therefore, a large part of our farm land became idle and very little of the land that was cultivated was planted to cotton.

In 1922 and many years thereafter the farmers who remained on the farms in many counties of north Georgia and other sections of the South had to cut and sell all of their timber on their respective farms in order to obtain the actual necessities of life. In other sections of the State and the South more cotton was planted.

After the boll weevil subsided to some extent in 1927 many farmers began planting more cotton, but as a whole only a small percentage of the normal acreage has been planted to cotton since that time. Many counties in north Georgia are especially adapted for cotton raising, and this is the only money crop that we have now and have had for the past hundred years. The first cotton gin in the United States was located in one of the counties in my district. Many other counties of the Cotton Belt grow other money crops, and some sections of the South have always grown and now grow cotton for a profit. I am especially pleading for this class of farmers, who should be allowed to grow enough cotton to provide a sustenance for themselves and their families.

In the favored sections of our country some farmers are producing large quantities of cotton primarily, of course, for a profit, and the large surplus of cotton that depresses the market comes mainly from this group producing "profit cotton," and the family farming for a living, who contributes so little to the surplus, is by far the heaviest sufferer. The particular section of the country which I have described has not found it profitable to grow other crops as money crops.

The present bill seeks to correct many of the injustices which I have related, and I hope by proper amendment we will be able to improve the bill, with resulting benefits to all the farmers. [Applause.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. MITCHELL].

Mr. MITCHELL of Tennessee. Mr. Chairman and members of the Committee, I am glad to serve on the Committee on Agriculture in the House and appreciate the good work that is being done by this committee in behalf of agriculture. The committee has worked long hours and held many hearings, listening to testimony submitted to it by those interested in the welfare of the farmer and anxious to improve farm prices. Last session many different groups of farmers and farm organizations appeared before us and submitted recommendations. The leading representatives of the Federal Farm Bureau, the Grange, and other organizations testified before the committee. Unfortunately, no two of these organizations could agree on a program or a bill, but each seemed to have a "cure-all" for the farmer's troubles in their own particular formula or program. This operated to increase the difficulties of our committee. All of us agree that farm prices are not up to parity and are not equivalent in purchasing power to what the farmer is forced to pay when he goes to market to purchase merchandise or farm implements. He must either have an increase in price for his commodities or the price he is forced to pay must be reduced. It is the farmer who feeds and clothes America, and he is rightfully entitled to his fair share of the national income. He does not seek a donation or a gift but demands equal treatment with industry and business. He has been the forgotten man in the United States too long. For more than 150 years the manufacturers have had a protective tariff system which has operated to the detriment of agriculture and to the expense of the farmer.

In 1933, we took the first forward step to afford the farmers of our country real Government assistance by passing the Agricultural Adjustment Act. This act was effective for almost 3 years, when its acreage-adjustment provisions were declared unconstitutional by the Supreme Court. Later on, the Soil Conservation and Domestic Allotment Acts were passed by Congress. The purpose of this act is to rebuild and restore the soil resources of the Nation. It has been most effective and helpful and done much for the people, not only of the present day, but for those who are to enjoy its benefits in the future.

However, this act has not been sufficient to prevent large surpluses from accumulating from some of our crops, which have congested the channels of trade and flooded the markets and reduced the prices of farm products to such an extent as to be a national threat, not only to the farmers, but to all industry as well. The prosperity of the farmer is necessary to the prosperity of our national business life. Unless the farmer has purchasing power, all industry and business must fail. It is necessary that he who feeds and clothes the world should have his rightful place in every legislative program. I am glad to find that the Members who represent city districts and whose chief industry is manufacturing, recognize this fact and are supporting our bill. The measure we propose encourages sufficient production of agricultural commodities and for the storage and warehousing of the surplus above current demands, so as to have ample supplies available at reasonable prices in years of scarcity due to drought or other causes. This is made possible through the marketing quotas proposed and by means of loans and other benefit payments to the farmers.

We seek also, in the bill, to regain our export trade, to provide a way for reducing unfair and unjust freight rates on farm products, and also to encourage research work so as to discover new uses and new markets for farm crops.

The loans provided in the bill will enable the farmers to carry surplus crops so that they will be kept off the market and not congest it, until there is a reasonable demand for them by the consuming public. This will protect the farmer and insure a normal flow of the basic crops into the channels of trade, and afford ample and adequate supply to the public at reasonable prices. We seek to restore markets of an orderly kind both at home and abroad, and an honest endeavor to find new ones. This program is vital to the welfare of the American farmer.

The philosophy behind the bill is that marketing quotas are provided for under the power of Congress over interstate and foreign commerce in the marketing of the excessive supplies of our basic crops of tobacco, corn, wheat, cotton, and rice. Local committees are provided to administer this act, which committees are to be composed of farmers appointed by the Secretary of Agriculture upon the recommendation of the farmers in the county who are participating in the soil-conservation program.

National, State, and county allotments are to be provided and determined each year, based upon the average of the acreage during the previous 5 years in the case of tobacco, cotton, and rice; and during the previous 10 years in the case of wheat and corn. In all cases allotments are to be increased where acreage is diverted under the agricultural adjustment and conservation program. Adjustments are to be made also for abnormal weather conditions and trends in acreage during such period.

LOANS

The Commodity Credit Corporation is authorized to make loans on agricultural commodities and dairy products, based on parity prices, and conditioned in the case of wheat and cotton, that the acreage planted is not in excess of the farm acreage allotment. On field corn the rate of the loan is not less than 55 percent of the parity price. It is intended that the consumer be at all times adequately protected by the provisions in the bill that normal supply of food and fiber shall be maintained to adequately take care of and provide for the normal consumption and the Nation's needs.

TOBACCO

Tobacco farmers have been unable to successfully organize in the past so as to orderly and profitably market their crops. Many organizations have been formed for this purpose by the farmers, but unfortunately practically all of them, for one reason or another beyond their control, have failed to produce orderly marketing. The farmers have continued to raise large crops of tobacco, regardless of the market demands, and as a result have received ruinously low prices. The more they have produced and the harder they have worked the less has been their income. In 1929 the average price for all types of tobacco in the United States was 18.3 cents per pound, and in 1932 it was 10.5 cents per pound, or a decline from $281,000,000 to $107,000,000 on the market. The wholesale price of cigarettes was increased during this same period from $6 per thousand to $6.85, and the profits of 52 leading tobacco manufacturers increased from $134,000,000 to $146,000,000. This inequality should not obtain between the producers and the manufacturers. The farmer should not be forced to take all the loss and the manufacturers receive all the profits.

We have provided an exemption in the bill so that the marketing quota does not apply to small farmers raising less than 2,400 pounds of Burley tobacco, or in the case of flue-cured tobacco an exemption is provided of 3,200 pounds.

And in all cases as to tobacco, cotton, wheat, and rice, after the determination and announcement by the Secretary that marketing quotas are to become effective, he is then to conduct a referendum of the farmers who would be subject to the quota on the commodity. If more than one-third of the farmers voting in the referendum oppose the quota, then the marketing quota will not be effective. This provides for a full and fair expression of the farmers, themselves.

FIELD CORN

The marketing quota as to field corn would not be effective in my district and in Tennessee, as it is not within the commercial corn-producing area as defined in the bill. I will not, therefore, discuss the provisions of this section of the bill, but leave this for other members of the committee.

WHEAT

The Secretary is authorized to establish marketing quotas for wheat and the national acreage allotment is apportioned among the several States on the basis of acreage during the 10 previous years. The State acreage allotments are then apportioned among the several counties of the State and the acreage in the counties is apportioned through the local committees to the farms on the basis of tillable acres, crop-rotation practices, type of soil, and production facilities.

Wheat is produced on farms widely separated throughout the Nation. Bread, and other wheat products, constitute a vital and basic food for the Nation. Many mills and elevators are required in its storage and processing. It moves freely in interstate commerce and is truly a national necessity.

The provisions of the bill with reference to marketing quotas for wheat are very similar to those heretofore referred to and conform to the standards as set out in the bill. There is an exemption in the act, which provides that no farm marketing quota is to apply to a farm if the normal production of the acreage planted to wheat is less than 200 bushels. A penalty is provided where wheat is grown in excess of the farm quota during any marketing year.

COTTON

There is provided a national acreage allotment for the growing of cotton to be apportioned by the Secretary among the several States, and the State allotments to the several counties, as provided in the standard set out in the bill. Local allotments are made through the local committees among the farms within the county where cotton has been grown at least once during the past 5 years. Each cotton farmer is assigned a definite number of acres on which he may grow cotton. The allotment to each farm is a fixed percentage of the average during the 5 years of the tilled acres of the farm, and this percentage is uniform for all farms in that county. Five percent of the State allotment is available for apportionment to new farms to grow cotton, and to small farms. The farm marketing quota is the amount of cotton which may be sold from any farm, and this amount is the normal production, or the actual production, whichever is the greater, of the farm acreage allotment of the farm. A farmer who does not exceed his farm-acreage allotment for cotton is not subject to any marketing penalties, as he is permitted to sell or market all he produces on his farm acreage allotment. He has also an exemption of 1,500 pounds of cotton grown on his farm.

Large surpluses of cotton have worked great hardship on the producers. A normal supply, with normal consumption and export trade provided for, means prosperity to the growers.

Cotton farmers complying with the program for 1938 receive a 3 cents per pound subsidy on 65 percent of the 1937 crop. He will, in addition, receive 2.4 cents per pound on the production of cotton on his allotted acreage for 1938.

The rice program is very similar to the wheat provisions.

This, in brief, are some of the purposes of the bill submitted. We realize that it may not be perfect, but it is a step looking to reduction of the surplus crops to aid the farmers and to provide orderly marketing of farm products. We offer it to the House for consideration, and if amendments are presented which will be helpful and will improve the bill, we welcome them. We seek to help the farmer and to aid agriculture, and in so doing we help the Nation. Your committee has sought diligently to present a bill that will be the beginning of a new and constructive farm program for agriculture in America. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Chairman, I do not believe any Member of the House has a deeper interest in the passage of some permanent farm legislation which may have a chance of successful operation than I. In an effort to bring about the passage of legislation of that type, I have, during the 11 years of my service in this body, supported every major farm measure which has been reported by the Committee on Agriculture, both under Republican and Democratic administrations, although I entertained grave doubts as to the wisdom of some of them; but that does not mean because the pending measures comes with a favorable report from the Committee on Agriculture that I am prepared to continue to go along with those who formulate agricultural legislation, despite serious

opinions that I might entertain in regard to the unwisdom and defectiveness of the measure which is being proposed. To begin with, I feel that the fundamental defect with regard to this bill is the fact that it is not in line with the President's recommendations, and that it undoubtedly contemplates vastly increased expenditures in carrying out the program for which it provides, and makes no provision for raising the money which will be necessary to carry out those expenditures and to maintain that program.

I regard that as not only contrary to the wishes of the President, but as contrary to sound statesmanship. I believe that the most essential thing for the Government of this country to do and for the people of our Nation is that we shall, as soon as it is practical, bring about a balance between our national expenditures and our national income, and when we profess an intention of going along with the President in his announced desire to bring about a balancing of the Budget and at the same time pass legislation through the Congress which provides for vastly increased agricultural expenditures over and beyond what are contemplated in the Budget for 1939 and make no provision in the legislation for the raising of the money to carry out those expenditures, it seems to me that we are like the proverbial tumblebug, looking in one direction and pushing in another.

It has been said that the matter of raising revenue is one within the jurisdiction of the Committee on Ways and Means. Whether the Committee on Ways and Means will report any legislation for the purpose of raising the revenue needed to carry out the provisions of this bill is a matter about which nobody seems to be advised.

It is true, however, that when the Agricultural Adjustment Act was reported from the Committee on Agriculture provision was made in that act for raising the money necessary to carry out the program for which it provided. There can be no question but that the Committee on Agriculture, when it reported this bill, could have made similar provision.

So, so far as I am concerned, if it is permissible under the parliamentary rules of the House for a motion to recommit to be entertained, with direction to the Committee on Agriculture to formulate a revenue-raising plan by which the benefits arising under the bill may be discharged, I intend, as far as I am concerned, to support that motion.

There are other provisions of the bill that are very objectionable to me. I feel that the penalty provisions—and I have examined them most carefully insofar as they have reference to cotton—if they are to be effective, are directly in the teeth of the Constitution of the United States, as construed by all nine Justices participating in the decision in the Butler case, in which the Agricultural Adjustment Act was invalidated by a vote of 6 to 3.

[Here the gavel fell.]

Mr. NELSON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. TARVER. It will be noted upon reading that opinion that while the Justices divided 6 to 3 upon the question of whether or not the Agricultural Adjustment Act brought about a system of compulsory agricultural control, there was no division upon the question of whether or not a system of compulsory agricultural control would be in violation of the Constitution, and even the opinion of the minority Justices indicated clearly that they, together with the other six Justices were of the belief that legislation of that type would be in violation of the Constitution.

If the penalty provisions are effective, if they are intended to bring about a control or regulation of agricultural production, no one, after reading the decision in the Butler case, could possibly labor under the delusion that they would be upheld when properly brought before the Supreme Court of the United States, in a case properly formulated. If they are not intended to be effective—and I have heard it intimated in certain quarters that they are not, that they are merely a sop thrown in as a bait to those who believe in some form of compulsory control, but that it is not believed that they will ever be made effective in any way—then they are a fraud and will be satisfactory neither to those who believe in a compulsory program nor to those who believe in a voluntary program. As a matter of fact, there is no reason in the world, if penalties can be constitutionally imposed and if they are wise, for deferring their operation until the crop year of 1939.

We have the greatest cotton crop in the history of the United States. We have the largest carry-over of cotton in our history. If the Secretary of Agriculture could determine on August 1, 1938, that we have 15 percent more than a normal carry-over, and on that basis provide for inflicting these penalties in 1939, then certainly he ought to be able to reach the same conclusion now. If penalties are wise, and if they are necessary, and if they are in accord with the Constitution, they ought to be imposed with reference to the crop year 1938, and their operation should not be deferred until 1939.

If we mean to enforce penalties and believe they can be enforced, then they ought to be enforced at a time when they might be of some benefit to the cotton farmers of the South. I am talking now particularly about cotton. If they are unconstitutional, or if they are so carelessly and vaguely drawn as to be incapable of enforcement—as I believe to be true, even if they are constitutional—then they are a delusion and a snare and will be a disappointment to those who are in favor of some sort of a compulsory program.

One of the redeeming features about the penalty provisions is that they are to be made effective only after a two-thirds vote in favor of them by the farmers concerned; and yet whether, even if only a minority are opposed, a Member of Congress would be justified in supporting a bill which contains a provision he fears is in violation of the Constitution, although he might approve a majority of other provisions of the bill, is a question which addresses itself seriously to the individual conscience. Not only majorities but minorities are entitled to the protection of the Constitution.

A careful examination of the penalty section, however, gives rise to serious doubt as to whether or not it can ever be enforced against anybody, even if constitutional. The methods of collection of the penalty are not specified except that it shall be done in accordance with such regulations as the Secretary may prescribe. I do not believe that power to provide the manner and means of collecting what amounts to a tax can be thus vaguely delegated to an administrative official.

With any chance whatever that quota and penalty provisions of the portion of the bill relating to cotton may become effective, no Member of Congress from the South who remembers the administration of the Bankhead Act should be satisfied with this bill unless and until it is amended so as to provide a reasonable exemption either of acreage or of baleage for every cotton producer, whether he be landowner, tenant, or sharecropper. In this I feel a deep concern. Most of the Congressmen from the South have advised their constituents of their sympathy with the cause of the little farmer, and most of them have protested against the hardships visited on him under the Bankhead Act. It now remains for you to demonstrate whether or not in these protestations you were sincere.

I am very much pleased to know, having been so informed today by the chairman of the Committee on Agriculture, that from these penalties and from the quota provisions of the bill as applicable to cotton, there is to be granted, upon the recommendation of the committee, provided its amendment hereafter to be proposed is adopted, a small exemption of three bales to each cotton producer, owner, sharecropper, or tenant. If we are to have a renewal of the conditions which existed under the Bankhead Act, if we are to have substantial reenactment in principle of that legislation which a little over a year ago we repealed as unconstitutional, then we certainly ought to take steps to prevent a recurrence of the hardships and trials which came to the small producer in its administration. [Applause.]

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. TARVER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to insert some statistics

regarding cotton production, and a brief Associated Press dispatch appearing in the Washington Star on yesterday.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. TARVER. The passage at this session of Congress of legislation adequately dealing with the plight of the American farmer is a matter of greatest national importance. In the enactment of laws affecting vitally every section of the country, varied forms of the agricultural industry, each having its separate interests which are oftentimes in conflict with the interests of other branches of the same industry, and tens of millions of different types of farmers, all having their Representatives and Senators to speak for them in Congress, it is inevitable that a bill cannot be drafted which will please in every particular any Member of the House or Senate. It is necessary, therefore, if we have any farm legislation at all, that every man interested be willing to make concessions to the viewpoints of other men and to accept legislation which is not in all respects according to his ideas. I do not consider reasonable compromises of this sort as involving any surrender of conviction not justifiable when compared with the goal for which we are searching; that is, the permanent stabilization of the agricultural industry.

I have been actuated by this belief in supporting every major farm bill upon which my brethren from the agricultural sections of the country have agreed that has been passed during my membership in Congress. Part of them have failed; part have been beneficial. The A. A. A. (not including the Bankhead Act) was probably of more benefit than anything else ever tried, and it was not by any means perfect. So far as I am concerned, notwithstanding our failures, notwithstanding the victories that were only partial, I am ready to press forward with those who are honestly endeavoring by Federal legislation to help the farmer so long as the proposal presented carries with it a reasonable promise of benefit, after doing what I can to help correct any patent defects that it may contain.

There is, however, a limit beyond which men may not go in the support of legislation which is not altogether, according to their ideas, sound legislation. When the prospective evil that it contains overbalances the good, when the methods of effecting an objective proposed are such as to offend the conscience, when in the opinion of the legislator the attainment of the objective will be definitely postponed instead of achieved by the passage of the legislation, he should be courageous enough to oppose it, however much he might desire to go along with those who are urging its passage.

The legislation which is now before the House is for me of very questionable wisdom in some of its provisions. In saying that, I do not question the good faith and commendable purposes of those who have worked it out after months of study. It is significant in this connection that in the Senate a group of men actuated by equally good purposes who have been intensely studying the same subject matter, have worked out an entirely different bill, and no one should question either their good motives nor those of the House committee who have arrived at an entirely different conclusion. That these conscientious and able men do disagree, however, is some consolation to those of us not on either committee who have just as conscientiously reached views differing in vital particulars from those of both the House and Senate committees.

The unlimited authority to the Secretary to apportion funds appropriated for benefits as between the several sections of the country as contained in section 5 vests in him a power which I think no one man ought to have. Perhaps the Secretary will be fair to all sections; perhaps he will not. But if Congress is not to legislate itself on the question of how the money it appropriates is to be spent, then certainly it would be better to vest the power of distribution in some sort of a board upon which all agricultural producers could have representation rather than in one man who comes from a section interested principally in corn-hog production, and might naturally be supposed not to understand as fully as he may the problems of his own section with those which are most important to other agricultural areas.

The method of allocation of cotton production as between cotton-producing States upon the basis of proportionate acreages devoted to cotton during the 5 years preceding the allocation rather than upon the basis of baleage production during that or some other representative period does not appeal to me with the force that it does to some of my brethren. I am not speaking now of the method provided for dividing a State's allocation as between individual farmers through county organizations. Undoubtedly, that allocation, upon the basis of their several, individual proportions of tilled lands within their counties has much to recommend it, and tends to correct conditions where one farmer has voluntarily reduced cotton acreage heretofore in greater proportion than his neighbor. A further provision authorizing some consideration to be given to the suitability of lands for cotton production, however, should be added. But I am chiefly concerned at this point in my remarks with the method proposed of making allocations between States.

I observe from the table furnished by the Department to the gentleman from Mississippi [Mr. DOXEY] and incorporated by him in his remarks on yesterday that the percentage of total area allocated to all cotton-producing territory which will be allocated to Georgia under this plan is 7.73 percent, and the percentage to be allocated to Texas will be 38.22 percent. In other words, Georgia will have about 20 percent as much acreage as will be allotted to Texas. In other States like disproportions are shown, greater in some instances than in others when compared with statistics as to previous cotton production. I desire to insert in the RECORD at this point statistics from the Census Bureau showing the total production of cotton in the several States for 1935 and 1936 and also the totals of cotton bales ginned from the 1937 crop prior to November 14, 1937.

Preliminary report on cotton ginning

[Number of bales of cotton ginned from the growth of 1937 prior to Nov. 14, 1937, and comparative statistics to the corresponding date in 1936 and 1935]

State	Running bales (counting round as half bales and excluding linters)		
	1937	1936	1935
United States	[1] 14,949,078	[1] 10,767,140	[1] 8,436,538
Alabama	1,479,167	1,092,574	1,007,119
Arizona	127,530	103,369	67,034
Arkansas	1,429,713	1,148,817	623,371
California	395,486	268,356	144,078
Florida	34,713	27,410	26,106
Georgia	1,362,600	981,732	1,002,557
Louisiana	976,195	730,427	529,462
Mississippi	2,112,093	1,776,367	1,178,161
Missouri	242,718	279,235	106,582
New Mexico	93,279	81,966	40,737
North Carolina	628,953	433,906	461,426
Oklahoma	594,233	254,624	253,543
South Carolina	877,117	640,968	672,436
Tennessee	436,708	376,282	239,580
Texas	4,118,882	2,536,478	2,061,482
Virginia	26,647	23,315	18,623
All other States	13,044	11,314	4,241

[1] Includes 142,983 bales of the crop of 1937, ginned prior to Aug. 1, which was counted in the supply for the season of 1936-37, compared with 41,130 and 94,346 bales of the crops of 1936 and 1935.

The statistics in this report include 267,961 round bales for 1937, 225,575 for 1936, and 167,251 for 1935. Included in the above are 6,801 bales of American Egyptian for 1937, 7,884 for 1936, and 9,490 for 1935; also 3,537 bales of Sea Island for 1937.

The statistics for 1937 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to November 1 is 13,164,312 bales.

CONSUMPTION, STOCKS, IMPORTS, AND EXPORTS—UNITED STATES

Cotton consumed during the month of October 1937 amounted to 526,464 bales. Cotton on hand in consuming establishments on October 31 was 1,418,602 bales, and in public storages and at compresses 9,758,419 bales. The number of active consuming cotton spindles for the month was 23,724,272. The total imports for the month of October 1937 were 8,743 bales and the exports of domestic cotton, excluding linters, were 798,921 bales.

WORLD STATISTICS

The world's production of commercial cotton, exclusive of linters, grown in 1936, as compiled from various sources, was 30,024,000

bales, counting American in running bales and foreign in bales of 478 pounds lint, while the consumption of cotton (exclusive of linters in the United States) for the year ending July 31, 1937, was 30,820,000 bales. The total number of spinning cotton spindles, both active and idle, is about 149,000,000.

It will be observed from these statistics that in 1935 Georgia produced 48 percent as much cotton as Texas, in 1936, 38 percent, and in cotton ginned this year before November 14, 33 percent; yet she is to be allotted only 20 percent of the Texas cotton acreage. That difference arises, of course, because of the low average production per acre of Texas lands planted to cotton; in 1935 it was only 133 pounds and in 1936 119 pounds, whereas in Georgia during these years average lint cotton production per acre was 235 pounds and 228 pounds, respectively. But if this legislation is passed and is successful in attaining its objective, which, of course, is to raise the prices of agricultural products, including cotton, what a great incentive will be laid before these Texas farmers to increase acreage production, and with many portions of that great State already exceeding the average Georgia farm in fertility, how long will it be until Texas with five times Georgia's part of the allocated acreage allotted to it will be producing five times as much cotton as Georgia for tax-exempt sale, instead of two to three times as much as has been the case heretofore? This bill has been spoken of as a permanent farm program; and if it is to be permanent, I, for one, would dislike to see my State chained to an acreage allocation which with relation to Texas would give it a ratio of 1 to 5, whereas its production basis has been during these 3 years very much higher. I do not wish Georgia to be chained to a system which will at least afford an opportunity for and continually invite greater disproportion in the production of cotton in the two States than now exists, should Texas farmers take advantage of their opportunities and use scientific methods to increase their average acre production. That is the danger which I conceive my State faces in this plan of acreage instead of production distribution. It is perhaps not an impressive danger now, but it may well be of great importance should this legislation really become permanent.

I have discussed at some length some of the problems presented by this bill. When we remember that it contains 86 pages, it must of course be apparent that any discussion of reasonable length cannot be thorough. I want to vote for the bill. I hope that at least some of the objections which I have pointed out may be cured by amendment, so that I can feel justified in supporting it, notwithstanding my still being unable to agree with all of its provisions, in the hope that a conference between the two Houses may later produce a better bill before it goes to the President, and, in the further hope, even if that should not be true, that conditions brought about by the bill would at least be of some benefit to the farmers of this country. But I cannot pledge myself to support it without regard to whether or not any of the objectionable features that I have pointed out are changed by amendment or not; and, as I have said, if a motion to recommit is offered and is considered under the rules of the House directing the Committee on Agriculture to work out some way of raising the money to pay the benefits contemplated by the bill, I shall certainly support that motion. In doing so, I shall be supporting the position of the President. I consider it vital to the welfare of the country that a permanent farm program upon a fair and constitutional basis and financed otherwise than by paying benefits from general Treasury funds shall be worked out; and, insofar as I can, I shall contribute to that end.

In yesterday afternoon's Washington Star there appeared the following Associated Press dispatch:

HOUSE INDULGES IN HORSE TRADING—CROP-CONTROL AND WAGE-HOUR BILLS SEEM CENTER OF "LOGROLLING"

House sponsors of crop-control and wage-hour legislation indulged today in some old-fashioned "horse trading" in an attempt to weaken the stubborn opposition to the two administration measures.

Chairman JONES of the Agriculture Committee and three other southern Representatives added their names to the petition to force the wage-hour bill to the House floor.

The apparent effort of some of the supporters of the hour and wage bill in its present form to make their support of the pending farm measure dependent upon what Representatives from farm sections feel they should do about hour and wage legislation does not appeal to me, and is in my judgment grossly unfair and will redound to the injury of both farmers and industrial workers if persisted in. I represent thousands employed in industry and other thousands who earn their livelihood by farming. I sympathize with and will support any conscientious, fair-minded effort which has a fair chance of success which in my judgment will be helpful to either class. But I deplore the position of the Representative who may support legislation affecting millions of farmers which he does not think is fair simply because some other Representative as a consideration may support other legislation affecting millions of workers in the justice, fairness, and workability of which he does not believe. Such procedure might well result in the passage of legislation on both subjects which a majority of the House did not at heart approve. My vote on the farm bill, and my vote on the wage and hour bill, should it come before the House, will both be dictated by my feeling as to their respective merits, and not by whether some other Representative is voting for or against either one. And I respectfully submit to you that for any Member to pass upon legislation under his oath upon any other basis is a prostitution of the duties of his office.

Mr. NELSON. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, first, I want to pay my compliments to the chairman of the Committee on Agriculture. During the almost 5 years I have been a Member of this House I have heard many bills explained by various committee chairmen. I have heard many speeches, but I think without question the explanation of Chairman JONES on this bill now pending was the clearest that I have ever heard.

I desire to discuss the processing tax. You will find on the board at my left a yardstick for a bushel of wheat, an ordinary 60-pound bushel. Made into bread, the average price in 51 cities is 8.7 cents per pound. That is the retail price. The consumer pays for that bushel of wheat $5.39 for 62 loaves. The selling price of the flour in those 62 loaves of bread, less other ingredients, is $4.79. The wholesale cost of the flour is $1.25 at Minneapolis. This is based on parity price for wheat.

Three dollars and fifty-two cents of the money goes into transportation, bakers', and retailers' portions. The mill portion is $1.42; flour $1.25, also middlings and bran 17 cents. The bushel of wheat makes 42.6 pounds of flour. Then the miller also gets another 9 cents in advance for his flour over the price he paid for the wheat.

To give the farmer a parity price of $1.17 a bushel for wheat would take one-third of a cent on a loaf of bread. Most emphatically that one-third of a cent should not be added to the consumer's cost, but it should be absorbed by the middleman, as the retailer should not be allowed to add 1 cent to the cost of a loaf of bread in order to save himself this fractional amount.

I agree with the gentleman from Georgia [Mr. TARVER] who just spoke, that each of these commodities should bear its own burden. I do not think we should rely, permanently, on a subsidy from the Federal Treasury.

The position of wheat is an extremely critical one, as is that of cotton. We will carry over a production of more than 200,000,000 bushels of wheat July 1, 1938. A market must be found for this more than 200,000,000 bushels beyond the boundaries of the United States. During the last 4 years prior to 1937 we had extremely short crops of wheat, 592,000,000 bushels average, being less than consumption, less than the users demanded; so we consumed most of the surplus that we had in the United States when we passed the Agricultural Adjustment Act in 1933. That has partly made possible the increased prosperity of the wheat farmer during the last 4 years. Legislation has materially helped him.

The situation has now changed. We had a crop last year of 887,000,000 bushels. Understand, the total consumption for feed and seed is only something like 625,000,000 or 650,000,000 bushels—it varies a little—but we will have more than 200,000,000 bushels in excess of our consumption demands. This is what is bearing down the market at the present time.

A processing tax of 20 cents a bushel would be of material aid to the wheat farmer. It is a trifle, merely one-third of a cent on a loaf of bread. I know it was the peg upon which every chiseler hung his hat. Every chiseler proceeded to raise his price, the baker, the transportation man, the processor, all talked about the processing tax and advanced prices. It amounted to a mere trifle but it was the nucleus around which they created the great public sentiment against it. I think cotton should be treated the same way. I think the people who use cotton cloth in this country should bear the burden of bringing the price for the domestic product up somewhere near parity.

I am not optimistic enough to believe that we are going to have a full parity of $1.17 for the wheat farmer. At the present time wheat is selling locally in my country at a little over 60 cents a bushel.

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

Mr. PIERCE. I yield.

Mr. McFARLANE. I congratulate the gentleman on his wonderful speech. I arise to ask him if he will not incorporate in the RECORD the chart to which he has referred. It is very illuminating.

Mr. PIERCE. I thank the gentleman for his compliment.

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

Mr. PIERCE. I yield.

Mr. MARTIN of Colorado. As I understood the statement of the gentleman from Oregon, the gentleman believes that by means of a small processing tax each basic farm commodity could be made self-sustaining.

Mr. PIERCE. On commodities of which we have an exportable surplus. We still do not produce all the dairy products we consume, the tariff is effective on dairy products because the price is higher in this country than in foreign countries. I do not believe we should depend upon subsidies from the Treasury.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. I yield.

Mr. LUCAS. Where does the marketing quota come into effect on wheat under this bill? What is the total amount of wheat that must be on hand before the marketing quotas become effective?

Mr. PIERCE. One billion twenty-seven million bushels for the year 1938. It depends, of course, upon the carryover, and the estimated crop.

Mr. LUCAS. How much is that in excess of the normal consumption plus export?

Mr. PIERCE. Exports have practically ceased. There was a time, 40 years ago, when we sold 200,000,000 bushels of wheat annually, largely in Europe. About 30 years ago we commenced to lose that market and our wheat exports continued to drop until the World War. During the World War Europe took everything we could offer. Then the exports dropped again. During 1934, 1935, and 1936 we imported more wheat than we exported.

Mr. LUCAS. The information I seek is as to how much of a surplus over what we normally consume and export must there be before the quota goes into effect.

Mr. PIERCE. Three hundred million bushels of wheat over consumption and expected export.

Mr. LUCAS. Then we would have approximately 300,000,000 bushels surplus.

Mr. PIERCE. Yes.

Mr. LUCAS. What would the gentleman propose be done about that surplus?

Mr. PIERCE. Marketing quotas would go into effect under the pending bill for the fall sowing of 1938.

I am supporting and shall vote for H. R. 8505, known as the farm bill or the Agricultural Adjustment Act of 1937. I do not believe that I am the victim of any illusions as to its efficacy, and I am not dreaming for one single minute that it offers the whole solution of the farm problem. I am supporting it because I am convinced it is the very best bill that can be obtained at this time for the farmers of America and in the hope that it may tide us over a very critical situation which may develop during the next crop year. This cannot, however, be called emergency legislation. It is, rather, basic legislation prepared with the full knowledge that emergencies arise at intervals because of surplus production or shortage of food crops and that any permanent legislation must be formulated with that fact in mind. This must be done to enable administrative officers to carry the country through those emergencies brought upon us by such uncontrollable factors as war, weather conditions, great droughts, or changes in foreign markets. We must now accept legislation of the type of the pending bill, which is an attempt to fix conditions which will afford the American farmer a reasonable price for his products; otherwise, we shall be obliged to face the dreaded alternative of peasantry for our independent and proud farmers who are the very backbone of the Nation. It cannot be too strongly stated that there is no hope in the future for this upstanding farmer who is so independent and that he will be left with nothing but his independence, unless there is legislation making it possible for him to get for the products he raises either parity price or a reasonable approach to it. He must be assured enough to give him a fair margin of profit above the cost of production.

Objection is offered against any controlled production on the score that if we are not allowed to own what we produce we are not, in fact, owners of our farms, on which we pay the taxes and interest charges. The results of some of the proposed legislation would undoubtedly be to deprive us entirely of the control of those things which we produce, but that is not true of this bill prepared by the House Committee on Agriculture, for under this bill controlled production awaits threatening surplus. The farm surplus must be handled by some method sufficiently rigid to be adequate. In the House bill this is done with the least possible encroachment upon the rights of individual citizens.

We are dealing with a matter which does not concern the farmer alone, but which must, of necessity, involve the business world and all dependent upon it. When the farmer's buying power is curtailed, it is immediately felt by all kinds of business, large and small.

The increased prices of things the farmer buys are astounding. From the largest farm machinery to the smallest domestic purchase prices have been multiplied. A constituent wrote me recently that within 9 months the price of a pair of boy's overalls had increased 20 cents, or one-third. In this same period prices of wheat and other farm products had dropped materially.

SURPLUS CROPS OF MOST CONCERN

We are not here attempting to legislate into immediate prosperity all types of people who live on farms in America. There is a distinct difference between the necessities and present difficulties of those farm people who produce crops of which we have a large surplus and the farmers who can find home markets for their products. Those crops which are mainly dealt with in this bill are cotton, wheat, rice, corn and its products, and tobacco. We must seek to avoid sectionalism which is one of the grave dangers ever present in the halls of Congress. We must do justice to all those within our national borders without trading and without discrimination. It just happens that three of our surplus products are largely grown in the South, corn is of most importance to the Middle West, and wheat is of special significance to the people of the far West and Pacific coast,

though it is produced in more than 2,600 counties out of the 3,200 in the United States. It is probably of more general interest throughout the Nation than any other crop. We are not now on an export basis for dairy products, that is, we do not have a surplus, nor do we raise enough wool to meet all our needs. Those who produce what can be used by our own people, within our national boundaries have a totally different problem from those who must compete with other countries for the markets of the world and seek foreign consumers for a large part of their products.

The term "American farmer" covers almost as many types of activity as does the term "American industry." It is not a completely unified group with entirely similar economic interests which is brought together under the broad term of agriculture. The fact that a man lives and works on a farm does not necessarily class him with those who are particularly interested in or dependent upon foreign markets.

Some farmers are entirely dependent for prosperity upon more wages in the hands of American laboring men and dwellers in cities who are the consumers to whom they look for prosperity and profits. Another group is primarily concerned with the domestic market but is to a marked degree dependent upon foreign markets, and thereby enters into competition with producers throughout the world. Both groups may be protected by certain tariffs or trade barriers which will insure them against competition for the home market. We find, however, that when domestic prices become too high, buyers within our own national boundaries will use products sent in from foreign lands which can pay the tariff fixed by our laws, realize cost of production because of cheap labor, pay low ocean transportation rates, and still compete in American markets with our own products.

No single bill could deal adequately and wholly with these two producing groups. No member of the Committee on Agriculture can understand all the problems of both groups. The members of the committee have, to my certain knowledge, given to this problem and to this proposed legislation, most unusual devotion in time and study. They have listened by the hour, day, and week to specialists who give their lives to the study of these matters. Hearings have been held, informally, throughout the country. I, myself, have gathered Oregon wheat farmers into conferences for discussion of the proposed legislation. Committee members, while dealing individually with special problems, have held in mind the whole picture of American agriculture, which is so fully and admirably presented in the 1937 report of the Secretary of Agriculture. This report must be carefully studied by all who would form opinions as to proposed remedies. The committee offers this bill with some hesitance and uncertainty, but with the hope that it may at least partially correct the situation for the exporting group which produces crops of which we have a surplus in our country.

WAR AND FOREIGN TRADE AS PRICE FACTORS

American surplus crops, especially wheat and cotton, have, at certain intervals in our history, since the inauguration of President Washington in 1789, been in tremendous demand in foreign lands because of wars or disastrous crop failures.

The three periods of greatest prosperity for the American farmer came directly from demands of war times. During the first 25 years of our Republic, the basis of the young Nation's agricultural prosperity was the European demand for food and clothing incidental to the Napoleonic wars. We paid our first national debt in the years when wheat sold in Paris for $3 a bushel. The War between the States brought high prices for farm products. Those of us who participated in drawing this legislation recall most vividly the 3 years of remarkable farm prosperity in the United States resulting from European demands during the World War. At intervals during the past few months threats of another world war have temporarily increased world demand and influenced prices. If a general European war should come, there would be created a profitable market for all our surplus commodities. However, American farmers must not assume that temporary prosperity bought at such a terrible price is a permanent solution for our farm problem.

Stability and increased purchasing power among our own people will partially care for certain classes of farm producers, the dairymen, for instance. When we try to help other groups, we immediately face the difficulties of establishing and maintaining foreign trade relations and of determining upon a policy and method of subsidizing farmers who produce for this hazardous and uncertain market. This surplus must be handled chiefly in order to maintain security for ourselves through a sufficient production for our own needs. It is impossible always to fix a clear line of demarcation between foreign and domestic needs because they fluctuate, but we can establish, from statistical records and experience, some quantities below which it is not safe to fall.

ECONOMIC CHANGE AFFECTS FARMERS

These past 150 years in our country have been the brightest and most hopeful in the world history of agriculture. For a century and a half the American farmer has been the most independent and successful producer of farm commodities who has ever enjoyed the markets of the world. Now international relations are so changed and economic conditions are so unsettled and so different that we are forced to plan for a changed agricultural era. This bill was drawn with a background of such knowledge, and its sponsors had in mind not only the rapidly shifting economic factors in our own life, but also the changes and uncertainties in foreign nations.

The prosperous American farmers of former years cannot really believe that the situation in which we find ourselves today is anything but a temporary difficulty. Some of them seem to think we are dealing only with a flurry in the business world and that things will soon settle down to a normal prosperity. Others believe they are the victims of ill-advised legislation or of lack of legislation. I do not believe we can enact any legislation which will solve farm problems quickly or wholly. It is my opinion that the bill we now offer should be built upon our experience with the A. A. A. Act forged under the heat of emergency, and the Soil Conservation Act, partly conservation and partly necessary and unquestionably effective subterfuge because of court decisions. I repeat, we are not now offering another emergency act. We are attempting to build the foundation for a permanent policy. There have been before Congress in the past some farm bills which have attracted the attention of the country and which have been widely debated—notably the McNary-Haugen bill and the Grange debenture plan, both dealing with surplus crops. Then we had enactment of the Agricultural Marketing Act of 1929 and the A. A. A. of 1933, which had certain excellent features fundamental to any satisfactory farm legislation. It is clearly our duty now to attack that portion of the farm problem which most urgently cries for help, and to seek a remedy for the situation which is most acute and most intolerable. This is the condition faced by growers of the five crops with which we have been most concerned. Summed up, our unsolved agricultural problem is to keep foreign market prices from ruining growers of surplus crops in our Nation.

WHEAT

I represent a region which is vitally interested in one of these crops—wheat. I shall now confine myself to discussion of the situation in regard to that important product.

"Wheat is the commodity most widely produced and consumed. One might say that wheat, more than any other commodity, binds the economic system of our world together." Thus spoke our Secretary of Agriculture, when he set forth, recently, a national program for wheat. He pointed out that wheat is a "barometer of business." It is true that prosperity has come to the industrialist, to the businessman, and to the workingman when the farmer's wheat has brought him a reasonable return. When wheat is low, business is stagnant. Wheat is the basis of our prosperity as well as the staff of life. It can be produced today more cheaply than at any time in human history, and because we live in the machine age, it may be produced with less hours of labor. In reviewing the situation before the wheat farmer, we must consider the amount grown,

available markets, tariffs, foreign trade, droughts and their effects, conversion of land to other crops, changing food habits, and the variable yardsticks by which the value of each crop is determined. Wheat differs from corn in not being generally a feed crop for animals. It is grown extensively and cheaply in other countries. The wheat farmer watches with anxiety news of the crops of the Argentine, of Canada, and of Russia and Australia, and often reflects that disaster abroad offers him the only chance of prosperity.

The wheat program

Wheat growers are today meeting for earnest discussion of such problems as compulsory control, penalties, referenda, quotas, processing taxes, subsidies, loans, parity prices, ever-normal granary and storage, crop insurance, all of which I shall consider in the following section of my remarks devoted to definitions and technical problems. The Secretary of Agriculture has offered his "middle-course program" as follows: First, planning for that share in the world wheat market which will bring the wheat farmers their maximum prosperity. Secondly, the setting of acreage goals in line with needs of the soil and of the market here and abroad. Third, protection against drought through the ever-normal granary, with reserve supplies of wheat stored on the farm or in elevators. Fourth, crop insurance. Fifth, retirement of submarginal land. Sixth, price-adjustment payments, to be financed from tariff-equalizing taxes.

I should add to both these categories the problems incidental to our money complexities and changing food habits largely dictated by fashionmongers and beauty specialists. Both these influences are beyond the control of the Agriculture Committee, and both are accompanied by the wildest and most foolish propaganda with which bewildered humanity has ever been called upon to grapple. Wheat is produced on small family sized farms and on great commercial ranches throughout the whole country under absolutely diverse conditions, but, as has been well said, "wheat is wheat, and the fortunes of the different groups of wheat farmers rise and fall together. No region can hope to share in the benefits of any wheat program without sharing its burdens, too."

Expansion of production and competition

A century and a half ago the broad, open fields of the great Mississippi Valley and the plains of the West to the Pacific coast had never felt the plow. No such expanse of fertile, untilled soil was ever spread before civilized man, and as our fathers brought those vast acres into production they developed a wonderful technique. As proof of the prosperity of that happy time we have only to behold the beautiful homes, fine barns, and multiple improvements which a hundred and fifty years have spread from ocean to ocean. In this heyday of agricultural development the Ohio farmer or the Kansas wheat raiser could sow all the land he could handle and harvest the rich return for markets scattered throughout the civilized world. He did develop a degree of hopefulness, ambition, independence, and security that made him extremely prosperous and self-assertive. That period of prosperity culminated in the unprecedented demand for foodstuffs, hides, and fibers in the war years from 1914 to 1918, when prices of corn, wheat, cattle, hogs, and cotton were sent to previously unknown heights. I was a wheat and cattle farmer during that wonderful period of activity and prosperity.

I knew what it was to sow wheat with the realization that the only hazard before me was the actual raising of the crop and that a price of $2 a bushel was guaranteed at harvest. Then came the break which changed the entire picture. The extension of acreage and the skills we had developed for capacity production actually became disrupting influences. A country geared to high production and stimulated by the certainty of markets in many world ports was confronted with the necessity for the establishment of quotas and of crop curtailment with the alternative of the sale of wheat far below cost of production. Important European port cities, which formerly welcomed cargoes of cotton and wheat borne under our flag, now confronted us with tariffs which must be paid before our products could enter the markets to which they had been shipped for more than a century. These closed markets resulted from the development of intense nationalism and self-sufficiency among the peoples of Europe, partly caused by our own terrible blunder in the enactment of the Smoot-Hawley tariff which brought quick retaliation and foreign barriers, and most significantly, our changed position to that of a creditor nation. Our Smoot-Hawley Tariff Act of 1930 has been called "the worst blow ever struck at the wheat farmers of the United States." We are largely responsible for the tariff barriers which changed the trade habits of a century, during which wheat cargoes were sold to the highest bidders throughout the world. Great Britain, urged on by the spirit of nationalism, gave to the wheat growers of Canada, Australia, and other British possessions, exclusive rights to sell freely in her ports, and levied a tariff of 6 cents a bushel on wheat from the United States. Our Canadian neighbor is protected in that market, to reach which the American wheat raiser is obliged to scale a tariff wall of 6 cents a bushel.

Argentina, about 30 years ago, commenced to produce in quantity and to vie with us in world markets in which Canada and Australia have likewise become competitors.

Our normal domestic production of wheat, previous to the crop failures beginning in 1933, was from eight hundred to nine hundred million bushels annually. For the 4 years of drought and disaster, 1933–36, we averaged 582,000,000 bushels, and some wheat was imported for milling and for feed. Nineteen hundred and thirty-seven brought a yield of nearly 900,000,000 bushels—exactly 887,000,000—and again we were faced with a great surplus beyond our domestic needs, returning us to an export basis. In some foreign countries crops have been short so that world wheat prices have been relatively high. What were we to do with the 250,000,000 bushels which we could not use in home markets? Formerly, 30 or 40 years ago, we sold as much as 200,000,000 bushels of wheat annually outside of the United States. So far this year, with a great surplus and with wheat higher in almost every foreign port than it is in the United States, our total sales to foreign countries have not yet reached more than 25,000,000 bushels. Those who watch foreign markets carefully were, last July, confident that we would sell for export within the year from seventy to one hundred million bushels. Now that we know we will be able to dispose of but a fraction of our 1937 surplus crop by export, the question is put to us in plain, simple English, What are we going to do with the extra wheat?

The boasted independence of the American farmer is a thing of the past. It is as extinct as are the passenger pigeons which once fanned western skies in innumerable millions; it is gone as completely as are the buffalo herds of the western plains. The helpless American wheat farmer joins the cotton farmer in impotent appeals to be saved from ruin and bankruptcy brought about by his own skilled handling of his lands. Must he continue to produce unneeded quantities, accepting for his domestic sales whatever price our markets will afford and offering his surplus crops for prices fixed in foreign lands, and under conditions made most difficult by retaliatory and protective trade barriers?

Just for contrast and for the sake of an interlude, I wish to mention the fact that during one of the years when Washington was President, there were exported from the United States 4,700,000 bushels of wheat, produced principally in Pennsylvania, Virginia, and the Carolinas. Think of our forefathers with their crude agricultural implements and methods of 145 years ago, raising such a crop for export in the slow sailing vessels of that period! That is more wheat than the net exports of each of the last 3 years. It is only fair to say that during these 3 years we have imported an average of 20,000,000 bushels more than we have sent out—these importations entering over the 42-cent tariff wall for milling wheat and paying the 10 percent ad valorem charge for feed wheat.

With an annual production of from eight hundred to nine hundred million bushels, and a domestic consumption of about 575,000,000 bushels used for milling, food supplies, and seed, and from fifty to seventy-five million bushels used annually for animal feeds, we are dependent upon export markets for one hundred and fifty to two hundred and fifty million bushels. The use of wheat, whole or ground, for commercial feeds depends somewhat upon shortage of other grains and somewhat upon prices. We did import some feed wheat in the years 1935–36, during the drought, and we did import some milling wheat. In the Northwest we continued to have a regional surplus even though the country was importing wheat. The reasons are to be found in the kind of wheat grown, in the great distance from the feed markets, and in prohibitive transportation costs. We thus have before us somewhat of a picture of the actual situation in its entirety, even though it must be modified somewhat by regional conditions.

The tariff on wheat

The tariff we place on imported wheat is 42 cents for the milling grades and 10 percent ad valorem, or of cost, on feed wheat. Figuring this ad valorem tariff on wheat selling at $1 a bushel, there would be a 10-cent charge for feed wheats coming in over the low tariff wall. Why this great disparity between the duty fixed on feed and milling wheats? It was claimed that certain centers so urgently needed the feed wheat that the low wall was necessary. It should be immediately raised, because the imported feed wheat enters into competition with our own product, and takes the place of our own grain which would be used if the tariff were made adequate. There must, of necessity, be some reciprocity in this matter and consideration of foreign markets to which we must send our annual surplus, but the facts seem to point to the desirability for some readjustment.

Wheat our dependence

We should not lose sight of the fact that wheat is the basic food of our people and the cheapest food we can buy. Even at the price of $1 a bushel, the cost of the flour in a loaf of bread is less than two cents. A 20-cent increase in the price of a bushel of wheat would raise the cost of the consumer's loaf one-third of a cent. Shall one-third of a cent be allowed to make the difference between prosperity and bankruptcy for the wheat producer?

Why accept protective tariff for industry and reject protective legislation for farm producers who are denied the privilege of price fixing and must sell in a "market ruled by a ticker tape?" It seems to be true that a certain small group of processors and distributors has the power to control farm prices as well as consumer prices. This is owing to monopoly, with which we have never dealt adequately.

WHEAT FARMING IN THE PACIFIC NORTHWEST

The Secretary of Agriculture puts the matter so concisely that I quote again—

> Five different kinds of wheat are grown in different areas of the United States. These are hard red winter wheat, grown in Kansas, Nebraska, Texas, Oklahoma, and Colorado; hard red spring wheat and durum wheat grown in the Dakotas, Minnesota, and Montana; white wheat, grown chiefly in the Pacific Northwest; and soft red winter wheat, grown throughout the areas east of the hard wheat belts. The regions producing these five kinds of wheat have some problems in common, but there are important differences between them which must be recognized in mapping out a national policy for wheat.

The Pacific Northwest produces about 11 percent of the wheat of this country. Because of climate and soil, we raise chiefly a soft white wheat, largely used for mixing with the harder wheat in milling and for the biscuit flour of the Southeast. Because of the limited use of this wheat in milling (and we hope that may be overcome to a great degree), there is not the advantageous market which is open to the hard wheats of the Mississippi Valley.

Freight rates a handicap

We also are greatly handicapped by distance from the markets of the populous sections of the country and resulting prohibitive freight rates. Our natural transportation course is down the Columbia River and then by water through the Canal to the markets of the world. Railway freight rates are so high as to present an almost insuperable barrier to markets of the Middle West. The rate to Chicago on a bushel of wheat is about 40 cents, as prohibitive as the tariff we raise against foreign wheat. From my farm in the Grande Ronde Valley the freight and warehouse charges for the 300-mile haul to tidewater are 19½ cents a bushel. Twenty years ago, during the war, the charge for this same service was 10½ cents a bushel. Now we are threatened with higher railway charges, and this House, last session, passed the Pettengill bill, opening the way to practices and charges which might be almost ruinous to us as well as other interior wheat farmers. We hope the Senate will save us from that fate. The Canadian wheat farmer of Alberta ships his wheat 1,500 miles for 15 cents a bushel, including warehouse charges. How can we compete with him when his drought-stricken fields again begin to yield bountiful crops? It is apparent that the Northwest farmer must have better conditions if he is to continue to produce grain at prices which will enable him to buy the farm machinery and other products of eastern factories. During the World War, when the price of wheat was fixed by the Government at $2.20 in Chicago, we received about $2.06 at Pacific coast terminals. At that time freight rates from interior points to these terminals was about 60 percent of the amount charged today; in other words, freight charges have been advanced about 40 percent.

Sectional needs

Our wheat prices are those quoted by the Portland market, and they do not, of necessity, follow the Chicago market because of the surplus and transportation conditions. Since 1932 our prices have been relatively lower than those in the rest of the country.

It is apparent that we labor under a great disadvantage in our section—we still belong to the United States; we use the products of American industry; we pay taxes to support our National Government. Is it not simple justice that we should expect to be relieved of burdensome discrimination and to enjoy the benefits of a national policy which would enable our farmers to plan with some assurance?

You ask why we do not change the type of wheat we produce. The answer is that our climate and soil are suited to special varieties. We have tried other varieties of red wheat and have found that after a few years they deteriorate and become soft. In any event, we would have a regional surplus because of our distance from domestic markets.

Another reason why we must persist in the growing of wheat is that our farmers have expensive equipment and machinery for that purpose, and the only way of salvaging such investments is to continue the growing of wheat. Nevertheless, we shall continue our effort to find substitute crops which will reduce the wheat acreage, and there is a possibility that seed flax may be grown as successfully as the fiber flax we now produce. We have already turned to the production of a fine quality of grass seed. Irrigation development will also somewhat reduce our wheat surplus. During the period of change and development we must have every possible aid through Federal legislation.

We have for export a larger percentage of the wheat we raise than has any other part of the United States. Our export conditions are made extremely difficult by national tariff legislation, which we must expect the Congress to consider. In 1933 the A. A. A. gave us an export subsidy which helped us to hold certain foreign markets. The Pacific Northwest will benefit by the conditions set up under this farm bill.

The future

Forty years ago I wrote an article on the future price of wheat. This article was quite extensively commented upon by the Oregon press. At that time wheat was selling in the Northwest for about 40 cents a bushel. I made as careful a survey as could be made from records then available of the possibilities of competition from Canada and Argentina for our European markets. It was my judgment, expressed in

that article, that the wheat growers of the Pacific Northwest could not expect, through a series of years, to receive a price much higher than 1 cent a pound, or 60 cents a bushel. I advised my farmer friends to find some other avocation if they could not so adjust their farming that they could raise and sell wheat at 60 cents a bushel. I am now reminded of my prediction made in that almost-forgotten day, and intensive study of the problem in the light of present economic conditions causes me to reiterate the prophecy. Unless there is a decided movement on the part of the Government to increase commodity prices by expansion of the currency, the wheat growers of the Pacific Northwest, through a series of years, in the future, cannot expect more than parity, which locally is about 85 cents a bushel, and it will require legislation well administered to approach parity.

DEFINITIONS AND TECHNICAL CONSIDERATIONS

I have previously referred to the words which have been bandied about in speeches and articles on agricultural legislation and to the many serious discussions on methods of control of production which, seemingly, must be incorporated in any program of Federal aid. Some of the objections to this bill are evidently based on a lack of comprehension of the conditions under which control will become necessary. I therefore proceed to some clarification of these matters through brief definitions.

Quotas

By a quota we mean a certain amount in bushels, pounds, acreage, or other measure which becomes the proportional part or share of total production allowed any farmer who desires to participate in the benefits offered under the act. We say the farmer is to be given a "quota" under certain conditions. That means if he has 160 acres he may be given 80 acres for soil-depleting crops and 80 acres for soil-conserving crops and these allotments would become his "quota." Upon his 80 acres of depleting crops perhaps he may grow 60 acres of wheat and 20 acres of corn. These quotas are fixed by the county committees after careful surveys and thorough understanding of the situation. The farmer always finds it possible to talk to the men who are exercising this authority which is not given to some remote bureaucrat.

Though this is permanent rather than emergency legislation, certain features apply only in emergency periods; in wheat they apply when the total of production and carry-over equal a billion twenty-seven million bushels. The marketing quotas for wheat cannot go into effect for 1938, though the emergency may be here in July of that year. If there is an average crop of 12½ bushels an acre on the 80,000,000 acres that were sown in 1937 and might be sown in 1938, there would be a thousand million bushels raised; added to the probable surplus, this will make approximately 1,200,000,000 bushels confronting us in July 1938. The quotas will then go into effect for the fall seeding of that year. These acreage quotas for wheat could be carried out under the present Soil Conservation Act but will be more satisfactorily handled under the present bill. In any event, it is imperative that we prevent great surplus quantities. We hope this will ultimately establish higher prices for the quantities used in domestic consumption. The surplus should be sold in the world's market at the world's price, and the surplus producer should be obliged to accept that world price for his share of the surplus. There is no other way by which we can establish and stabilize prices except to give marketing quotas to the raisers of commercial wheat, followed by the requirement that those who raise wheat beyond the marketing quota should accept their fate so far as a surplus is concerned.

Referendum and penalties

This bill provides for a referendum to the people before marketing quotas go into effect. It provides that if one-third of the farmers vote against the marketing quotas, the law will not go into effect. This is called the negative referendum, which is used in this form because investigation leads to the conclusion that it may be, and probably will be, held constitutional if the act is taken before the courts. Someone asks, "If a farmer has voted against the marketing quota, must he accept it?" The majority rule in this country must be obeyed. In this case the governing group must be two-thirds of the growers of the product, and I do not know what could be more fair. I cannot conceive, for the life of me, how one percent of American farmers can vote against American quotas. If they do, they will vote for their own bankruptcy and will abandon their only chance to get in return anything like the cost of producing the commodities included in this bill, namely, wheat, cotton, corn, tobacco, and rice. I believe this bill affords the relief which the producers of these five major farm commodities must have in order to remain solvent and continue their occupations. Regulatory laws are of no value unless people accept them and give full cooperation. It has been said that this is a very drastic bill, regimenting the farmers. It seems to me very mild regimentation compared to what is likely to come should this bill fail to bring the results expected by its authors. I believe that the opponents of the measure will be astonished when the vote is taken among the wheat growers, who are generally sufficiently intelligent to understand where their own interests lie.

It is said, in criticism of the pending bill, that it provides severe penalties for those who disobey the law in regard to marketing quotas. Without some penalties the law would be useless. There must be penalties for those who deliberately disregard law. We must have a law with teeth in it—the penalties are not severe; they are mere fines. If a man should market beyond his quota for wheat, 15 cents a bushel is certainly an extremely light penalty for failure to comply with the law.

Subsidies

This bill does not repeal the Soil Conservation Act, but adds to and supplements it. Under that act the program will continue to give to the wheat grower a small amount of benefit payments. In the Agricultural Conservation Program for 1938, on page 5, subsection 1 of section 3, we find these words:

> One-fifty per acre adjusted for productivity for each acre in the general soil-depleting crops.

I understand that under this section and connected rulings the wheat farmer will get something like an average of 12 cents a bushel on production. Many who have studied the operation of the law think this is not sufficient inducement and that the payments ought to be from 20 to 30 cents a bushel. If no more than $500,000,000, as presently authorized, is available for the farm program, the wheat raiser cannot expect much increase beyond 12 cents a bushel benefit payments, which payment will be on acreage and not bushelage.

Commodity loans

I was extremely anxious to have incorporated in this bill a provision that loans granted corn growers should be extended to the growers of wheat, and I know that wheat growers throughout the country will rejoice with me over the inclusion of that section, which provides that not less than 55 and not more than 75 percent of the parity price shall be allowed wheat growers through commodity loans. The parity price is now $1.17. As our Pacific Northwest wheat does not rank with eastern wheat in milling qualities, but is at a discount of about 10 cents a bushel, the resultant lending privilege to the Pacific Northwest will be about a cent a pound, or 60 cents a bushel. It is true that through commercial channels and the Production Credit Association the producer of wheat may now borrow a reasonable percentage of its commercial value. The object of such loans is to stabilize prices by fixing a minimum or bottom price below which the product is not expected to fall. While 60 cents is only about one-half of parity price, the farmer of the Northwest, backed by this guaranty, could at least plan to meet actual expenses if he farmed with care. I am very anxious to see this provision retained in the act giving to wheat growers the privileges extended to raisers of corn and cotton.

Parity

Parity price is that price which should be received for a commodity like wheat or cotton in order to give the grower an unvarying purchasing power for the products of industry.

These prices are averaged throughout the country and measured by wages in industry through certain years. The result is supposed to put the farmer on a parity, or selling and purchasing equality, with those in industry. The parity price on No. 1 Northern Hard Wheat is $1.17.

In speaking of parity we may distinguish between parity price and parity income. There may be a parity price for one commodity; lacking a parity price on other commodities the farmer may not have a parity income, or the same percentage of the national income. Briefly stated, we mean by parity a price which will put the farmer on an equality with industry so far as the purchasing power of his products is concerned. There is no group more definitely and vitally interested in parity for the farmer than is industry. We ultimately intend to limit our plan for parity prices to that part of the farm crop domestically consumed, leaving the farmer a competitor for foreign markets at world prices. It is the intention that the parity price shall give to the commodities to which it is applicable a purchasing power for farm necessities equal to the purchasing power the commodity enjoyed from 1909 to 1914, taken as a base period.

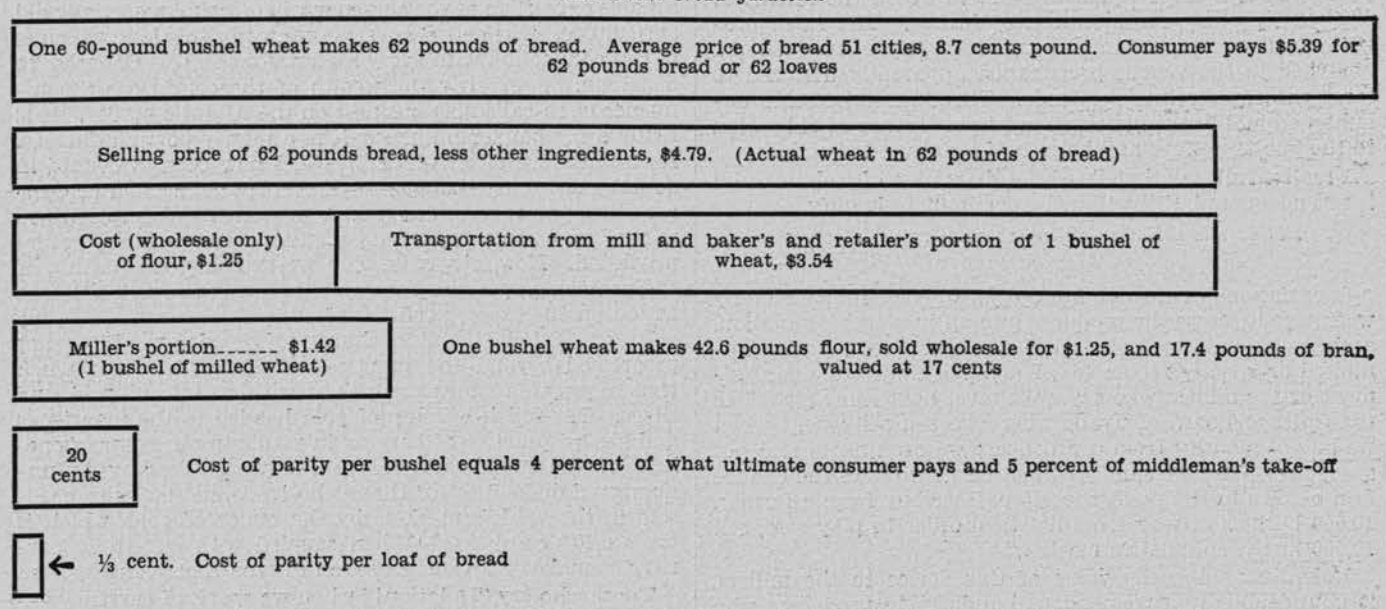
What price parity?

One bushel of wheat makes 62 pounds of bread, which costs the ultimate consumer $5.39, as of October 15 last. Deducting the cost of other bread ingredients by formula of the Department of Agriculture, amounting to 60.3 cents, we arrive at the wheat component selling price to the ultimate consumer of $4.79. Think of this, gentlemen, 1 bushel of wheat costs the ultimate consumer $4.79. Out of this the agencies beyond the mill receive $3.54. Out of the 60 pounds of wheat the miller secures 42.6 pounds of flour and 17.4 pounds of bran. The combined wholesale price of this flour and bran at Minneapolis was $1.42 as of the above date. The average wheat price for October 1937 in Minneapolis was $1.27 and in Kansas City was $1.06, quotations being on different kinds of wheat. The average white wheat price in Portland for October 1937 was 90 cents a bushel.

Insurance of parity would cost about 20 cents per bushel, or one-third cent per loaf of bread. This is only 4 percent of what the ultimate consumer pays, or 5.5 percent of what the transporting, baking, and retailing agencies take out of a bushel of wheat sold to the ultimate consumer.

I present herewith a table giving the wheat-bread yardstick in order to point out the low cost of parity so that my colleagues in the House may realize how little would guarantee the wheat grower's prosperity and prevent his bankruptcy. Can our city friends afford to pass over the facts as measured by my yardstick? This minute price differential represents the difference between national prosperity and national depression. Can we afford to trifle at this time with such a small margin?

The wheat-bread yardstick



The ever-normal granary

The ever-normal granary is a much-used and much-abused term which concerns the problem of storage. By it, we mean the provision of a sufficient quantity of a commodity held in storage to carry our people through any emergency like drought and disaster. The idea is as old as agriculture itself, and it should be put into effect in this country. It will benefit the producers, will guard against extortionate prices while having the tendency to raise prices from extreme depths. It has been said that such a granary would not be needed for our white wheat of the Northwest ,because we are always assured of an exportable surplus. I agree with that as a general proposition, but I affirm that when the sale of our wheat is possible only through prices which mean ruin for the farmer, he is entitled to share in the benefits afforded by storage and in the loans provided for other commodities.

Processing taxes—Much ado about nothing

By a processing tax we mean collection of money at so many cents a bushel or a certain price on a hundred pounds of flour collected through the mill where the wheat is ground. Practically all wheat is processed through a mill of some kind before it is used for human consumption. Feed wheats are, of course, excluded, as are wheats used by the grower, for seed and other purposes. This processing tax was levied under the A. A. A. Act and was invalidated by the Supreme Court January 6, 1936. A tremendous amount of propaganda has been put through the mails and press and over the radio against the processing tax, but there never was a fairer tax imposed. The middleman took advantage of it to increase prices materially, using the processing tax as an excuse. It was a handy peg on which every chiseler could hang his excuses for overcharges. If it is again imposed, as I think it should be, some method should be devised by which this small amount cannot be carried to the consumer, doubled or tripled for the profit of the middleman. In other words, we may be approaching that period when we must, by law, follow the commodities clear through to the consumer, making sure that prices fixed are equitably distributed in benefits. Something might be accomplished by requiring every baker to mark on the wrapper of each

loaf, "Government processing tax on this loaf is one-third of a cent." The Miller-Tydings Act established the principle that the producer has the right to fix the price of his product to the consumer. Just how we can make that principle applicable to the products of the farm remains yet to be discovered. It would seem that any long-range program should be based upon the assumption that users of any product of the farm should be willing to pay the cost of production with a reasonable margin of profit.

The analysis which I have just given of the cost of guaranteeing parity to farmers is, of course, a justification of the processing tax, and it ought to be conclusive evidence that we should not shy away from that method of collecting an almost negligible amount to be returned to the producer as a sort of crop-insurance fund. A more enlightened social age may have its laws interpreted by a court which will find constitutional such an act so essential to the welfare of the farming population. If the farmer cannot produce with some profit, he must, of necessity, become a charge on society and he will, in his downfall, wreck our whole economic fabric. He must be kept in a position to buy the products of industry and to make his tax contribution to the expenses of government. I was anxious to have a processing tax included in this bill and I fear its successful operation will be seriously retarded because of the lack of provision guaranteeing more money for the basic commodities for which we are providing a program. It must be remembered that the processing tax is a tariff-equalizing tax, to which the farmer is entitled by every consideration of justice. The farm program must be financed in some manner. The country should not yield to the vicious propaganda apparently designed to force the farmer into servitude. There must be some enlightened middlemen who will act from a sense of obligation to the public welfare and help the farmer toward stability.

I realize full well that this brief discussion of technicalities is not adequate but it will at least stimulate inquiry.

MONEY AND SPECULATION IN RELATION TO FARM PRICES

Speculation

Speculation in foodstuffs seems to me fundamentally wrong, as it forces the producer into an intolerable situation, and has a tendency to bear down prices. It should be prohibited or strictly regulated. I am well aware of the argument of the millers who say, "We must have some place like the Chicago Board of Trade where we can sell wheat when we buy a quantity from a producer; we are millers and not speculators, and we simply cannot afford to take the chance of a big fall in the price, therefore, if we buy from a farmer, 10,000 bushels of wheat, we must, in order to play safe, sell 10,000 in the speculative market."

Notwithstanding the value of this device to the millers, it is undoubtedly a tremendous handicap to producers who have, under the present practice, no voice in the making of prices for their products. There seems to be plenty of law upon the statute books to enable us to stop this wild speculation in foodstuffs, but there is obvious hesitancy in its administration in times of need, and the practice seems to be to undertake further investigations rather than to clamp down with the machinery already provided. There have been 15 years of provision for Federal regulation of the grain exchanges of the country, and in June of 1937, there had been one full year under the Commodity Exchange Act. This act was written into the statutes for the purpose of insuring fair practice and honest dealing on commodity exchanges which have annual trading accounts with an estimated value of $25,000,000,000. Since this trading in commodity futures has such a definite influence on agricultural prices, it is important to farmers that proper administration in their interest be assured. Undoubtedly the Department of Agriculture has at its command definite information which could be given to the country in place of the daily statements and denials of the press and exchanges in regard to the crop situation in other countries. If there has been a great loss through freezing weather in the Argentine, that loss should be accurately estimated by the Government's experts kept there for observation and reports, and the actual facts should be made known to our people. There are farmers who have been brought to ruin through acceptance of misleading and unsatisfactory Government reports. All of this service should be organized and carried on for the benefit of the producers and it should never be allowed to degenerate into an arm of the speculative business. There should be no confusion between grain trade propaganda and factual statements on conditions.

Money

In this discussion of the farm bill, I cannot enter into any satisfactory exposition of the money problem as related to commodity prices, and while I believe that it is essentially germane, I do not think the time is opportune. I must, however, state my belief that our commodity prices are bound up in the money question. Certainly the general advance in wheat prices from the low period of March 1933, has been in large part due to the change in the grains of gold in the dollar, which naturally increased commodity prices. Some of us believe that if the President would cause to be issued the three billions of currency provided in the old Triple A Act, the agricultural situation would be much relieved. It should be clearly understood that this increase of the currency would not affect world prices. The cry against so-called inflation is simply manufactured propaganda, and it should not be allowed to operate against a reasonable expansion of the currency which would materially aid agriculture. The actual governing force in this land which is felt in connection with every major effort in this Congress to distribute more fairly the wealth of the country is the influence of so-called big business on the Atlantic border. It is really a big banker influence, it is a money power influence. Its tremendous effectiveness has just now been evidenced in actually changing the agenda of this special session of Congress from a program designed to protect the underprivileged to one bent upon guaranteeing additional benefits to the overprivileged. How, otherwise, can we explain the crushing of the people's power program and the demand for immediate action on the excess profits tax?

In our international exchange of goods, we have not progressed beyond the practices of 2,000 years ago when traders began to measure values with metals of gold and silver. Our fetish worship of gold has led to the monstrous and absurd practice of burying in vaults in our country one-half of the monetary gold in the world, leading to unnumbered difficulties for those who trade and measure goods sold in the world's markets by the ounce of gold, which is the world's yardstick. When coupled with our trade barriers, it makes a serious situation for the American exporter.

Those who cry "Inflation!" when we speak of currency expansion should remember that some countries have raised commodity prices through this method carefully guarded from overexpansion. When the World War was being fought, the French franc, in terms of gold, was worth 13 to 16 cents; today it is worth 3.92 cents and in France the prices of wheat and other farm products are higher in the currency of the country. In Mexico, today, cotton is selling for 66 cents Mexican money. Mexican and French farmers can pay their debts and taxes in that cheapened money.

SUMMARY

We are asked why we do not bring in legislation covering all farm products. I reply that we should first successfully handle the five leading farm commodities, adding others as methods are worked out for protecting the prices of these articles in our own markets. The bill is necessarily somewhat sectional because of the nature of these products which are generally grown in such great quantities that the surplus becomes a problem. The cotton grower of the South must realize that the wheat grower of the West should enjoy the protection for which he himself clamors. I make a plea for wheat not only because it is the chief agricultural product of my section, but because it is more nearly nationally grown

than any other one of the five commodities, being produced in greater or less quantity in 81 percent of the counties of the United States. We must make common cause as American citizens against the financial interests which are so short-sighted as to be willing to wreck the American farmer, and we must unite in a program applicable to farming conditions throughout the country.

We are agreed on the program of withdrawal of submarginal lands which should never have been plowed; establishment of the ever-normal granary as a protection against disaster; and some yielding to control of production when accepted as necessary by majority vote. I think we shall ultimately agree that the money to finance the program which will stabilize prices must be raised by a processing tax and that the farmer must not look forward to continued subsidies from the Public Treasury. We shall also be brought to agreement on the readjustment of tariffs looking to the reestablishment of foreign trade, and the protection of our own people from the competition of agricultural products of the great commercial growers of countries like the Argentine. We want the tariff program drawn by those who will take the farmer into consideration. We know, further, that we are dependent upon purchasing power of the great masses of workers who are gathered in the manufacturing cities of America, and we must help to stabilize that purchasing power.

I believe all our farmers would subscribe to a program which would comprehend five other points:

First. Farm credit through the Government at a rate of interest as low as that given by the Government to any other class of borrowers, and a farm-credit system actually administered by those sympathetic with the farmer.

Second. Equalization of the tax burden which now bears so heavily upon landowners.

Third. Control of the gamblers who fix farm prices through speculative operations.

Fourth. Adjustment of transportation rates in the interest of the shipper as well as those of the carrier, with actual competition between rail, water, and trucks.

Fifth. A supply of farm machinery and farm implements produced at fair prices free from monopolistic control.

If there were any legislation which would guarantee us these fundamentally important conditions, we farmers could feel that we were living on farms we really owned rather than existing temporarily on lands which we cultivate solely for mortgageholders and tax gatherers. What will happen if we cannot be assured such economic conditions? Naturally, we will be governed by the law of the jungle, the survival of the fittest. Farmers will be ruined, insurance companies, mortgage companies, and manufacturers will feel the result and unparalleled disaster will follow. Farmers must fight and they must unite for the fight. We must have proper laws, and we must, if necessary, have constitutional amendments. I am comforted to remember that there were three Supreme Court judges who recognized the justice of the Triple A Act. We are not helpless in this matter of the constitutionality of laws for the general good. We can provide different numbers for decisions and we can provide a fixed term for judges who are prone to become dictatorial and selfish under a guaranty of life tenure. There are remedies and there are weapons which were put into our hands by our forefathers.

Speaking for the wheat farmers who survived 1932 with wheat prices lower in the United States than in western Europe, where they were lower than at any time since Shakespeare wrote, I can say that we take comfort in the fact that the quantity of wheat consumed in the United States is fairly constant, though slightly decreasing because of changes of food habits, some of which are dictated by folly and fashion. When times are prosperous people eat more vegetables and meat, though the added money keeps the purchase of wheat products somewhat stable. We know we cannot expect the people of the United States to use all the wheat we raise and we know it would not be safe to cut our production to domestic consumption, so we must, for safety, produce a surplus for storage and for export. Our export quantity should not, through a series of years, exceed a hundred million bushels annually. We can, in ordinary years, produce 720,000,000 bushels on 60,000,000 acres, which would leave about 50,000,000 bushels for export. Today, as we attempt legislation for the wheat farmer, we have 57,000,000 acres of winter wheat growing and 23,000,000 acres of spring grain yet to be sown, with a probable carry-over of 200,000,000 bushels on July 1, 1938. Surely, we all realize that the problem is intricate and complicated. The powerful financial interests must be made to see that our farm program is essential to the national welfare.

I am glad the President said in a recent message—

> I hope and believe the Supreme Court will not again deny the farmers the protection which it now accords to others.

In the long run, public opinion will prevail, and it will support good laws. Therefore I feel sure it will support the farmer. Chiseled on the beautiful Supreme Court Building are the words, "Equal justice under law." May those who make the laws, and those who interpret the laws, and those who administer the laws, not forget that this means justice for the producer as well as for the consumer.

Mr. PIERCE. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and also include in the RECORD my yardstick.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. NELSON. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, for more than 10 months, as a member of the Committee on Agriculture, I have given very careful thought and study to the farm problem. Our committee has worked faithfully and diligently in an effort to draft an adequate farm measure and to bring to this House a well-rounded program.

At the outset I want to iterate and reiterate that I hate and despise the thought of permanently controlling American agriculture by Federal legislation; but however obnoxious the term "control" may be, it is not quite as obnoxious and as offensive as the words "bankruptcy" and "starvation." Although I hate the idea of control, I believe that in the present situation it is not only the part of wisdom but it is actually a national necessity. We have attempted under the soil-conservation program to accomplish the desired end by means of a voluntary program which permitted partial compliance. We now find ourselves buried beneath a great abundance, the ill effects of which are visited upon the farmers of the Nation. Throughout the country there is a great demand for "control." Some people want voluntary control and others want compulsory control. I take the position and have consistently maintained that there is only one kind of control, and that is compulsory control. All other types are nothing more nor less than voluntary cooperation, which has miserably failed in the tobacco sections of the country, as evidenced by the failure of the Tri-State Tobacco Cooperative Marketing Association and other efforts on the part of farmers to orderly market the production of their fields. I still look forward to the time when all American farmers can go forth in the spring and plant freely and in the fall harvest generously, with the assurance that they will be able to market their commodities at a profitable price; but until we find the markets, either at home or abroad, it certainly appears to be the part of wisdom to control the marketing of crops in interstate and foreign commerce.

At one time I think I was perhaps the only man on the Agriculture Committee of the House who stood for the compulsory-control features which are now incorporated in the bill under consideration. I tried to think conscientiously our situation through. During the deliberations of the committee, prior to the convening of the present session and

subsequent thereto, I was conscious of the fact that at the last session of Congress we adopted Senate Joint Resoltuion 207, in which is stated:

Whereas it is the sense of Congress that the permanent farm legislation should be based upon the following fundamental principles—

Eight general principles are enumerated, the fourth of which reads as follows:

That control of agricultural surpluses above the ever-normal-granary supply is necessary to safeguard the Nation's investment in loans and to protect farmers against a price collapse due to bumper yields resulting in production beyond all domestic and foreign need.

I was also conscious of the fact that pursuant to that resolution Congress set apart and earmarked $130,000,000 of the funds available under section 32 of Public Law No. 320, Seventy-fourth Congress, for the years 1938 and 1939, for the purpose of a price-adjustment payment with respect to the 1937 cotton crop; the payments provided to be made—

To cotton producers who have complied with the provisions of the 1938 agricultural adjustment program formulated under the legislation contemplated by Senate Joint Resolution 207, Seventy-fifth Congress.

I did not feel that the cotton farmers could in good faith expect to receive the 3 cents per pound subsidy on the 1937 cotton crop provided in the legislation I have mentioned unless we actually enacted an agricultural-adjustment program for 1938 based upon the principles mentioned in Senate Joint Resolution 207, which clearly contemplated "control of agricultural surpluses."

Several committee prints contained provisions imposing a processing tax upon cotton, wheat, and the other commodities mentioned in the bill except tobacco, with the idea in mind of raising an additional $100,000,000 for cotton, $100,000,000 for wheat, $75,000,000 for corn, and $11,000,000 for rice, which, added to the $500,000,000 which is to be provided for the Soil Conservation and Domestic Allotment Act and the $125,000,000 which has been made available for agriculture from what is known as section 32 funds, would make the bill cost in the neighborhood of a billion dollars. During the consideration of this general farm legislation containing the provisions I have just referred to I was unable to reconcile the efforts of our committee to add to the cost of the bill approximately $300,000,000 for the purpose of "purchasing compliance" with a control program with the statement of the Secretary of the Treasury to the effect that honest effort would be made to balance the Federal Budget without imposing additional taxes, and that he expected to be able to curtail governmental expenditures to the extent of $700,000,000, which curtailment contemplated a reduction in the amount which we expect to be made available for agriculture. I was also mindful of the fact that the Supreme Court had definitely held in the Butler case that we could not use Federal funds for the purpose of "purchasing compliance" with contracts, the effect of which was to control production of agricultural commodities, and had definitely stated that control of production was a field in which the Federal Government had no right to enter. In view of the situation as I viewed it, I consistently opposed the processing-tax provisions in the farm bill and took the position that in the event it was deemed necessary or advisable to add to the cost of the farm bill that the additional revenue should be raised by the Ways and Means Committee, which committee is familiar with all of the avenues that are open for possible additional taxation and better qualified to devise some method of raising additional revenue which would cause the tax burden to fall more evenly and more equitably upon the shoulders of the taxpayers of this great Nation rather than upon particular groups. I have had very little experience in the field of taxation, and I believe that if a processing tax is to be imposed that it should be imposed by the proper committee—the Ways and Means Committee. I am opposed to the processing tax for the reason that I have the feeling that its ill effects are visited upon cotton producers and the producers of other commodities upon which the tax is imposed. Either one of two groups of our citizens would certainly bear the burden of any processing tax which might be imposed upon cotton, either the cotton producer, whom we are trying to help, or the consumer of cotton goods, to wit, the man who wears cotton socks, cotton shirts, cotton overalls, and overall jumpers in either the rural or urban districts of the Nation.

Mr. McCORMACK. Will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Is it necessary for the Ways and Means Committee to levy more taxes as a result of this bill, in the gentleman's opinion?

Mr. COOLEY. In answer to the gentleman's question, I will say that it is not necessary but it may be advisable.

Mr. McCORMACK. But it is not advisable?

Mr. COOLEY. I will not say that it is not advisable.

Mr. COX. Will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Georgia.

Mr. COX. Was it contemplated by the gentleman's committee that such a tax would be levied?

Mr. COOLEY. At one time during the deliberations of the committee the bill we had under consideration contemplated the raising of additional revenue, but I believe that the conclusion finally reached was that the entire membership of the committee would support a request that agriculture be given the full flat sum of $500,000,000 and in addition thereto the funds made available under section 32, which has already been set apart for the benefit of agriculture.

Mr. McCORMACK. We included that in last year's tax bill and if that is so I am glad to hear it. It is a message to the country and to the members of the Ways and Means Committee that we are not confronted with the problem of levying additional taxes to meet any obligations under this bill.

Mr. COOLEY. I think this bill can be carried out in the next year for not in excess of $565,000,000, the 500 million being the amount set apart for the entire soil-conservation program and the 65 million the balance available under section 32 after deducting the amount which has heretofore been made available for the cotton price-adjustment program.

Mr. McCORMACK. There are $125,000,000 customs receipts which are available sometime.

Mr. COOLEY. Approximately that much each year.

Mr. LAMBETH. Will the gentleman yield?

Mr. COOLEY. I yield to my colleague, the gentleman from North Carolina.

Mr. LAMBETH. I would like to inquire how much is being used of the $125,000,000 provided in section 32?

Mr. COOLEY. Sixty-five million dollars of the section 32 fund is to be used each year for the next 2 years in making the cotton price-adjustment payments. I do not know how much of the remainder of the fund has actually been expended or will be expended during the coming years but it is all available for the purpose specified in the act.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield there for a correction?

Mr. COOLEY. Yes; I am glad to yield.

Mr. ANDRESEN of Minnesota. As I understand, $130,000,000 of these funds are appropriated to pay the 3-cent subsidy on 65 percent of the 1937 crop.

Mr. COOLEY. The gentleman is correct. Sixty-five million dollars of the 1938 fund and $65,000,000 of the 1939 fund, making a total of $130,000,000, has been set apart for cotton.

Mr. ANDRESEN of Minnesota. So it will all be paid in 1938?

Mr. COOLEY. It will be paid in 1938 upon the 1937 crop.

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

Mr. COOLEY. Yes; I yield for a brief question.

Mr. MICHENER. If there are coming into the Treasury now vast sums for the taxes under the Social Security Act, if these sums are being used, as they are, for the running expenses of the Government, and if business should revive

and more social-security tax money should come in this year, might not these sums be applied here without any additional taxes?

Mr. COOLEY. I do not think that it would be proper to use the social-security taxes for such purpose.

Mr. McCORMACK. If the gentleman will yield, of course, the gentleman does not want to confuse his able argument on farm relief with the matter of the taxes mentioned in the question of the gentleman from Michigan. These questions have no relationship one to the other.

Mr. COOLEY. I quite agree with the gentleman from Massachusetts.

Mr. MICHENER. They ought not to have a relationship but they do. The funds are being used.

Mr. COOLEY. Other civilizations have suffered and perished because of a scarcity of food and feed, and fuel and fiber, but few if any civilizations have suffered as we are suffering on account of an abundance. While we have many problems of great importance, I believe that the one word, "abundance," embraces a multitude of them and certainly the major problems which confront this Nation at the present time. We have an abundance of labor, an abundance of idleness, an abundance of poverty, yet we have an abundance of everything that the idle and the poverty-stricken need and want. In addition to the visible abundance America has a tremendous reservoir of wealth and treasure yet untapped and untouched.

Somehow I think that those who will come upon the stage of action 50, yea, 25 years from now will look back upon us as fools for failing to find a fair, a just, and an equitable distribution system which would enable us to prevent suffering and distress in a land of abundance and plenty.

Through the years mankind has sought for and has fought for a fair and a just system of government. Even though "human welfare" is the specific and precise object of our Government we are today still groping in the darkness, searching for a more perfect system, a system which will enable us to distribute evenly and equitably the products of our fields and factories. This bill is a humble and sincere effort. It is a bold and courageous approach to the solution of a great and vital problem.

The farm problem, the problem with which we are now dealing, is of first magnitude and of paramount importance. It is a fundamental problem, vital to the life and welfare and the happiness of our people. If the problem with which we are now dealing is one of such importance, let us in the course of this debate rise to the full stature of political manhood and lift ourselves above the passions and prejudices of partisan politics and in the noble and manly spirit of true Americans meet the problem face to face in an honest effort to find a solution. Let us break down the barriers to social betterment and lift the "bold peasants" of agriculture to their proper place in our national economy. To do this we need only to apply the ancient rule of righteousness and to pursue the true course of justice and truth. This we must do if we would save our Nation from the graveyards of governments which have been lost in the decay of the centuries.

Mankind cannot ruthlessly rob nature and escape with impunity. Either we of this generation or those who are to come after us must pay the heavy penalty which is inevitably imposed by that great power which directs the destinies of man and controls the forces of nature. For decades American farmers and lumbermen have cruelly wasted and ruthlessly exploited our forests and the fertility of our topsoil. The bill we are now considering extends the provisions and the benefits of the Soil Conservation Act which has operated with almost universal approval. We have embarked upon a program for agriculture which will enable our farmers to replenish their depleted forests and rebuild and preserve the topsoil of the farm lands of the Nation. Now, by this act we are making a bold attempt to give the farmers of America the benefit of the protection of the interstate- and foreign-commerce clause of the Federal Constitution.

PROCESS TAX

My allotment of time will not permit a detailed discussion of the many provisions of this bill, which contains 86 pages. I shall, therefore, devote the major portion of my time to the discussion of the provisions which deal with the marketing of tobacco.

All tobacco is produced for market and moves almost wholly in interstate and foreign commerce. It is sold on a Nation-wide market and through the stream of interstate and foreign commerce finds its way to the markets of the world. Approximately 750,000 farm families are engaged in producing and marketing tobacco. History reflects clearly the inability of tobacco farmers to effectively organize for the purpose of marketing their product. Never before until the Federal Government furnished the machinery were they able to successfully cooperate so as to provide an adequate and balanced flow of their commodity in interstate and foreign commerce. The disorderly marketing of tobacco causes overcrowding and congestion of existing facilities of commerce and materially affects the volume marketed in both interstate and foreign commerce. When large and burdensome stocks are on hand, manufacturers, buyers, and dealers naturally offer lower prices, all of which aggravates the unhappy plight of the farmer. When great surpluses accumulate, the disastrous effect is always visited upon the farmer and is never reflected in the price which the ultimate consumer is required to pay for the finished product.

There is little, if any, relationship between the prices received by the farmers and the price paid by the consumer. The wholesale and retail prices at which tobacco products are sold are influenced by the unusually great amount of fixed and invariable elements of cost, such as the Federal tax and the policies of manufacturers and dealers.

The average price received by farmers for all types of tobacco in the United States declined from 18.3 cents per pound in 1929 to 10.5 cents per pound in 1932, and as a result farmers' income from tobacco declined from $281,000,000 to $107,000,000 for the same period. At the same time, the wholesale price of cigarettes was advanced from $6 per thousand to $6.85 per thousand, and the profits of 52 leading tobacco manufacturers increased from $134,000,000 to $146,000,000.

The Federal Trade Commission, in its agricultural income inquiry, states that in 1934, 13 principal tobacco manufacturers purchased the equivalent of 64 percent of the crop, and the 3 largest of such manufacturers a quantity equal to 46.2 percent of the crop. These same 13 corporations sold over 97 percent of the cigarettes, over 90 percent of the smoking tobacco, over 75 percent of the chewing tobacco, and over 98 percent of the snuff produced in the United States in 1934. The three companies reporting, respectively, the largest sales of cigarettes, of smoking tobaccos, of chewing tobacco, and of snuff accounted for 80.1 percent, 64.8 percent, 68.7 percent, and 95.3 percent, respectively, of the 1934 production of these products.

No one will question the right of the Federal Government, under the interstate-commerce clause of the Federal Constitution, to regulate the facilities of commerce. I am likewise sure that no one will question the right of Congress, by legislation, to exclude from commerce articles which are inherently bad such as harmful drugs, narcotics, gambling devices, intoxicating liquors, and the like. If we have the right to prohibit and to exclude, it seems to me that we would naturally have the right to regulate and control the flow of the commodities which move into the stream of and upon the facilities of both interstate and foreign commerce without applying a test of morality and without the necessity of testing the article for the purpose of ascertaining whether or not it is immoral, vicious, or calculated to impair or destroy the health, the mind, or the character of our people.

In the event a sovereign State seeks to impose burdens upon interstate commerce, notwithstanding the character of the commodity with which it is dealing, certainly no one would suggest that the Federal Government under the interstate-commerce clause of the Federal Constitution would have no

right to remove the burden. I am sure that there is ample authority to justify this position. If the Federal Government in removing a burden on commerce placed upon it by a State law need not inquire into the character of the article or commodity which the State is attempting to deal with, and if the Federal Government has a right to exclude from commerce articles which are manufactured in violation of State laws, it appears to me logical that Congress has a right to regulate the flow of farm commodities in interstate and foreign commerce. If the marketing of an abnormal surplus actually casts a physical burden upon the facilities of commerce and at the same time results in disastrously low prices, bankruptcy, and starvation to the farm population, and at the same time fails to benefit the ultimate consumer, it appears that the Federal Government would have a right to regulate the flow of such commodities in commerce. The reverse of this situation is that in the event of abnormally low yields of agricultural commodities these same facilities of commerce must remain idle and the ultimate consumer required to pay unusually high prices for the necessities of life. By regulating the flow of farm commodities in interstate commerce Congress may prevent disastrously low prices to producers and unusually high prices to consumers and relieve the facilities of commerce from extraordinary burdens by Federal legislation which regulates yet provides for an adequate and balanced flow year in and year out of farm commodities which find their way into the stream of interstate and foreign commerce.

Objection has been made to the provisions of the bill which requires the Secretary to conduct a referendum among farmers who are to be subjected to the quota provisions for the purpose of determining whether or not such farmers are opposed to the imposition of such quotas. The objection is made on the ground that it constitutes an unconstitutional delegation of legislative power. The proposed legislation authorizes and directs the Secretary of Agriculture, upon ascertaining a given set of facts, to announce a marketing quota to apply to a certain agricultural commodity. The announcement will be made before quotas are actually put into operation, but for all intents and purposes the quotas so imposed by such announcement remain in full force and effect as a matter of law, but thereafter, if the Secretary, after conducting the referendum, finds that more than one-third of those voting in the referendum are opposed to the quotas, he shall announce the result of the referendum and such quota shall not become effective. I assume that no one will question the primary standard which Congress proposes to lay down to guide the Secretary in making his first determination with respect to the marketing quota. If we have a right to pass a Federal law to become operative upon the happening of a future event, to wit, certain determination to be made by the person designated for that purpose, and would stop there, I assume that no one would question the constitutionality of the act as being an unwarranted delegation of legislative power. Now in this act we go a step further and require the same person who in the first instance makes the determination to do something more, to wit, conduct a referendum for the purpose of determining whether or not the law shall become operative. Since the referendum is subsequently required instead of being an extension of the delegation of power through the Secretary to those subject to the marketing quota, it appears that it is actually a limitation imposed by Congress upon the exercise of that power. Upon a certain determination the law becomes operative. Upon a certain subsequent operation the law becomes inoperative.

In the first instance the Secretary's determination is based upon statistical data. In the second instance it is based upon the wishes of more than two-thirds of the citizens to be affected by the law. If the statute shall become effective upon the happening of a contingency in the first instance, why not upon the happening of a different contingency in the second instance? The provisions objected to delegate no creative power. It presents only the question of whether a regulation may become effective unless one-third of those voting are opposed to the regulation. I am frank to confess that I do not know of any Supreme Court decision dealing with a Federal statute exactly in point, but it appears that the principle here proposed is analogous to the local-option laws which have now become generally recognized as constituting a valid delegation of power. In many cases involving local-option laws and zoning ordinances, emphasis is placed upon the fact that the contingency or event upon which the making of the law effective depends may be the approval of persons immediately interested.

The local-option feature of the statute does not delegate to the counties the power to declare what the law shall be or how it shall operate when it becomes effective, but it enables the counties, respectively, to determine by an election whether certain provisions of a complete statute shall become operative in the particular counties. This is not an unconstitutional delegation of lawmaking powers (*Whitaker* v. *Parsons*, 86 So. 247; *Rippey* v. *Texas*, 193 U. S. 504; *Comm.* v. *Bennett*, 108 Mass. 270; *Cheyney* v. *Sammons*, 57 So. 196; *City of Spokane* v. *Camp*, 76 Pac. 770; *Florida* v. *Atlantic Coast Line Ry Co.*, 47 So. 969).

An act of the State of California providing for the creation of cooperative irrigation districts by petition and the voting of landowners, which districts, when so created, should have a designated form with prescribed powers, including the power to make assessments, was held not to constitute an invalid delegation of power (*Fallbrook Irrigation District* v. *Bradley*, 164 U. S. 112). It is competent for the legislature to enact a law complete in itself to take effect of its own force upon the happening of a contingency. The provisions of an act that a law take effect upon the casting of a designated affirmative vote provided for in the act is to make the act complete in itself, effective upon the happening of the stated contingency. This contingency is the affirmative vote, and there can be no valid objection to such selection by the law as the basis upon which the complete terms of the act are to operate.

The case of the United States against Edwards, decided July 22, 1937, by the Circuit Court of Appeals for the Ninth Circuit, has held the producer-approval provisions of the Agricultural Adjustment Act valid in the following language:

The fact that if the findings satisfy the statutory requirements for the regulation but the order "shall become effective" only on the making of the marketing agreement and consent of the growers, confers merely the power of negation and not of creation on the shippers. * * *

We think it clear that there is no delegation of legislative authority to private individuals affected by the provisions of the act which are assailed here. It is the Secretary who makes the decisions and issues the orders; not the growers or handlers, whose approval he must have.

We therefore conclude that the act before us contains no delegation of legislative authority either to the Secretary or to private individuals.

If the referendum provisions of the Agricultural Adjustment Act are valid—and they have been specifically so held by the circuit court of appeals in California—there can be no question about the provisions with which we are here concerned.

The very nature of the law we are about to enact depends upon the public will for its wisdom, and none of us need to feel that our confidence or our courage is impaired by being willing to ascertain the wishes of the group of producers affected and making this the contingency upon which the operation of the law will depend.

Mr. HOPE. Mr. Chairman, I yield 30 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, it is always easy to find fault. One of the lesser poets said that it is a meaner part of sense to find a fault than to taste an excellence. There are 435 of us, and unanimity of opinion is neither desirable nor possible. I do not expect my friend to agree with me 100 percent of the time, for then he would not be my friend. There would be something wrong with him or with me if we always held the same views and opinions and beliefs.

There are many things about this bill concerning which we may disagree. I believe many statements in the minority report are correct. I believe the American market belongs to the American farmer. Certainly, it does not belong to the foreign farmer. Insofar as we are able to produce agri-

cultural products in America we ought to give the American farmer leave to do so.

I also believe in many of the principles of the dual-price bills for agricultural products which have been before Congress and have received public discussion. There were, for example, the McNary-Haugen bill and the domestic-allotment bill, both dual-price bills which set up plans whereby there would be one price for agricultural production which is consumed in the domestic market and another for production which goes into the foreign market. There are before us now several such bills, including the Eicher-Massingale bill, which provides for cost of production and also for a dual price.

In every industry society owes it to the workman to pay him the cost of production. I am wearing a pair of shoes, you are wearing a pair, and everybody else is, and I say to you that society owes it to the men who made these shoes that they should get a price for their labor which will enable them and their families to live happily and enjoy the comforts of a Christian civilization in this twentieth century. Therefore, I can go along with the principles of the bills which seek to give cost of production to American farmers. But it is certain that we are not going to have a chance to pass such a bill, and I want to support the best bill I can. The perfect farm bill will never be written. Further, notwithstanding the remarks this afternoon of my good friend, the gentleman from Kansas, I would like to give dairymen more protection under this bill, and see to it that sanitary regulations should be put into force so as to require the importer of foreign dairy products to meet the same sanitary requirements the American producer or manufacturer of dairy products must meet.

I believe these things are almost axiomatic. Nevertheless, as was stated by the eminent gentleman from Missouri yesterday, I want to vote for the best bill for which I have an opportunity to vote. I do not believe I ought to reject a chance to help just because the bill does not suit me in all of its particulars. I know that a perfect farm bill will never be passed.

In this connection may I call attention to the statements which have been made here that the farm organizations do not favor this bill. This may be true, but it is for diametrically opposite reasons that they do not favor the bill. One of the farm organizations maintains that this bill is not drastic enough and that it ought to have strict compulsory features in it, and this group is therefore against the bill. Another farm organization contends there should be no compulsory features whatever, and it is therefore against the bill. A large number of my friends are against the bill because it does not provide for cost of production.

We ought to discover what is the best thing we can get, what is the best thing for which we can vote, and then support that sort of a bill. It is already apparent that this is the only bill, or one substantially like it, that we will have a chance to consider; and we ought to examine it to discover whether or not it will do good to agriculture. I believe it will.

Coming down town this morning, I read an editorial in the paper stating that the bill controls crop production. As regards corn—and I speak for corn, being on the subcommittee which has considered the corn situation—this bill does not deal at all with the production of corn. A man in the corn country can plant and produce just as much corn as he wants.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. BOILEAU. The gentleman will admit, however, that as far as corn is concerned the farmer can plant only as much as he is allotted under the soil-conservation program. The conservation program is tied right in with this bill.

Mr. GILCHRIST. I am talking about the criticisms made against this bill. The conservation bills are already the law, and no move is being made to repeal them. Certainly they do not provide for less production. They look forward to a long-time program to conserve and safeguard production. This bill does not lay a hand upon a corn producer at all until the time comes after he has planted his corn and grown it—and it may never come—when the Secretary finds there is going to be a very large production of corn. Even then the Secretary does not try to control or prevent production, but, instead, he goes to the producer and says, "Mr. Jones, there is an abnormally high production this year, and prices will be so low as to ruin you and your neighbor. You and he should store a small part of your crop in cribs on your farm so as to hold the market on a level basis until the time shall come—as it surely will—when there is a demand for your surplus. In the meantime we will loan you money on your surplus if you need such a loan. In any event, do not injure yourself and your neighbor by refusing to do your small part."

As early as August the Secretary can discover what the production is going to be; and if it will be an abnormal production which will affect prices and commerce, he will ask farmers to put a small part of that corn into a warehouse and warehouse it on the farm. The farmer will not be forced to sell it in the markets and give the speculator a chance to gamble with it. If the farmer needs some money to carry on, they will lend him money upon that warehoused corn at a cheap rate.

When Mr. Jones is told this, I say that as a good citizen and out of regard for himself as well as his neighbors who are all interested in the price of corn, he ought to go along with his neighbors and not be what the labor men out in my country call a scab.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. REILLY. Can the Secretary order the warehousing of the corn without a vote of the farmers?

Mr. GILCHRIST. I am going to come to that. It is provided that the Secretary, when there is a very large amount of corn as compared with the experience of the past 10 years, amounting to 2,858,000,000 bushels, can declare that the quota is on, and he then tells the farmer what part he must warehouse. The bill provides for a secret referendum vote of the farmers who will be affected, and if one-third of them are against the proposal then there shall be no quota and no man will be required to put even the small part of his production under seal. But it is a matter of dispute as to just how far that referendum can control the matter. The minority report states that the finding of the Secretary becomes absolute. My good friend and eminent jurist, the gentleman from Iowa [Mr. GWYNNE], says that the minority is in error, and he put into the RECORD some authorities which indicate that under the separability clause of the bill the whole marketing quota will go down if the referendum goes down. My own opinion is that the failure of the referendum will not affect the rest of the bill, but I am saying also that it is a brave constitutional lawyer who is willing to predict just exactly what the Supreme Court will decide about it in a year from now.

I now yield to the gentleman from Michigan.

Mr. CRAWFORD. If the Secretary does invoke the assumed powers we are speaking about and forces the warehousing of the corn on the farm, where is the farmer to secure the money with which to buy the material to build the new barn within which to store the corn?

Mr. GILCHRIST. I may answer you by saying that the proposal is to lend him money which he can use to improve his farm, and every farmer in the corn country ought to have a corncrib, and I believe that 99 percent of them do have suitable corncribs. I have lived all my life in the center of a great corn-producing area and I do not know of any farmer who does not have a corncrib of some kind. It may be he would have to fix it up a little, but he can run a partition through for the sealed part if he wants to, and there would not be a great amount of hardship. They all have corncribs anyway, and if they do not, then they really ought to have, for their own benefit.

Mr. CRAWFORD. In the sections of the country where acreage is being shifted from other crops to corn, in my travels I have noticed in the last 3 years that such cribs are not available.

Mr. GILCHRIST. They are available in the commercial area.

Mr. CRAWFORD. I think the gentleman will find in his own State where I have lived, when you go into warehousing corn, under such a program as this, additional corn space will have to be provided. If the farmer goes to the bank and borrows the money and puts up a new crib or provides additional space and the program is changed within a year or two, his space is worthless to him.

Mr. GILCHRIST. I will say to my friend from Michigan that storage will not be required often—perhaps once in every 8 or 10 years—and when it is required no great amount of the whole product of any one farmer will need to be sealed. He will have plenty outside of the seal. I cannot agree that such a corncrib is a worthless increase to his farm. There is no improvement upon a man's farm that would be of more value than to have a corncrib if he does not now have one.

Mr. CRAWFORD. I am talking about additional corn-storage space.

Mr. GILCHRIST. I do not know the districts to which the gentleman refers, but I am very familiar with my section of the country, which is in the heart of the corn area.

Mr. CRAWFORD. Let me ask the gentleman this question, as a member of the committee. Is it not true that in the Southern States they are shifting to the production of corn.

Mr. GILCHRIST. It may be true. And it is true that the Southern States are not affected by this bill one whit, because they are not in the commercial corn area, and when such a time shall come, then it would be proper for Congress to take care of that situation.

Mr. CRAWFORD. Yes; that is a fine point to bring out.

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

Mr. GILCHRIST. Yes.

Mr. MICHENER. The gentleman has referred to the commercial corn areas. I note in the reports that the State of Michigan is included as one of the States in that area. I find upon investigation, and as shown to the House by the gentleman from Minnesota [Mr. ANDRESEN] with his map, there are but three counties in the State of Michigan in the commercial corn area and these three counties come within the district that I have the honor to represent. If those three counties in my district are controlled by the quota and are entirely surrounded by counties in the same district not controlled by the quota, then will my farmers living within those three counties be compelled to store this corn or suffer the penalty, while their neighbors, with just as good fields and just as good corn and within less than a half mile distant, be permitted to grow all the corn they want and not be controlled?

Mr. GILCHRIST. In regard to that matter, which has been bruited about here as a great objection to the bill, I say to the gentleman from Michigan that this bill does not affect any county which does not raise more than four bushels of corn to the acre and does not affect a farmer who does not raise more than 400 bushels to the farm, and if the gentleman's people do not raise any more than that, they will not be affected by the bill, and they ought not to be because of two very important reasons. One of them looks to the constitutionality of the act, and the other to the workability of it. It would cost more, and consequently reflect into the amount the farmers would get who are in the commercial corn area, to go out and measure the contents of thousands of small storage allotments where there is such a small percentage of corn, for the cost of administration in such areas would be prohibitive and would absorb the amounts which should go to the farmers. Secondly, let me say that this bill is a commerce bill, and it ties itself into the constitutionality of the act because being a commerce bill we find that the corn grown by those who are outside of the commercial corn area does not go into interstate commerce. Such are the findings of the committee, as the gentleman will see if he has read the report. Therefore, in order to preserve that constitutionality the committee thought it had to make the bill as it now is.

Mr. MICHENER. I am wondering if the gentleman is quite correct there. In my country we do not ship corn out as corn, and yet we come within the commercial production area because we produce the corn, and we buy corn from Illinois and other States for feeder purposes, and this bill attempts to bring us under the commerce clause of the Constitution by a recitation of the fact that corn makes hogs and so on. We do not ship corn as corn, but we ship corn as livestock, so that it seems to me the gentleman's explanation in respect to the commerce clause is not relevant.

Mr. GILCHRIST. If the gentleman has read the committee report, he has discovered that they have incorporated the findings of fact regarding that matter of interstate commerce. In order to save the constitutionality of the act Congress ought to know the facts under which it becomes necessary to control interstate commerce, and that is why those facts are put into the report, and as regards the corn features of the act, there is a better statement of fact to support the constitutionality of the act than is made with regard to any other of the five commodities.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. Yes. I may say to my friend from Minnesota, that I am glad to yield to him.

Mr. ANDRESEN of Minnesota. The gentleman is giving a very fine explanation of the bill.

Mr. GILCHRIST. I thank the gentleman.

Mr. ANDRESEN of Minnesota. And I am glad that he is doing so. There are 48,000,000 acres of corn land in the commercial corn area and 54,000,000 acres outside of the commercial corn area. Does the gentleman believe that there will be any expansion of corn production in the 54,000,000 acres outside of the commercial corn area?

Mr. GILCHRIST. So far as that goes, if that should come about, they will automatically come within the corn area under the terms of the bill, because they then will be counties which produce an average of 4 bushels of corn to the acre, so that my dear friend from Minnesota who represents a congressional district which does not sell any corn, but which for the most part buys feed, will no doubt learn that that will not affect him to any great extent. While the acreage outside of the commercial area seems large, the fact is that this acreage produces very little corn, and less still that ever reaches into the channels of interstate commerce.

Mr. ANDRESEN of Minnesota. And I say to the gentleman that my entire congressional district is in the commercial area. When does the gentleman anticipate the corn provisions will go into effect so that the marketing quotas will become operative?

Mr. GILCHRIST. They could go into effect in 1938 but may not before 1939.

Mr. ANDRESEN of Minnesota. What is the gentleman's own opinion about the time when these corn quotas will go into effect, as the bill is written?

Mr. GILCHRIST. They will go into effect as soon as the Secretary finds that there is a quota of corn being raised in this country of 2,858,000,000 acres. This may not happen for 10 years—it may never happen.

Mr. LUCAS. Two billion nine hundred and fifty-eight million acres.

Mr. GILCHRIST. Very well.

Mr. ANDRESEN. Just one more question, and I will release the gentleman. We are having an emergency session of Congress here to pass farm legislation. Prices are falling on corn and other farm commodities. If this bill is not to go into effect until the latter part of 1938 and 1939, how can we raise farm prices, or, what is this special session of Congress for anyway?

Mr. GILCHRIST. Well, the President did not call either the gentleman from Minnesota [Mr. ANDRESEN] or myself into conference when he decided to call this extra session. Personally, I would much rather stayed at home with my grandchildren than to have been down here, but we are here,

and now we ought to go ahead with this farm program. [Applause.]

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. STEFAN. I am glad the grandchildren are all right and you are back in the House with us. I would like to ask one question along the line of the question asked by the gentleman from Michigan [Mr. MICHENER]. I have 22 counties in my district and 20 of them are in the corn area. Two of them are not in the corn area. They will raise more than 4 bushels to the acre, and more than 400 bushels to the farm. Will those two counties be affected in any way by the allotment plan?

Mr. GILCHRIST. The time may come when they will be. As soon as they commence to raise the amount of corn which puts them into the commercial area, they will be.

Mr. STEFAN. That is what I want to find out. Just as soon as those two counties raise as much as those in the other counties, they will come under the plan?

Mr. GILCHRIST. That is my understanding of it. When any county raises more than 4 bushels per acre over the whole county, then it will come in.

Mr. STEFAN. Some of those counties marked "pink" in the market quota have not raised any corn for 4 years. Why should they need that particular quota?

Mr. GILCHRIST. I do not know, because it has been said to us that no county is in the commercial area unless it raised more than 4 bushels per acre. I think that allowance was made for abnormal conditions on account of droughts, and this probably affected the matter and affords an explanation.

Now, it is quite apparent that I am not to be allowed to proceed with my speech because gentlemen desire so much information.

Mr. MARTIN of Colorado. Will the gentleman yield for just one question?

Mr. GILCHRIST. Yes; I yield.

Mr. MARTIN of Colorado. I am sorry to feel that I have to interrupt the gentleman, but the gentleman from Minnesota has raised a most important point, as to when this legislation goes into effect. When I had the floor yesterday the gentleman from Minnesota interrupted me to say that this legislation would not go into effect until 1939, and that being the case what were we here for, and I said, "If that is the case, we are here for no purpose." The gentleman being a member of this committee, as I understood him a moment ago, started to take the position that this legislation went into effect in 1938.

Mr. GILCHRIST. Now, I do not yield any longer. I cannot yield for a speech here.

Mr. MARTIN of Colorado. When does it go into effect, in the opinion of the gentleman? In 1938 or 1939? I think that is a very important question.

Mr. GILCHRIST. I say that as to corn it can go into effect in 1938, according to what the product will be in 1938, and I will not yield to the gentleman any longer. It may not go in then. I have given him a specific answer as to corn. It can go in, according to what the product will be, in 1938.

Mr. LUCAS. Will the gentleman yield to me for a short question?

Mr. GILCHRIST. I yield to the gentleman from Illinois.

Mr. LUCAS. The gentleman made the statement a moment ago that the quota would not go into effect unless there were produced 2,600,000,000 bushels of corn, as the bill is written at the present time. I think the gentleman is in error on that. It should be 2,920,000,000.

Mr. GILCHRIST. If I said that, it should be 2,858,000,000. If I said the other, I was in error. I did not mean to say it. It will vary somewhat, because this figure is based on the experience of the past 10 years.

Mr. LUCAS. One further question: In the event that during the next 5 or 6 or 7 or 8 years any one of those years, we should not reach the 2,858,000,000 bushels, this law will never be effective as far as quotas are concerned; is not that true?

Mr. GILCHRIST. It is correct.

Mr. LUCAS. And we will still be operating under the Soil Conservation Act?

Mr. GILCHRIST. I intend to speak about that later.

Gentlemen, I should not be expected to divert myself all the time in answering these questions. Let me proceed.

This bill, I said, is not a crop-production bill. It does not regulate crop production at all. It may at long intervals put some surplus corn into storage.

I recall many years ago that I listened to a speech made by that good old Republican Governor, Frank O. Lowden, of Illinois. In this speech he described how as a young Iowa boy—and he was born in Iowa not far from where I live; he used to work upon a farm—and how that he would wake up some rainy morning from his sleep under the eaves of the farmhouse and hear the rain upon the roof. He was very happy to know that that day he would not have to go out in the hot sun and work and to realize that the rain was fructifying the fields and making fine crops. Then he went on to tell us about how he had discovered in later life that oftentimes a bumper crop brought the farmer less money in the aggregate than a short crop, and he ended his speech always with a fine peroration in the praise of the farmer and said he had now come to the view that he did not know whether he ought to pray for rain or thank God for the drought. [Laughter and applause.] And in the language of Governor Lowden, I hold to the theory that the agricultural problem should not be treated in a partisan manner. And as a Republican representing the outstanding agricultural State of the Union, I propose to support the best measure that I can in the interest of farms and farmers.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. HOPE. Mr. Chairman, I yield the gentleman from Iowa 20 additional minutes.

Mr. GILCHRIST. So that when the time shall come that there is such an abnormal crop of corn, it will be the duty of a good neighbor to accept the storage quota and accept a loan upon it, and then know that he, in the end, will be benefited and his neighbor will also be benefited, and that the world will better prosper because of this legislation.

This is not a scarcity program. It does not provide for any scarcity in the cornfields at all. It cannot. The sun is soon going to come up from the Tropic of Capricorn toward Iowa, and in the springtime the farmers are bound to go out and prepare their fields and plant their corn, and it will not be until fall comes that they will know what the production will be, or whether there will be any storage at all. There will not be any storage required of them if this bill is not amended—and I think it should not be amended—there will be no storage at all, oftener perhaps than 1 year in 8 or 10, if past experience is a guide. No one can tell precisely when that will be. If the bill as now written had been in force for the past 12 years there would have been once only (in 1932) that storage quotas would have gone into effect, and possibly not then according to whether the referendum vote carried or not. The purpose is not to make scarcity, but to level out the prices and prevent extreme ups and extreme downs. The trouble has been that we have had a sad and a bad experience with farm prices. Of a sudden they would drop away down. After a while they would come back, but the poor devils who were in at the time it dropped—and I use the expression "poor devils" as a term of love and affection—are out, they are dead, they never can be resuscitated or resurrected; and that is why we have all of this trouble in the farm area, that is why we have so much tenancy, that is why in some parts of the country one farm out of every six, as was stated yesterday, has been foreclosed, that is why up in one county in my district one farm out of seven has been foreclosed in the past few years, that is why in one of those counties tenancy exists to the extent of 60 or 70 percent. It is an unholy, unwarranted, and unwholesome thing.

So it is our duty as neighbors, if necessity arises, to warehouse a part of this corn. Then we shall have a level and profitable price for corn; there will not be those sags, or

those inflated high prices; and that is the purpose of the ever-normal-granary plan, that is why it will help the producing farmers as well as the ranchmen and the feeders. They will not have to pay such high prices in what otherwise will be times of scarcity, nor will the grower suffer such low prices, because it is a bill to make level prices in times of adversity and prosperity, of anemia and obesity. On this score the Secretary has said that this is only to be used in times of necessity and as a last resort. The Administrator said in Chicago day before yesterday, as stated by my friend from Missouri, that it was not to be used as compulsion except under the utmost extremity.

Mr. Chairman, I think yet that something ought to be said for the farmer. I will tell you why. Within the week there was in this Capitol a friend of mine who represents and is an exponent of Wall Street. I am glad he is; I am very glad he is. He has been successful. If I should ever want to borrow any money, I think I could probably get it from him. He went on to discuss this proposition and he told me that the farmers did not need any help, that the trouble with the farmers was in their heads. That is his position. That is the position of many friends of Wall Street. The farmer is just as intelligent as men in any other calling, in fact I think he is more so. We have the highest percentage of literacy in Iowa to be found anywhere in this country. If the farmer is lazy, he ought not to prosper, but he works harder and he works longer hours than any other man. He works 12 hours every day, 52 weeks, 365 days in the year, including the Fourth of July, Ground-Hog Day, St. Valentine's Day, and all the rest of them.

And so, briefly to answer this friend from New York City, Wall Street does not consider all the facts. The farm income last year was only 9.4 percent of the whole country, while its population was 25 percent. Some years ago we farmers had 20 percent of the income. In 1936 the farmer had available for living only $182 per capita while all the other people of this country had available for living $580 per capita, including paupers, residents of the poorhouse, and the unemployed. I find that the ratio of prices received by farmers to the prices they paid, as shown by a bulletin from the Agriculture Department, which came to your desks this morning, is only 84 percent. In this regard, when farm prices were way up because of scarcity caused by the drought—when prices of corn were way up on account of the drought, it was claimed by partisans to be on account of the Democratic administration; but now that corn prices are way down again I find that these bulletins and these partisans say that it is the fault of the Lord himself, because he gave us too much rain and sunshine. We find that the farmers of this country down to this month of December, on account of the decline in corn prices from $1.212 per bushel in May 1937 to 62.3 cents in October, have lost the enormous potential sum of nearly $1,651,817,839, on an indicated crop this year of 2,651,817,839 bushels. What we want is to have these prices stabilized. We do not so much need an enormously high price in time of scarcity as we do a good price at all times; nor do we want a poor price when there is great abundance.

The return to farm operators in 1935 on the basis of money invested was only one-fifteenth of 1 percent. What return does Wall Street get? The index of farm-implement prices in October of this year was 96 while the index price of corn was only 79; and so I could continue giving you a list of figures that would be staggering to show you how the farm industry is yet in subjection and despair. I do not think it necessary to name these figures to this body but call attention to them because of what was said to me by my good friend from Wall Street 2 weeks ago.

Concerning the noncommercial corn area I find that production is so small that there is not much remaining after taking out consumption on the farm itself. But even this balance of corn produced in the noncommercial areas does not enter much into interstate commerce. A great share of it is consumed locally and by neighboring farmers. In the commercial corn area the case is different and 1,300,000,000 bushels go into commerce. That is why this bill is written as it is. And the surplus that does go into commerce is the thing that destroys prices. Corn has many peculiarities, the most vital of which, so far as price is concerned is the variability in production: Prices up, prices down; meat high, meat low; it is not exported, it is not processed. I learn also that there are many farm areas which want cheap corn, and that these areas have representation on this floor.

There is such a thing as the corn-hog ratio. It has been found that 11 bushels of corn makes 100 pounds of hogs; so when corn is 50 cents a bushel 100 pounds of hogs can be grown for $5.50. If hogs are then selling for $7 it is plain that there will be a profit in raising them. When corn is very low everybody rushes into hogs; and on account of the very low price now they are out all through the country buying gilts. This will make a big hog production next fall. That is exactly what they are doing. The hog raisers at the present time think there is a profit in hogs because they can make 100 pounds for a few dollars, but when next fall comes and they throw that enormous production of hogs onto the market they will realize that what is needed is a level corn price over the years. They will see that they will benefit as the result of such a proposition as we have before us. At the present time there is a scarcity of hogs, and we have the lowest hog population that has happened in any year of this century, except one. Consequently there is no great demand for corn to feed to hogs that are not here.

We also want parity for the corn industry. Parity price is about 87 cents, but we are not getting it.

We are getting now about 37 cents in my community and we can scarcely hope for anything more unless such a bill as this is passed.

Mr. CARLSON. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Kansas.

Mr. CARLSON. The gentleman from Iowa [Mr. GILCHRIST] is a distinguished member of the Agricultural Committee and has spent weeks studying this bill as well as all agricultural legislation considered in Congress for many years; therefore, I would appreciate very much if he would state whether or not he believes this bill will give the farmer parity prices that they deserve.

Mr. GILCHRIST. No. I maintain, however, it is marching toward that objective. I maintain that it will make for higher prices, although I do not think Utopia will come as soon as you vote "aye" on this bill. We must still continue to try to protect the farm industry just as we have been trying to do in the past.

Mr. ROMJUE. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Missouri.

Mr. ROMJUE. I have enjoyed the gentleman's discussion very much. The point is if this legislation is enacted into law it will prevent a wide spread in the valuation or the price of corn by maintaining a price level. It has nothing to do with creating a scarcity or surplus, is that not the fact?

Mr. GILCHRIST. Yes; that is the fact. That is my belief. It gives a level price and a profitable price in all years.

We have talked about corn loans with reference to this bill. The very first corn loan or warehousing act ever passed in this country was passed by the Legislature of Iowa and this was when I was in the State senate.

I, together with another gentleman, wrote it and I am very glad to say that nothing has met the approval of the public generally more than have those provisions with reference to warehousing corn on the farms. As soon as that bill was passed in Iowa the rest of the States commenced to see its beneficial effects and they passed similar acts. When Henry Wallace, as Secretary of Agriculture, came down here he used that act because he was acquainted with the Iowa law. I am glad to say that that act is one of the things I take pride in having had something to do with during my own public service. These corn loans have never lost the Government a single cent.

They are making loans now and it has been published that the loans are based on 50 cents, but this is not quite the fact because they are taking out substantial percentages for moisture. They have moisture testers and machines in Des

Moines, and under the present practice in order for a man to get a loan he must take his kernels of corn—I do not know how many—and send them to Des Moines and there the exports put those kernels through some scientific apparatus. In my hand here is a picture of the machines they use. They send the corn there to be tested for moisture. I do not think that is a well considered idea because you can tell in other and cheaper ways and by measuring a corn crib about how much moisture it has. You can tell what the corn ought to be and how many bushels there are. I criticize this in the hope the method will be changed. I do not like the idea of sending this corn away and having some expert examine it at great distances from home.

May I say also that some kind of control is necessary in order to get these loans. An attempt will be made to reduce this control feature and I hope it will not succeed because with the bill in force and with the ever-normal granary features in force, we may look forward in the future to a leveling out process, and the control measure here written and accepted by the committee is much better than in the Senate bill, and should be adhered to as the opinion of this House so far as corn is concerned.

I did hope to discuss the question of constitutionality, but I have already referred to my views on that question. I think it is a brave man who will say what the court will do. I call attention to the fact that my friend, the eminent jurist from Iowa, says that the whole corn quota provisions in the bill will fall if the referendum provision falls, while the minority report says that is not so, that only the referendum provision will fall and that the provision for quota and warehousing control will still live.

Mr. MICHENER. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Michigan.

Mr. MICHENER. The gentleman has spoken of the ever-normal-granary plan. He is one of the leaders in behalf of the farmer. He has given much attention to that proposition, and we all appreciate his courtesy in answering questions. Will he tell me whether or not, in his judgment, it is possible to have the ever-normal granary without compulsory control?

Mr. GILCHRIST. I would answer the gentleman by saying, in the long run, I think not. I think there must be some kind of control, just such control as is set forth in this bill, a control that will be used only in an extreme case, as I have heretofore pointed out. It will be very seldom used, but it is necessary to have some control because Mr. Jesse Jones over there in the R. F. C., I understand, is looking after the money that is supplied to the Commodity Credit Corporation that makes these loans to the farmers, and he wants to know that these loans will be repaid, and he wants to know further about the security and the control features, and he wants to know that there will not be too much corn go into commerce and thereby destroy prices.

Mr. MICHENER. The control, then, as a matter of fact, will depend upon Nature because Nature controls the corn crop and nothing else? Planting does not control the production.

Mr. GILCHRIST. From our past experiences with Nature I may answer that the control features will not go into effect except in the cases I have mentioned when there is an extremely high production, perhaps in 8 or possibly 10 years; and even then there will be a very small part of the corn that will be required to be stored.

Mr. COFFEE of Nebraska. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Nebraska.

Mr. COFFEE of Nebraska. Is it not a fact that the Government has been making loans on corn for the last 3 or 4 years without the necessity of compulsory marketing control?

Mr. GILCHRIST. It has made loans; yes. There has not been a great production in the years in which it has made them. There have been times of scarcity which have affected the amount of the corn crop and therefore the safety of the loan.

Mr. DONDERO. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Michigan.

Mr. DONDERO. How does the gentleman justify supporting this bill when we are buying from the rest of the world twice as much in agricultural products as we are selling to the rest of the world, I think to the extent of a billion and a half dollars which now goes to foreign farmers?

Mr. GILCHRIST. I have already expressed my views on that point. That is not affected by this bill. I have stated heretofore that I believe the American market belongs to the American farmer.

Mr. DONDERO. Then why should we curtail the production of the American farmer?

Mr. GILCHRIST. We are not curtaling production at all. I have stated to the gentlemen, and I wish to emphasize it, that I wish the people who write editorials in the newspapers would read this bill. I wish some intelligent statements would go out about it. There is no attempt in this bill to curtail the production of corn—not a bit. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 5 additional minutes to the gentleman from Iowa.

Mr. O'CONNOR of Montana. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Montana.

Mr. O'CONNOR of Montana. I believe it is established here that the livestock industry is very important.

Mr. GILCHRIST. Certainly.

Mr. O'CONNOR of Montana. I believe it is also conceded that while you have done wonderful work in connection with this bill, the livestock industry under this bill is not protected.

Mr. GILCHRIST. I heard the gentleman's question to one of the other speakers. I say the livestock industry is protected in this bill, because it is protected against paying abnormally high prices for feed. I cannot yield any longer.

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

Mr. GILCHRIST. Yes; I yield for a question.

Mr. MICHENER. The gentleman said just a minute ago there was nothing in this bill controlling or limiting production.

Mr. GILCHRIST. Of corn.

Mr. MICHENER. I assume and believe the gentleman is possibly correct when he refers to the bill before us, but taking into consideration also the Soil Conservation and Allotment Acts, with the amendments here provided, such control or limitation is provided.

Mr. GILCHRIST. I am yielding to the gentleman for a question, and that is all. The Soil Conservation Act is not for the purpose of limiting production. It is a real conservation program instead and its purpose is to give us ample production over the years for ourselves and our children.

All we are asking by this bill is a leveling of prices, to have prices neither abnormally high, because stockmen and others cannot stand them, nor abnormally low, because the corn grower cannot stand those. We want the farmer to be paid a parity price, so that the farmer and his family can live in happiness and not in want and worry and fear of ejectment. The corn growers ought to have help. One of them, a little lady, came to my office and said, "Fred, we go without things that are really necessary. We should have better times and conditions. We need a great many things. We need, for example, a cheap lace curtain on the front window. We need a little furniture, and we cannot get it under the present prices which we are forced to accept. I wish something would be done. We need a new bedstead. We need some things in the way of clothing for the little girl, who goes to school. I myself need a new winter cloak, but I am willing to skimp along if you take care of the children." These folks are trying to save their farm from the sheriff, but they are just about two jumps ahead of him and chances are he will catch up with them in the next year unless some help is given. I am hopeful this bill will give them help.

Mr. WEARIN. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Iowa.

Mr. WEARIN. A moment ago the question was raised of the advisability of this bill in view of the fact agricultural products are coming into this country. With a new crop coming on, as it is, agricultural importations have gone down from $45,000,000 in June to $19,000,000 in October. This shows the effect of a new crop upon agricultural importations into this country.

Mr. GILCHRIST. I think agricultural importations dropped off because prices were so extremely low in October that even cheap foreign farm producers stopped shipping here. I thank the gentlemen here for their kindness to me. As I stated at the outset, I did have in mind that I would try to make a speech on the bill, but I was interrupted by questioning Members so much I was not able to do so.

Mr. CARLSON. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. Yes.

Mr. CARLSON. The gentleman has made a very thorough study of this bill. I am much interested in the provision dealing with silage. Am I correct in understanding from section 324 that a farmer can place his entire acreage allotment and additional acreage into silage, and use it?

Mr. GILCHRIST. This was a matter for merriment in the committee. One of the gentlemen stated that a farmer would have to know something about differential calculus to compute what he would do with silage. I know that the man who wrote the minority report studied Ray's Third Part Arithmetic in Iowa about 12 miles from my district before he went up into Minnesota. I wish he had stayed in Iowa. If he had, then he would now be able to solve a simple problem in percentage. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 10 minutes to the gentleman from Colorado [Mr. CUMMINGS].

Mr. CUMMINGS. Mr. Chairman, before I start I am going to refuse to yield on the theory that I shall not say anything worthy of having questions asked.

I am a farmer and farming is my business. What is getting my goat is that every man who has talked on this floor has talked about a farmer's bill. I may be wrong, but I believe this is a bill for all the people of the United States. I think the most asinine speech I ever heard or read was delivered in New York about 4 years ago. The man who made the speech was talking to a bunch of laborers, and everything he said to them was true. He said:

> For the last 12 years your wages have been getting higher, your hours per day have been getting fewer, your food has been getting cheaper, and your clothing has been getting cheaper.

Every statement was true. Their food and clothing became so cheap there was not a single one of them who had a job. They were all out.

I know figures are rather a queer combination. Sometimes you will study them and get one result and sometimes you will get another.

I am going to give you a few later, and I hope you will not make a serious mistake about them. You know there was a young fellow once who was just married. He had married a fine woman, and they concluded they would raise a fair-sized family, but he got to looking up statistics dealing with the past and he discovered the fact that every third baby born in the world was a Chinese baby. He went home and told his wife that they could not raise this large family because he did not want to run the risk. [Laughter.]

I hope you gentlemen will concede that I am not trying to lead you off on a wrong trail, but I do say that this bill is of just as much importance to the people who live in the cities as to the people who live on the farms, and I am going to prove it to you mathematically in a few minutes.

If we do not receive a decent price for our products—and when I saw "we" I mean we, because I am one of the farmers, and I have never felt at any time that it was necessary for me to offer any excuse or apology for being one. I am just a farmer; and if we are not prosperous, the men in the factories are not going to have a job. We cannot grow crops and sell them for less than they cost us and then buy your products.

I am free to admit that the purpose of this bill is to raise the price of farm commodities, and I say that we are just as much entitled to this increase in price as the manufacturer of shoes who has a 20-percent ad valorem on every pair of shoes, and the tariff you pay on shoes would amount to several times as much as the increase in the price of food and meat if a processing tax were put on. If I had had my way about it, I would have put on a processing tax, and I would have put on absolute control [applause] for this reason. The Government cannot make a loan to the farmers on a commodity that will do them any good unless it lends them more than a bank would lend them, because you must lend them more than the value; and if we are going to lend the taxpayers' money and lend more than the value of the products, then we must control the products, or we will break the people who pay the money in taxes.

Now, they talk about regimentation, and this is foolish. We have been regimented from the time civilization began. Before we had what we call civilization, a man took a club and went out and took whatever he wanted, but as the population began to increase and as we learned more about things, we learned that we must control people, and we are regimented all the way down the line. They talk about regimenting the farmers. Why, once a year now some man appears on his place and says, your farm is worth so much, your horses are worth so much, and your houses are worth so much and if you do not go to the county treasurer and pay so much on a certain day in taxes, we will sell everything you have got. Also, we start downtown and we come to a red light and the law says, "Stop." It does not make any difference whether you want to stop or not, you must stop out of respect for the other man's rights, and if you do not stop, there is a penalty.

If you pass a law that has not a penalty attached to it, nobody will obey it. That is what all laws are for, and if people were good enough so that we did not need to have penalties, we would not need to have a Congress or any law at all. Law is just a rule of conduct, and I say there is no reason on earth why the farmers should not be told what they can raise, just the same as we tell the railroads how much they can charge for hauling you so many miles. We also say absolutely that you can only lend your money for so much, just as we say to the railroads they can only charge us so much, and you say to the merchants and the people who run restaurants that they must observe certain sanitary rules. In other words, you have no liberties, and you should not have any, when they interfere with the rights of others.

You know we have short crops and then large crops. I call attention to an injustice, as it were. Recently a labor organization in Michigan said that there ought to be a strike on the use of meats because meats are so high, and then said that cattle were $19 a hundred in Chicago. I sold cattle for a good many years, and the top price was $19, but I do not suppose that 1 percent of the cattle sold in Chicago brought $19, so I wrote to Swift & Co. and asked them for the top price for each week beginning with June 5 and ending with October 30, and the average price as well. I am going to give you just a few of the figures. On June 5 the top price was $14.75, average price, $11.75; August 7, top price, $17.15; average price, $13.92; October 30, top price, $19.50; average price, $13.60, a spread of $8.12. Yet the people were striking because meat was so high, and meat was so high because you had a short crop, and those steers that brought 19 cents did not make much profit, because they had been eating dollar corn for many months. This is a matter of misinformation that is spread, propaganda. I also asked for the average price of all cattle. Chicago pays on an average higher prices for steers than any market in the United States, because they buy the best steers. Here is the average price of meat in 1937: In January, $7.30—that is, all, all stock killed; February, $7.23; March, $7.53; April, $8.22; May, $8.20; June, $8.26; August, $8.17; September, $7.66. I say that a reasonable control, a real control of agricultural products will keep you people in

the cities from being charged for beef on the 19-cent basis when the average meat cost is less than 8 cents.

Mr. Chairman, as I said, it gripes me a little because you call this a farm bill. It is a bill that will benefit all of you. It does not suit me. I might write a bill that would suit me better, but I am not saying that it would be a better bill. I know that the Agricultural Committee has spent 6 weeks on this bill, and I know that we have tried hard and I know that we have not been divided on political lines. It is not a political question today as to whether or not we should pass this bill. I notice in the morning papers that labor is going to say to this Congress, "You cannot have a farm bill until you give us a labor bill." Good God, it is just as much their bill as it is ours. We are protecting the laboring man as much as we are protecting ourselves. We are trying to do something to take care of all of the people. I do not want to make a fire-alarm speech, but I say this, and I believe it from the bottom of my heart: I have not been a New Dealer just since Roosevelt took office. I have tried to make a study of political issues all of my life, and I say that if conditions go back as they were in 1933, when the granaries of this country are full of food and we have more food than we can store, more meat, more clothes, all of it selling so cheap as to bankrupt the farmers, so that they cannot buy the products of the factories, and the laboring people are themselves out of employment and the sheriffs trying to sell the farms to the farmer again, then what will happen? You know what has happened in Germany and in Russia and you know what has just taken place in Brazil. You cannot have a nation whose warehouses are full of the necessaries of life and then say to its people that they can neither eat nor wear clothes, nor can they have a job that will enable them to buy them. [Applause.]

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. DOXEY. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. MASSINGALE].

Mr. MASSINGALE. Mr. Chairman, I am sorry that I have not what I regard as sufficient time to even make an attempt to discuss this bill. To my mind it is the most important piece of legislation that Congress has ever been called upon to consider, and I am giving you the viewpoint of the people in the Southwest section of this country. It would be a great pleasure to me if I could give my endorsement to this bill as presented, because I want to go along with a committee such as the Agricultural Committee of this House. From the chairman of this committee I have received, since I became a Member of Congress, the most cordial and considerate treatment that I ever was accorded by any person in my lifetime, and I have learned to love and appreciate him, and I know other members of the committee for whom I have a high regard. I know that this committee has worked hard in an attempt to bring out a bill that would meet the requirements of the farming class of America. I have never heard or witnessed a discussion in my life similar to the one that we have had on this bill. Practically the entire time of the House for nearly 3 days has been taken up by the members of the committee in making attempted explanations of the bill, and in controversy with other members of the committee, who differ from them in what the bill means. That is unusual. There is no unanimity of sentiment about what the bill proposes to do, and I dare say that, notwithstanding all the thought that has been put on the bill by the members of the committee, there are no two of them who are in complete agreement about the terms and provisions of the bill. That ought not to be. It is said by law people that brevity usually denotes statesmanship. If that is a true saying, then this bill is not much of a statesman's bill.

The people in my section of the country want a bill they can understand. [Applause.] They want a bill that they can read. [Applause.] I venture the assertion that you can take this bill out to the average intelligent farmer in the country and he cannot tell you a thing about it if he studied it all night long. The only way that I know for him to do, unless he is a specialist in higher mathematics, is to get him a logarithm boy and drive out to the end of the row and confer with him, perhaps with some farm agent, and see if he can arrive at what the bill means. [Laughter.] You can imagine something like this: A fellow drives out to the end of the row and he gets under the shade and some messenger from the office of the Secretary of Agriculture will come out there and he will say, "Now, boy, let us just figure out what you are going to get under this bill. All you have got to do is something like this: You take the exponent of a certain number and the logarithm of another number, and you multiply those two together, divide it by pi, take away 175 percent, and what do you find?" [Laughter.] That is about the way it reads. A farmer cannot understand this bill. I will tell you what he can understand. He may not know exactly what you mean when you use the term "parity price." I think that term ought to be eliminated from legislative records. A farmer can understand you when you talk about cost of production to him. There are Members of this House who claim they cannot understand what you mean when you say you are going to give the farmer the cost of production. Cost of production is as easy of ascertainment as it is to find out what a loaf of bread costs you downtown. It is easy to find out, but you have not got anything in this bill that will give the farmer any light or anything, in my judgment, that is going to give him any assistance. He is entitled to assistance. Under the program set up in this Nation for 150 years he has been left out, and now the Congress of the United States, for the first time, has an opportunity to go on record for something that will help the farmer permanently, and help him bridge over the difficulties under which he has labored by reason of the inequality of the law; and they are not going to do it. They are going to try to choke down him a bill that he cannot understand, a bill that means nobody knows what.

Now, if you give him the cost of production, the Secretary of Agriculture can determine that almost in its entirety by just consulting the Yearbook. You let him ascertain what it costs to raise a bushel of wheat or a bushel of corn or a pound of lint cotton, and let him promulgate that fact, and make it a penalty for any buying agent to pay any less than that promulgated price, and the farmer knows what you mean. You give him that promulgated price, and then the farmers of America, the lands of America, can fulfill their mission by absorbing the idle element of the country that do not depend upon industries for a living. We have no industries in the great Central West.

Mr. MITCHELL of Tennessee. Mr. Chairman, will the gentleman yield for a question?

Mr. MASSINGALE. I yield for a question; yes.

Mr. MITCHELL of Tennessee. I was interested in your suggestion that cost of production might solve some of the troubles. Frankly, you will admit that that would be practically impossible. No two farmers' cost would be the same.

Mr. MASSINGALE. No, sir. I admit that it is perfectly possible and perfectly practical to find the average cost of producing all farm products. I will say that you can readily understand it if you will get H. R. 8522, that has been prepared by Mr. EICHER and myself, combining the elements of the two bills that we introduced. Any child can understand it.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. MASSINGALE. No, sir. I have not time to yield now. If you will take that bill and read it and make a motion to recommit this bill and substitute that bill in its stead, you will then accomplish for the common ordinary farmer in America something that he has hoped for and dreamed about for 150 years but has never yet been able to approach. [Applause.] You give him the cost of production for what he raises and he can take a place on a higher stratum of society. He can make a living for his family. [Applause.]

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. LUCAS. Mr. Chairman, I yield to the gentleman from Mississippi [Mr. FORD] such time as he desires.

Mr. FORD of Mississippi. Mr. Chairman, I ask unanimous consent to revise and extend my remarks at this point in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. FORD of Mississippi. Mr. Chairman, in the consideration of the farm bill now before the House its is our duty to be especially certain of taking care of the small farmer. I do not wish to see him made the object of discrimination or subjected to unfair treatment in the administration of this bill after it becomes a law. With this purpose in mind I have prepared three amendments to the bill and I wish to insert them at this point in the RECORD so that they may have the careful study of all interested Members between now and the time when the parliamentary situation will allow me to offer them.

These amendments are not designed to tamper with State quotas but are intended to force a fair allotment to every farmer in the State, large or small. One county cannot be favored over another county.

I first include the material in the bill, which I propose to change, and immediately following I insert the amendments. The comparison is plain.

Beginning with line 5, page 6, reading down to the period in line 17, we find the following:

(3) In the case of cotton, 95 percent of the State acreage allotment shall be apportioned annually by the Secretary to the counties and other administrative areas in the State. The allotment to any county or other local administrative area shall be apportioned annually by the Secretary, through the local committee, among the farms within such county or area on which cotton has been planted at least once during the 5 years immediately preceding the year for which the allotment is made, so that the allotment of each farm shall be a prescribed percentage of the average (during such 5-year period) of the tilled acres of the farm, which percentage shall be the same for all farms in the county or area.

This should be stricken out and replaced by the following:

(3) In the case of cotton, 95 percent of the State acreage allotment shall be apportioned annually by the Secretary among the farms within the State on which cotton has been planted at least once during the 5 years immediately preceding the year for which the allotment is made, so that the allotment of each farm shall be a prescribed percentage of the average (during such 5-year period) of the tilled acres of the farm, which percentage shall be the same for all farms in the State.

Because of similar provisions found at a later point in the bill, the second amendment will be necessary as set out in the succeeding paragraphs.

On page 60, from line 14 to the period in line 1 on page 61, will be found this language:

(b) Ninety-five percent of the State acreage allotment shall be apportioned annually by the Secretary to the counties and other administrative areas in the State. The allotment to any county or other local administrative area shall be apportioned annually by the Secretary, through the local committee, among the farms within such county or area on which cotton has been planted at least once during the 5 years immediately preceding the year for which the allotment is made, so that the allotment of each farm shall be a prescribed percentage of the average (during such 5-year period) of the tilled acres of the farm, which percentage shall be the same for all farms in the county or area.

In the place of the above provisions, my amendment would insert the following:

(b) Ninety-five percent of the State acreage allotment shall be apportioned annually by the Secretary among the farms within the State on which cotton has been planted at least once during the 5 years immediately preceding the year for which the allotment is made, so that the allotment of each farm shall be a prescribed percentage of the average (during such 5-year period) of the tilled acres of the farm, which percentage shall be the same for all farms in the State.

In the event the above-mentioned amendments are adopted by the House, then a perfecting amendment will be necessary on page 4, by striking out the phrase "and the allotments to counties or other administrative areas", as found in lines 21 and 22.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. Chairman, every measure that touches agriculture interests me. Many of you know the Shenandoah Valley of Virginia for its apples. It produces more apples for export than any area of similar size in the world. But our district is not confined to apples. It is a very rich area of diversified farming. One county has a normal production of a million bushels of wheat a year. We have fine bluegrass. We raise all farm crops, poultry, and so forth. Two counties are large producers of dark fired tobacco. So this bill, of course, is a matter of vital interest to me.

I full agree with the speakers who have preceded me this afternoon that the agricultural problem we face is not local, but one which affects the whole Nation, not only the twenty or more million people who depend upon agriculture for a livelihood, but it affects the wealth of the Nation and the welfare of industry as well.

I am very glad that there seems to be agreement as to title III of the bill in respect of tobacco. It seems that all the farm organizations are agreed that this is a satisfactory measure, that the producers want it. As a matter of fact, it largely implements the previous cooperative marketing efforts of farmers to market their products in an orderly manner so as to preserve their price. The tobacco people are not asking for any loans or any subsidy of any kind beyond the soil-improvement payments; and you do not sue a tobacco grower if he should violate his agreement. It seems to be a very satisfactory plan to stabilize prices, the administration of which will cost the Government very little.

Virginia produces little cotton. We, of course, are not in the commercial corn area to which the corn section applies. Frankly, Mr. Chairman, after listening most attentively to nearly 3 days of debate, it disturbs me to find that not a single speaker, so far as I can recall, expressed unqualified approval of the section relating to wheat. If I did not misunderstand the distinguished gentleman from Kansas, who represents the largest wheat-producing district in the world, he said he would prefer a voluntary control. If I correctly understood him, the gentleman from Minnesota [Mr. ANDRESEN] said that Mr. O'Neil said this bill was no good because the measure of compulsion in it was too mild to be effective in respect of producing a price for the farmer that was in any sense adequate.

If I correctly understood the distinguished gentleman from Oregon [Mr. PIERCE], who certainly knows his wheat, he said that the bill provides for a normal crop of over 1,000,000,000 bushels. He stated that our domestic consumption was 650,000,000 bushels and that we could look for not over 50,000,000 bushels to be sold in the foreign markets. He thought that the mild type of compulsion which was provided would result in low instead of high prices for the wheat producers, and I understood him to say that he preferred a voluntary program.

I received a letter today from Mr. Fred Brenckman, Washington representative of the National Grange, saying that the Grange was opposed to this section of the bill, and favored voluntary control.

Mr. KELLER. What do they agree to?

Mr. ROBERTSON. They agreed to the tobacco section with certain minor amendments which have either been added or will be added, and three or four other things in the bill. I have not time to explain their letter. The gentleman has a copy of it. I suggest that the gentleman read it when he returns to his office.

Mr. KELLER. I cannot find that they agree to anything.

Mr. ROBERTSON. Mr. Chairman, I want to see agriculture helped. I have not time to go into all these phases but I do hope that when this bill is read for amendment we can agree on a better plan to aid our wheat farmers; one that will not involve compulsion, fines for failure to make required reports, and suits in Federal courts over sales above arbitrary allotments. In my mind, when 30 States out of 48 consume more wheat than they produce, when 3 States, Kansas and the two Dakotas, produce a surplus over their own consumption of nearly 300,000,000 bushels, when 6 States produce practically all of the unconsumable surplus of the whole Nation, that is something that we ought to face. Why should we in Virginia, importing a million and a half bushels of wheat a year, be placed in the position where we shall have to pay from 10 to 15 cents a bushel more for wheat grown west of Chicago, when the increased price does not go to the grower but to the carrier? The

increased price does not help the farmer. These are things we should look into.

Mr. Chairman, there is another matter that I want to mention at this time.

It is a source of genuine regret to me that the consideration of the merits of this bill has, in some quarters, if reports in the morning papers are accurate, been reduced to a purely log-rolling proposition. Those advocating the pending wage and hour bill will trade support for the farm measure for support of the wage and hour measure. And again, if these newspaper reports are accurate, the proposal does not stop there. Reprisals are openly threatened if southern Members who conscientiously believe that the pending wage and hour bill is fundamentally unsound and inherently unworkable do not promptly march to the Clerk's desk and sign the petition to bring up the wage and hour measure.

On more than one occasion I have publicly stated that we were rapidly developing government by group pressure and I deplored that tendency. If support for one measure is to be traded for support for another measure, regardless of the merits of either, what hope is there for the perpetuity of our representative form of democracy? However, the frankness of some of the supporters of the wage and hour bill in publicly admitting the basis on which they are willing to give support to a farm bill may, in the long run, serve a useful purpose.

As much as I desire to see agriculture receive at the hands of this Congress the help it so urgently needs and so richly deserves, no threat of reprisals will deter me from my opposition to the pending wage and hour bill.

With the President's desire to eliminate child labor all seem to be in thorough accord. Is it not significant that an adequate child-labor bill—the Wheeler bill—passed the Senate at the last session in time for action in the House but that no action was taken either then or up to this time on a subject as to which there is substantial accord?

Mr. KELLER. Mr. Chairman, will the gentleman yield for a question?

Mr. ROBERTSON. Yes; for a brief question.

Mr. KELLER. Why does the gentleman say "an adequate measure"? I do not think any member of the Labor Committee believes that it is adequate.

Mr. ROBERTSON. The difference between it and the one they included in the pending bill is so minor that if one is considered adequate the other is substantially adequate.

Mr. KELLER. Then why not accept it?

Mr. ROBERTSON. Because the Committee on Labor has buried it.

Mr. KELLER. The Rules Committee has it buried, not the Labor Committee.

Mr. ROBERTSON. I am talking about the Wheeler bill.

With the President's desire to increase the purchasing power of the low-paid element of labor I am in thorough accord, but a very careful study of the pending wage and hour bill convinces me it will not accomplish that purpose.

The pending bill will undoubtedly increase the cost of living. That has been the experience with similar legislation both in France and New Zealand. In New Zealand the Government was forced to resort to price fixing and in 1936 for the first time in its history New Zealand was unable to market its Government bonds. In both France and New Zealand employment decreased instead of increasing, and I am satisfied we would have the same experience in the United States since no law can compel the manufacturer to retain the services of an employee who does not produce as much as he costs the employer.

Many Members of the House, no doubt, have not had an opportunity to examine the 1,200 pages of testimony taken by the House and Senate committees. When they do they will be surprised to learn that few witnesses before those committees wholeheartedly and without reservation endorsed the bill. The overwhelming weight of the evidence, as we lawyers would say, was against the measure and many of the proponents qualified their support in one way or another.

The House and Senate committees adopted numerous amendments of vital character after the hearings were closed, including the hour and wage scale, the tariff provision, and others. There was no definite testimony in support of any given wage scale. The House committee first voted for a wage of 75 cents per hour, but realizing that was utterly impractical, it reduced it to 40 cents an hour, and the only evidence in the printed hearings in support of that action was the testimony that an American family should not be expected to live on less than $16 per week. But of course the practical issue that confronts us is not whether each family should have that amount, but how can we provide it? As one proponent of the bill has pointed out, American families live by the year and not by the hour or week.

A clear-cut distinction must be made between three basic considerations:

(a) Is the principle involved sound? Should there be a 40-hour week imposed upon all industry by law? (Allowance made for certain exemptions.)

(b) Is a minimum wage of 40 cents per hour something that can safely be enacted into law?

(c) Can the law be enforced by a single central commission in a way which will not do more harm than good?

As to (a):

Is there any way to determine what the effect will be upon the national income except by trial and error? Suppose that a 40-hour week reduces the national income, will labor submit to a change of the law whereby the workweek is lengthened to 45 hours, let us say?

Even if the proposed law makes for economic balance, it may be achieved with a lower standard of living for all. The national welfare, in view of the great burden of national and local debts, should be expanded, and there is nothing in the way of dependable data to predict the probable effect of the proposed law upon national income.

As to (b):

If a minimum wage of 40 cents per hour is fixed by law, will not manufacturers tend to make the minimum also the maximum wage?

In any event, will not manufacturers discharge all workers who do not have a marginal productivity of value equal to 40 cents per hour? Obviously, no employer can afford to hire laborers whose productivity is not at least equal to 40 cents per hour.

Even if the minimum of 40 cents per hour is made general by the commission, how much better off will labor be if the national income is reduced so that 40 cents will buy no more than it did before? Is it not the money wage that counts, but, rather, the real wages of labor? Again, it is not the minimum wage that is so important as it is the minimum to which the national income may fall.

Is it to be supposed that the higher level of money wages which the law may fix will mean an expansion of inventions, discoveries, and the use of capital? If capital is expanded and the cost per unit of output increased, will labor want the minimum wage raised by an amount sufficient to absorb the gain or will it be willing to permit some of the gain to go to capital? If not, what inducement will there be to expand the capital of the country?

In view of the well-known immobility of labor, is it safe to place the minimum for all labor at 40 cents? How long will it take for the movements of labor to bring about an equalization of real wages, with due allowance therein for the lower cost of living in some regions as compared to others? During this long-run period, what will be the effect upon industries in those regions which have enjoyed some advantage hitherto?

As for the short-run effects of the measure, it may be assumed with some accuracy that it will result in an increase of the operating expenses of many individual manufacturers.

(a) If this increase in operating expenses is offset by the increased productivity of labor, the efficiency cost of labor would not be increased.

(b) If this increase in operating expenses is more than offset by the increased productivity of labor, the cost per

unit of output should fall and thus prices should be pulled down, assuming the existence of competition.

(c) If the increase in operating expenses is less than offset by the increased productivity of labor, then cost per unit of output should rise, pulling up prices and lowering real wages.

(d) A rising price per unit of output would make it more difficult for American products so affected to compete in foreign markets. By the same token, it would increase the ability of foreign goods to find a market here.

(e) A protective tariff might avoid this outcome, but the effect would be to raise the cost of living in America. In the long run a lower cost per unit of output might be achieved behind a tariff wall, but there would be less tendency for this to come about so long as the tariff gives domestic producers incentive to restrict output by means of trade agreements and other post-code devices.

(e) In the long run, a minimum wage and a maximum workweek have no meaning whatever separate and apart from the real wages of labor and the latter has no meaning whatever separate and apart from the effect of the proposed measure upon the national income. In the long run the status of labor can be improved only as the status of all is improved and that can come only as the national income is increased.

It is reasonable to suppose that manufacturers in some regions will be adversely affected relative to those in other regions.

(a) If a Virginia manufacturer finds his operating expenses increased without a corresponding increase in the productivity of his labor, then his cost per unit will rise and he will be less able to compete with a manufacturer in some other State where the cost per unit is not raised or is not raised so much.

(b) In the long run the Virginia manufacturer may be able to increase the productivity of his labor by a process of more careful selection of workers, more careful supervision, more effective use of capital, and so forth, but this may require months or years. In the meantime his competitor may have more success in this respect and take the market away from the Virginia manufacturer.

(c) Thus the ultimate effect of the proposed measure upon manufacturers in certain regions as compared to its effect upon those in other regions may be drawn out for a period of years, depending upon the elasticity of the supply of a given product under the terms of the measure as applied by the board.

(d) If costs per unit of output are increased for certain industries in certain localities, so that the net effect is to increase the price of the marginal unit offered in the market for the country as a whole, what will be the effect upon the elasticity of demand? It is conceivable that a given industry may lose ground to some other and this shift may affect some particular region materially.

As to (c):

Is this central board or commission to be composed of men who are impartial as between labor and capital? If so, what reason is there to suppose that Presidential appointees will come nearer to meeting that standard for this board than they have for the Supreme Court?

Is there not grave danger that politics will creep into the organization from the top down or the bottom up or both? Would a commission or board ever find it advisable to lower the minimum wage or increase the hours in the work-week, if the labor vote has been well organized?

Would not there be a never-ending struggle on the part of both labor and capital to seek to dominate the Board? What hope is there for better days for either unless the Board is dominated by a group of men who will not defer to either, but will consider the whole country and its welfare?

In all probability the rulings of the Board will be a blend of political and economic considerations with a tendency to give more weight to political considerations. For what chance is there that the experts employed by the Board will be adequately versed in the technical and financial problems of a purely practical character that affect industry in the various regions of the country?

Other considerations: Just how far does the proposed measure tend to invade rights hitherto reserved to the several States? If the bill, when enacted into law, is upheld by the Supreme Court, an interpertation of the interstate commerce clause of far-reaching scope will be necessary.

Thus, one wonders if there will be any purely intrastate commerce left. For example, the language of section 8 (a) on page 22 gives the Board the power to reach down to a purely intrastate industry, with "substantial labor conditions" that comes into competition with goods produced in that State which enter into interstate commerce.

Does not this section permit an invasion of the powers of States that will tend to weaken them in a drastic fashion? If so, just what ultimate means of escape from future possible dictatorial Federal power will remain?

It would appear that, even if the measure is economically desirable, this invasion of the powers of the States to regulate intrastate commerce is too high a price to pay for whatever economic advantage may be derived from the measure.

If the measure is economically desirable, would it not be better to gain these ends in some manner which would not so drastically reduce the powers of the States? [Applause.]

As I have stated, this bill is unsound and unworkable and should be sent back to the committee for further study and for adequate hearings on many vital provisions of the bill inserted by the committee after the hearings closed and for which there is no supporting testimony.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Mississippi [Mr. COLMER] such time as he may desire.

Mr. COLMER. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLMER. Mr. Chairman and Members of the House, I have listened for 3 days to the general debate on this bill. I am keenly interested in understanding its provisions with the hope that I may contribute something to making it more nearly do the job than I now think that it will. I am as interested in this subject as any matter that has come before the Congress in my brief service here. I know that the Agriculture Committee has had a hard job. I know from many hours of study of this question that it is well near impossible, if not impossible, for the human mind to conceive of and write an agricultural bill that would meet the requirements of all sections and which would not be subject to criticism from some source. I realize fully that there are many conflicting groups in the Congress representing various crop-growing sections and industries and that it is difficult for the committee to bring out a bill that will meet with the approval of all. Notwithstanding the fact that I have substantial misgivings concerning the effectiveness of this legislation, especially with reference to cotton, I am cognizant of the many hours of labor and industry that the Agriculture Committee has put into this measure. And if this is the best piece of legislation that we can get, I propose to go along with it because I realize the extreme necessity for some farm legislation. I do, however, want to call the attention of the committee, in fairness to myself and them and the people whom I have the honor to represent, to what I regard as some of the shortcomings of this bill, with the hope that when amendments are offered on the reading of the bill we can get some of these amendments adopted and thereby make a better bill for the cotton-growing section.

GROUP MEETING

Mr. Chairman, to the end that we might remedy the deplorable situation which prevails in the Cotton Belt of the South, I was happy to take the initiative with others in calling a meeting last Monday morning of those Members of Congress who are interested in this farm legislation. While I did not approve of some procedure that was suggested and

did not think that the bill should be condemned before its proponents had an opportunity to explain and justify it, I have no apology to offer for the action taken in being among those responsible for the calling of the meeting. This question of securing a fair price for cotton and other agricultural commodities in my district, as well as other parts of the country, is so seriously acute that I would feel derelict in my duty to my constituency if I did not do everything within my power to see that they get the best legislation they can get.

FAVOR DOMESTIC ALLOTMENT

Moreover, more than a week ago it was my privilege to collaborate with Messrs. PATMAN and POAGE, of Texas, in the study, preparation, and introduction of the bill now known as the Poage bill, H. R. 8472. While this bill does not represent my own ideas of the solution of this perplexing problem in its entirety it does in the main. And in my judgment so far as the cotton situation is concerned it would be a much more beneficial and workable bill than the one we are now considering. Under the provisions of this bill the cotton farmer would get a fair or parity price for his allotment of the cotton consumed domestically in this country, which it is currently estimated would be 16½ cents per pound. He could grow as much additional cotton as he desired without any penalty whatever but for which he would receive no subsidy. And the cotton he produced in addition to his domestic-allotment quota would be thrown upon the world market in competition with the cotton grown in the foreign countries. It is my opinion, long entertained and often expressed, that if we continue to curtail our production without doing anything to recapture our foreign markets we will soon be driven to the necessity of growing cotton only for domestic consumption.

SMALL GROWER

Under the provisions of the bill under consideration adequate provision is not made for exemption from penalties to the small grower. Under the provisions of the Bankhead bill thousands of small farmers in south Mississippi as well as elsewhere were allotted less than a bale of cotton exempt from the penalty. This meant that many of these poor hill farmers were forced to pay their taxes, their supply merchants, feed, clothe, and educate their families on the cash received from less than a bale of cotton. And too often this cotton was the only money crop that they had.

We cannot have a recurrence of this drastic situation under the administration of this bill. I have discussed the question of exemption of a minimum of three bales of cotton from the penalties provided in the bill with the distinguished Chairman of the committee, who is inclined to feel kindly to this suggestion, and I hope that I am correct in saying that I am led to believe that he may offer an amendment providing therefor. Of course, in the event that he does not, it is my purpose to do so.

NEW FARMERS

Mr. Chairman, I represent that portion of the State of Mississippi which is undergoing a transitory period in its development and in its industry. Fifty years ago practically the entire Sixth Congressional District of Mississippi was covered with beautiful virgin pine timber. But about that time the sawmill made its advent, and today practically every acre of the 16 counties in that congressional district has been denuded of these stately pines, which were manufactured into lumber and shipped to the markets of the world. There has scarcely been a month within the past 10 years that some sawmill which had been employing anywhere from 25 to a thousand or fifteen hundred men has not closed down and ceased operations, throwing these people out of employment. It is necessary for them to find some method of making a livelihood. They must turn from the manufacture of lumber to some other occupation. In the absence of minerals under the surface there is nothing for them to do except to turn to agricultural pursuits. Cotton has long been the cash crop by which the people of my section lived. Yet under the provisions of this bill there is scarcely any substantial provision made whereby these former sawmill laborers can obtain a quota to raise cotton, practically the only cash crop that they can grow in this section. It is true that provision is made for 2½ percent of the total allotment for this and other purposes. Moreover, this 2½ percent must be used for other purposes in addition to taking care of these new farmers who have no base under which they would otherwise be entitled to a quota. If the whole 2½ percent under this provision that was granted to the State of Mississippi were given to the 16 counties in my congressional district, it would not be half sufficient to take care of those who desire to plant cotton. And yet my district is not the heaviest cotton-growing district, by any means, in the State.

APPORTIONMENT OF ACREAGE ALLOTMENT

Under the provisions of the bill, authority is given the Secretary of Agriculture to determine the national acreage allotment for quotas for the several States. And then further provision is made for the Secretary to annually further subdivide the number of tilled acres of the allotment among the several counties, or other local administrative areas of the State, so that the allotment of each farm shall be a prescribed percentage of the average of the tilled acres of the farm, which percentage shall be the same for all farms in the county or area.

In the opinion of a number of us who have discussed this question, it would be much better to provide that the allotments should be made by counties separately and that the allotment of each farm be a prescribed percentage of the acreage of the tilled acres of the farm, which percentage shall be the same for all farms in that particular State. In other words, we think it would be better and fairer if the percentage should be uniform throughout the State rather than the county or some other arbitrary area. This would be most beneficial to the so-called hill sections which have always suffered in an apportionment of the allotment and whereby the other sections had benefited. And an amendment to this end will be offered, possibly by our distinguished colleague from Mississippi, Mr. FORD. I hope that it will be generously supported.

DIFFICULTIES OF ADMINISTRATION

It has been our observation in the past, and, if experience is worth anything, we can reasonably expect that in the future there will be many difficulties of administration of this important legislation. Regardless of what the intent of the Congress may be, and notwithstanding the high motives that impel the Congress in its enactment of a law of this nature, there are bound to be many irregularities and inequities in the administration of the law. Petty jealousies, politics, inefficiency, selfishness, and other foreign and evil influences enter into the administration of a law of this nature. Every effort should be made to safeguard the administration of the law against such unwelcome effects and deficiencies in the administration thereof. To that end, I would like to see, and propose to offer at the proper time, an amendment which would give at least one representative on the committee making the State quotas from every congressional district.

RESEARCH LABORATORY

Mr. Chairman, there is one provision of this bill with which I am particularly delighted. Section 402 (a) authorizes $10,000,000 annually to be made available out of the general appropriations provided for in the bill for the establishment of regional research facilities to find and develop new markets and uses for farm products. And this is a matter that a number of us have been very much interested in. In fact, the distinguished junior Senator from Mississippi introduced a bill in the last session of the Congress seeking the establishment of such a unit for research to be made in order that new uses might be found for cotton. It was my privilege to cooperate by introducing a similar bill at the same session in the House. And credit should be given to my distinguished colleague from Mississippi, who is a member of the House Agricultural Committee, for his untiring efforts in behalf of this proposal.

Cognizance should be taken likewise of the efforts of the distinguished chairman of the Agriculture Committee of the

House, who has been sponsoring such legislation for some time. It is my sincere conviction that this is a forward step in the right direction, and especially should this prove advantageous to the Cotton Belt. If the South is to continue to grow cotton on anything like as large a scale as it has in the past, it is essential that some new uses be discovered for this staple. The consumption of this article has not kept pace with its production for the past number of years. It is highly desirous, therefore, that this laboratory should be established, and we are very hopeful that our anticipations will be realized as a result of this splendid set-up.

CONCLUSION

Mr. Chairman, in conclusion allow me to repeat that I am thoroughly familiar with the difficulty in obtaining a well-rounded and perfect piece of legislation, embracing as many angles as this subject does. I realize that the Administration, the Agriculture Committees of the respective Houses, and the membership of the Congress are sincerely endeavoring to work out the best bill that it is possible to obtain. The Senate has an entirely different bill of its own over which they have been laboring for the past 10 days. We cannot tell at this time just what shape the legislation will finally take when it is enacted into law. But we are hopeful that in the final analysis we will have a piece of legislation that will be both beneficial to the argricultural interests of the country and at the same time reflect credit upon the Congress, which has been doing its level best to that end. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 20 minutes to the gentleman from New Hampshire [Mr. TOBEY].

Mr. TOBEY. Mr. Chairman, I rise to speak in opposition to this proposed legislation.

For 5 years I have been a member of the House Committee on Agriculture, and for more than 30 years I have had a deep and personal interest in the farmer and his problems. There has never been a time in my memory when the farmer has not had serious problems to solve.

Both the majority and minority groups on our committee have a common desire and purpose to contribute something toward the solution of these problems. We differ as to methods and ways and means to accomplish this.

The Senate and House bills differ in several particulars, and what is going to happen is an old story in legislation. Both bills will be sent to conference and rewritten in the obscurity and secrecy of that office, and when the conference report comes back to us we will have the sole prerogative of voting it up or voting it down.

The prime objective of this proposed farm legislation is to raise farm prices by Government regulation.

This bill abounds in fallacies.

Let us reason together.

First is the fallacy that compulsory control of production is wise and desirable? What are the facts? I cannot do better than to quote the views of a constituent of mine:

> The administration's attempts to control raw commodity prices have inevitably led to Government control of producers. Adopted as emergency measures to cure temporary difficulties, the methods gradually change, and the programs become permanent. In most instances the initial control consists in withholding supplies from the market. A resulting temporary increase in price is hailed as a sign of success. But increased prices always attract increased production, and the Government starts making "loans" on increasing surpluses to try to maintain prices. This only serves to further encourage production by giving seeming assurance of stability of prices. Then comes compulsory curtailment of production and the program reached its permanent stage.
>
> The production (or price) control program of the United States in three commodities indicates what happens in the international market.
>
> We controlled copper production, and our percentage of the world total fell from 54 percent to 34 percent. We controlled cotton production, and our percentage of the world total fell from 53 percent to 41 percent. We controlled wheat production, and our percentage of the world total fell from 25 percent to 17 percent. Other countries have had the same experience. Brazil with coffee, Cuba with sugar, India with tea, Bolivia with tin.
>
> By first trying to fix prices, and finally to do that regulating production, we increase the price of commodities to our own people, we encourage increased production of these commodities in corners of the world where such control does not exist, we lose at least a part of our world market, our ability to buy foreign-produced commodities we need is reduced, and, finally, our tax costs are greatly increased, as well as our commodity prices, by reason of the "loans" we make on our own surpluses.
>
> The whole picture is one of tangled economics, sufficiently complex in causes and effects as not to be generally understood, and therefore not criticized by the people who are being victimized by the false policies of their own Government.

So much for the economics of compulsory production control.

Furthermore, I honestly believe the great majority of farmers are, or will be, opposed to such a program. The National Grange is outspoken in its condemnation of compulsory control, and many individual members of the Farm Bureau feel the same. Only the other day in our committee one member reported that the farmers out in his district were aroused against compulsory control. He had been hearing from them. Pass this legislation and you will hear more from them. This same member prophesied that those voting for compulsory control would be defeated for reelection.

If this legislation becomes law and the full effect of powers granted thereunder are fully realized by the American farmer, I predict that they will hold us responsible for having surrendered the freedom of action and powers of individual initiative which have always been and, please God, ever shall be their heritage.

Oh, but you will be told that a subcommittee of the Senate held hearings in various sections of the Nation, at which farmers appeared and voiced their endorsement of the program. Undoubtedly there were many who endorsed the program, and very probably many who objected to it, but let me point out one method which was used to secure endorsements at these hearings.

Officials of the Department of Agriculture—namely, the Soil Conservation Division—took the long-distance telephone and called up the agricultural commissioners in several States (I am referring now to the hearings held in the northeast part of the country—namely, New York State) and gave the commissioners a list of names to be invited or requested to attend this hearing in New York, from these several States. In every case the men who were invited were either proponents of the A. A. A. or they were connected with the Department of Agriculture through the Soil Conservation Division, and in some cases were on the salary lists thereof. In some cases where these individuals could not afford to go and pay their own expenses their expenses were paid for them. To me, such action savors somewhat of packing a jury, or perhaps, in view of what was attempted earlier this year, I should say packing a court. [Applause.]

Such are the methods of bureaucracies.

In my opinion compulsory control will not stand the test of economics, will not command the support of the farmers themselves once they feel its yoke upon them, nor will it receive the sanction of the courts.

This bill provides for coercion of farmers into acceptance of compulsory control by the use of Federal funds. It will tend, and maybe it is intended, to set up a collectivist system in America, and once sanctioned for agriculture attempts will speedily follow to make it apply to labor and to industry.

President Roosevelt, in a recent address, claimed that George Washington would have favored the present-day Government plan to aid farmers. That may be true, but, if it is timely to quote as authority leaders of 140 years ago, over and against that I offer the testimony of as great an agriculturist—Thomas Jefferson—who, in speaking of agriculture in his first annual message to Congress, said:

> Agriculture, manufacture, commerce, and navigation, the four pillars of our prosperity, are the most thriving when left to individual enterprise.

I do commend the President, however, on his statement made on September 14 setting forth his views as to the fundamental policies which should be followed in drafting a farm bill.

That was a sound and admirable statement, and is worthy of thoughtful consideration by every Member of the House,

as well as of all American citizens, who have the welfare of agriculture and the spirit of our free form of government at heart.

I quote from the President's plea for a sane farm program, as follows:

> The plan must finance itself. Agriculture has at no time sought and does not now seek any such access to the Public Treasury as was provided by the costly and futile attempts at price stabilization by the Federal Farm Board.
>
> It must make use of existing agencies, and so far as possible, be decentralized in its administration, so that the chief responsibility for its operation will rest with the locality rather than with bureaucratic machinery in Washington.
>
> The plan must be, insofar as possible, voluntary.

The statement of the President is particularly timely at this moment when the House and Senate are working daily to produce a sane program for the farmers, and I urge the House to follow the sound course set forth by the Chief Executive.

Perhaps I did not make myself clear at the beginning of this reference. In referring to this statement of the President I said it was made on September 14, but it was not September 14, 1937, it was September 14, 1932. [Applause.]

Another fallacy of the pending bill is in attempting to restrict production by reduction of acreage. One needs but to contemplate the cotton situation since the passage of the Bankhead Act, and the greatly increased production which came from a given acreage by heavier applications of fertilizer and the narrowing up of rows. It has been clearly demonstrated from past experience in recent years that reduction of acreage will not result in proportionate reduction in total yield.

Still another fallacy is that entertained by the Department of Agriculture and supported in this bill, that an accurate or worthwhile estimate of agricultural production can be made in 1 year of what the agricultural production will be 6 months or 9 months ahead in the future. What man or agency has the gift of prescience in a degree to estimate with any certainty the influence on future crop yield of such often-present factors as drought, rainfall, insect enemies, plant diseases, and many other variables?

In the last analysis these attempts to gage future production can be but a series of guesses, and the guessers are up against imponderable forces which will checkmate the best of intentions and result in regrettable confusion.

Yet another fallacy embodied in this bill is the potential injustice which it places upon the largest income producer in all agriculture, namely, the dairy industry.

I need not go into detail, for the able speeches of the two gentlemen from Wisconsin [Mr. SAUTHOFF and Mr. BOILEAU] fully set this forth. A gross income of nearly two billion dollars in 1936 establishes the importance of the dairy industry. It has been demonstrated beyond cavil that the dairy interests have received the short end of benefits from the Agricultural Administration.

I believe that the fears of the dairy interests of the country that a large part of the 30,000,000 acres to be taken out of the production of cotton, wheat, tobacco, and corn lands will be used directly or indirectly for feeding of dairy herds, with an increasing output of dairy products, are well grounded. With the Government paying the owners of these lands for taking their land out of production of these staples, it is certain that the dairy interests will be faced with a greater handicap in the future.

Convinced of these injustices and discrepancies, which are adverse factors for the dairy industry, it was my pleasure to support the Boileau amendment in committee and I shall vote for it on the floor, and I believe it will receive material support on the basis of common justice.

I sincerely hope that Members of the House, regardless of party, will support the amendment offered by the gentleman from Minnesota, which prohibits foreign shipments of dairy products into the United States unless said dairy products have been produced from milk or cows either free from bovine tuberculosis or which are undergoing tests for bovine tuberculosis. Tuberculosis has been cleaned up in my own State of New Hampshire, and many other States of the Union. Millions of dollars have been spent for this, and the people have reaped the benefit through sanitary products. What a fallacy to impose such a reform, with great expense, upon our farmers, and then to leave our doors open for the Nation to be flooded with foreign products produced from infected herds.

The last fallacy which I bring to your attention is the fallacy which I have cited many times in recent years. Under the proposed plan in the pending bill we shall take about 30,000,000 acres of farm land out of production and yet we permit to come into this country agricultural products from 30,000,000 acres of foreign farm lands.

We are telling our American farmers, for whose interests we are supposed to be trustees, that there is no market in this country for the products of his 30,000,000 acres, but we are telling the farmers of foreign lands to send theirs in and are giving them the American market, which we are taking away from our own farmers.

We are spending hundreds of millions of dollars for irrigation, reclaiming land to make it productive, and then we are taxing the citizens of this country to pay benefit payments to farmers for not producing on land already available for production.

If we have scholars in our high schools who are not capable of recognizing the fallacy of such a procedure they ought to be transferred to our State schools for the feeble-minded, and if this is true of adolescents how much more it is true of Members of Congress who permit such a fallacy to exist. [Applause.]

I think it was Puck who said: "What fools these mortals be."

I have tried sincerely to point out some of the fallacies in our present agricultural policy and in the pending bill, but I would not confine my remarks solely to criticism. As I said in the beginning, I recognize that there are inequalities and injustices bearing down upon the farmers of this country, but I believe that we are adopting wrong methods to bring them real and lasting relief. I want to help them solve their problems and do something constructive to that end. Therefore, in closing, I offer a program for agriculture:

First. Let us restore confidence in the Nation by passing at this session modification of our tax system [applause] as set forth by the chairman of the Senate Finance Committee, Senator Harrison, in his address the other night.

Then we should balance the Budget in accordance with the sound address of Secretary Morgenthau a few weeks ago.

And then we should repeal the Thomas amendment, under which Congress authorized the President to print three bollions of paper money in the emergency a few days ago.

Such action would at once improve business, and that would relieve unemployment, and that would increase consumption, which would benefit the farmer.

Second. I would not take away the birthright of the American farmer, and give it to foreign producers, as incontrovertible figures demonstrate has been done. This is concisely set forth in the annual report of the National Grange from which I quote:

For the first 6 months of 1937:	
Agricultural imports	$1,151,038,222
Agricultural exports	435,099,385
Agricultural trade deficit	715,938,837

This tells the story of millions of lost acreage to our agriculture.

Third. Encourage and stimulate farm cooperatives, and so help the farmers to help themselves.

Fourth. Continue and improve the Soil Conservation Act.

Fifth. Maintain and strengthen the resources of the Farm Credit Administration which has been a sound, constructive agency for the farmer's benefit.

Sixth. Pay the farmers subsidies to develop new crops of value. There is a vast opportunity for such constructive action in this field. By this we could develop new industrial outlets for nonfood crops which industry could utilize, and

in the realm of chemistry there is much of hope for agriculture in the possibilities of production of alcohol for power, tung oil, soybean oil, and other products which the skill of research can develop.

Seventh. Investigate and adjust the anomalies and injustices of freight rates which the farmer always pays.

Eighth. Correct injustices that bear down upon the farmers of this country through monopolistic power and control.

Here is an outline of a program which, while not spectacular, yet in my judgment is sound and practical and should be the American way. I believe it will work if the fallacious policies now being stressed are discarded and we return to sanity. [Applause.]

Mr. HOPE. Mr. Chairman, I yield such time as he may desire to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Chairman, I want to endorse wholeheartedly the statement made by the distinguished gentleman from Oklahoma [Mr. MASSINGALE], who declared in his address early in the afternoon that this bill is a veritable Chinese puzzle. To understand this measure, you would not only have to employ logarithms but you would have to have a series of seances with the departed spirit of Houdini himself.

Mr. Chairman, I have read and reread the bill before us, and for 2 days I have listened to the debate that has ensued on the measure, and the more I read and the more discussion I hear the more I am convinced that no one can interpret the provisions of this bill or can predict with any degree of certainty just what effect it will have on the agriculture of the Nation if enacted. Despairing of enlightenment in this Chamber, on yesterday I visited another forum where a similar measure is under discussion, and to my further bewilderment and dismay, I discovered that the other body is suffering from the same bog and confusion which prevails in this body. It seems to me that the more we debate and consider this proposition the more "confounded becomes our confusion."

Mr. Chairman, recognizing the omnipotence of Divine Providence, I have always been skeptical of any legislation that any parliamentary body may enact, the object of which is to circumvent Nature. Regardless of any legislation which we may enact, I have an idea that the seasons will continue to come and go, and the rain will continue to fall upon the just and the unjust, just as it has since the morning stars first sang at creation's dawn.

Mr. Chairman, why we would pass a bill curtailing agricultural production in this country when during the first 8 months of the present year we imported $1,115,000,000 worth of agricultural commodities and exported only agricultural products to the value of $400,000,000, does not make sense to me and is beyond my power of comprehension.

I had hoped, if we passed a farm bill at this session, that some attention might be given to livestock and some provision made for its improvement. In this hope, however, I regret to say I have been sadly disappointed. In previous agricultural legislation, livestock has received attention, but that attention was in the nature of decimation and destruction of livestock by slaughter. You will recall that under the Triple A program 6,000,000 pigs, 1,000,000 mother cows, and 2,000,000 sheep were slaughtered, while at the same time meat products were being imported into the United States from foreign countries to the value of more than a billion dollars. To me such a policy is unreasonable and paradoxical, not to say downright silly.

Mr. Chairman, if legislation could be enacted to improve the type of our livestock it would be a definite move in the right direction. Such legislation would be sound, practical, and of permanent benefit and value, and would not be an infringement on the power of Providence. Dr. L. A. Richardson, of the University of Tennessee, has outlined such a plan, and it is so sound and plausible that I ask consent that it be made a part of my remarks. His plan is as follows:

The soil conservation and farm allotment program has so far omitted livestock. The program as it is pertains to soil conservation and improvement by means of lime, fertilizers, and seeding of row crop acreage to grass for pasture purposes, and the planting of legumes. To make a well-rounded program for the farmer of the Southeast as well as for the farmer of the Nation a livestock improvement movement should be incorporated.

As roughage tonnage and pasture acreage is increased it is only logical that an outlet should be provided through livestock. Unless the farmer can in this way market his grass and increased tonnage of roughage it can readily be recognized that he will reach a point of saturation with reference to crops and soil improvement beyond which he will be reluctant to go, and his tendency will be to give up the present program entirely.

In inaugurating this movement it is suggested that a benefit payment similar in nature to that received by the farmer in the soil conservation and farm allotment program be paid to the farmer who will breed his livestock to an approved purebred sire. This payment should be based on the cow, sow, mare, and ewe as a unit, and the suggested outline of the same is as follows:

Horses: A benefit payment of $4 per head to the farmer who will breed his mare to a purebred jack or stallion in the community doing custom service. A benefit payment of $2 per head to the farmer who uses the service of his own jack or stallion.

Cattle: A benefit payment of $2 per head to the farmer who will breed his cows or heifers of breeding age to a purebred bull in the community doing custom service. A benefit payment of $1 per head to the farmer who uses the service of his own male on the cows in his herd up to 50 head; then a benefit payment of 50 cents per head for the next 50 head; then a benefit payment of 25 cents per head for the next 100 head, and in the case of large commercial herds a limitation on the benefit payments should be set by those administering the program.

Hogs: A benefit payment of $1.50 per head to the farmer who will breed his sow to a purebred boar in the community doing custom service. A benefit payment of $1 per head to the farmer who uses the service of his own male on the sows in his herd up to 10 head; then a benefit payment of 50 cents per head for the next 20 head, and a limitation on the benefit payments in the case of large herds.

Sheep: A beneficial payment of 50 cents per head to the farmer who will use a purebred ram on his ewes up to 25 head; then a benefit payment of 25 cents per head for an additional 75 ewes; and then a limitation on the benefit payments in the case of large flocks.

The appropriation of money by the United States Congress for the soil conservation and farm allotment program was reported not used this past year by some $50,000,000. It is conservatively estimated that about 80 percent of the present allotment will be used this year. If this is true, the appropriation as made by Congress should adequately carry a livestock improvement program based on a benefit-payment plan for the use of purebred sires. The number of participants in the various States will depend upon the number of farmers who have the stuff to breed. From a cross section of the Nation it is roughly estimated that the 48 States will require something like $50,000,000 annually for benefit payments.

The machinery for carrying out the incorporation of a livestock-improvement program is already set up. The additional information which the farmer would have to give in filling out his work sheet would be the number of livestock which he had on his farm and expected to breed. A definite report would have to be made upon the foaling of the colt, the dropping of the calf, the farrowing of the sow, and the lambing of the ewe, as proof of claim for the benefit payment due.

If provision is made for the livestock farmer to participate in the national farm program the use of purebred sires for the improvement of quality is as essential as the application of lime and fertilizer are for the improvement of soil and the increasing crop yield. Such movement also means the increase in the commercial or market value of the offspring, which greatly transcends any expenditure of money for benefit payments.

Conditions in the Southeast so far as climate, topography, and diversification of crops grown are concerned are conducive to livestock production. The southern farmer has been at a disadvantage with reference to being adequately supplied with livestock to properly utilize his acres. The livestock which he has raised has been of inferior quality, and it is only by means of a purebred sire, in an improvement movement encouraged by the Federal Government, that rapid advancement may be expected.

In addition to the natural facilities of the South for livestock production, there has come to the South in the past 10 years an investment of better than $10,000,000 in packing plants, and between $5,000,000 and $6,000,000 in building plants for the manufacture of milk products. This expansion of the packing and milk industries is simply preceding an industrial expansion of this entire area. The southern farmer is primarily interested in improving the quality of his livestock for the market.

In the opinion of the thinking livestock men such program, if initiated, would infuse new blood and bring a much greater number of participants into the present farm program than have embraced it so far. The incorporation of a livestock program with the improvement of soils and crops would present to the farmers of the Southeast as well as to the farmers of the Nation, a more all-around program, and render them livestock conscious as well as soil- and crop-improvement conscious.

EXHIBIT—TENNESSEE

Cattle—Improvement by use of purebred bull—Data based on 1936 census

Number farms reporting, 1935	224,157
Number of head, 1935–37	677,593
Average per farm, 1935	5.5
Value, 1935	$17,820,695
Less 20 percent for nonbreeders, replacement, market turnover, etc	$542,007
Estimated that 75 percent of farmers will participate in program, or 406,505 head for breeding.	
60 percent, or 243,903 head, for community or custom breeding at $2 per head benefit payment	$487,806
40 percent, or 162,602 head, on farms where bull is owned, at $1 per head benefit payment	162,602
Total benefit payment on cattle	650,408
Annual commercial and market increase in cattle and cattle products due to influence of purebred sire, at $11 per head	$4,471,555
Plus benefit payment	650,408
Total	5,121,963

Swine—Improvement by use of purebred boar—Data based on 1935 census

Number farms reporting, 1935	163,142
Number of head, 1935	1,002,283
Average per farm, 1935	6.1
Value, 1935	$9,708,000
Brood sows:	
Spring farrow, 1937	112,000
Fall farrow, 1937	97,000
Total	209,000
Estimated that 75 percent of farmers will participate in program, or 156,760 head for breeding.	
75 percent, or 92,570 head, for community or custom breeding at $1.50 per head benefit payment	$108,855
25 percent, or 64,190 head, on farms where boar is owned at $1 per head benefit payment	64,190
Total benefit payment on swine	173,045
Annual commercial and market increase in pork and pork products due to influence of purebred pboa, on basis of two litters per year, 5 pigs per litter, or 1,881,120 head finished at a market weight of 200 pounds with increased market value of $1.50 per head	$2,829,680
Plus benefit payment	173,045
Total	3,002,685

Sheep improvement by use of purebred ram data based on 1935 census

Number farms reporting	17,266
Number of head, 1935	411,088
Average per farm, 1935	23.8
Value, 1935	$1,870,450
Number of ewes 1 year old and over for service	322,232
Estimated that 90 percent of farmers will participate in program, or 290,008 head for breeding.	
290,008 head for service on farms where flocks are owned, at $0.50 per head	$145,004
Total benefit payment on sheep	$145,004
Annual commercial and market increase in value due to influence of purebred ram; 110 percent lamb crop, or 319,008 lambs, at $2.40 per head	$765,619.20
Plus benefit payment	145,004.00
Total	870,623.20

Draft stock improvement by use of purebred stallion or jack

[Data based on 1935 census supplemented by livestock and crops report of Jan. 1, 1937]

Horses:	
Number farms reporting, 1935	85,897
Number of head:	
1935	140,621
1937	151,000
Average per farm, 1935	1.6
Value:	
1935	$11,414,641
1937	$16,005,000
Mules:	
Number farms reporting, 1935	141,358
Number of head:	
1935	304,827
1937	291,000

Draft stock improvement by use of purebred stallion or jack—Con.

Mules—Continued.	
Average per farm, 1935	2.2
Value:	
1935	$31,835,157
1937	$40,875,000
Number of mares on farms for service in 1935	21,120
15 percent increase for 1937	24,288
Estimated that 90 percent of farmers owning mares will participate in program, or 21,860 head for breeding.	
92 percent, or 20,112 head, for community or custom service, at $4 per head benefit payment	$80,448
8 percent, or 1,748 head, or farms where sire is owned, at $2 per head	3,496
Total benefit payment on draftstock	83,944
Annual increase in market value of colts 2 years old, due to the influence of a purebred sire, at $40 per head	$874,440
Plus benefit payment	83,944
Total	958,384

Summary total results due to influence of purebred sires

Benefit payment:	
Cattle	$650,408
Swine	173,045
Sheep	145,000
Draft stock	83,944
Total	1,052,397
Increase in market value:	
Cattle	4,471,555
Swine	2,829,680
Sheep	765,619
Draft stock	874,440
Total	8,941,294

Mr. Chairman, I am greatly interested in the problems of the farmer, and I would certainly cheerfully support any legislation which might redound to his benefit. But during my years in Congress and my experience with the efforts we have made to improve the farmer's lot, I sometimes wonder if the complicated and crack-pot legislation we have enacted in his behalf has not been more harmful than helpful to him. I know that it is the sentiment of a large segment of our farming population that governmental interference is harmful. A great many farmers do not want to be humiliated by subsidy nor by regimentation. They want to be let alone to work out their own salvation. They own their farms, and they want to be free to control their own crops and their own destiny. They do not want to be serfs, and they do not want to come under the domination of crystal-gazing bureaucrats and experimenters.

Mr. Chairman, unless some of the obnoxious provisions of this bill are eliminated, I shall feel constrained to vote against it.

Mr. HOPE. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. Chairman, before entering into a discussion of the farm bill as introduced on Monday by the gentleman from Texas [Mr. JONES], chairman of the Agricultural Committee, I want to commend him and the committee for their sincere and hard efforts to bring to the House a measure that will be of benefit to agriculture. This bill no doubt contains many divergent views, and after listening to the debate for 2 full days one can readily realize that this measure is a compromise. In fact, all legislation enacted into law is compromise. Many further amendments will be offered to the bill before we reach a final vote, and then we will have days or possibly weeks in conference between the House and Senate before final enactment.

I desire to state at the outset that this measure, in my opinion, will not assure the farmers of their fair share of the national income. The farmers do not ask for special favors, but they are interested in one thing, and that is the securing of parity income, parity prices, or cost of production for the things on the farm that they must sell in the public market. Agriculture is our greatest basic industry. The records show

that our country has never been on a solid or prosperous basis unless agriculture was prosperous.

It is interesting to note that agriculture's total share of the national income declined steadily from 33.6 percent in 1850 to 7.5 percent in 1932. This was caused largely by a shift of our population from the farm to the city during this period, and it shows the inequality of farm income with *non*farm income. Not only did agriculture's total share of the national income decline from 1850 to 1932, but the per capita farm income in relationship to the national total income also declined from a high point of 67 percent in 1860 to 30 percent in 1932. Since 1932 various measures have been enacted to assist in increasing the agricultural income, but very little progress has been made. In 1936 our national income was $63,799,000,000, out of which agriculture received 9.4 percent, or only approximately $6,000,000,000. It is estimated that this year the 30,000,000 farm folks will receive less than 11 percent of our national income. I know you will agree with me that it is impossible to have sound recovery when the farmer and agriculture, representing about 30 percent of the people, actually receive less than 10 percent of the national income. The purposes of this legislation are well defined in the committee report, which reads as follows:

> Legislation to meet the present farm problem should not be focused on the control of acreage, except to the extent of the incidental control brought about by inducing farmers to carry out recognized soil-conservation and soil-building practices on their farms. Such legislation should not be based on an economy of scarcity. Nor should such legislation be designed to meet a temporary emergency. It should, on the contrary, encourage the abundant production of agricultural commodities, and provide for the storage or warehousing of the production above current needs in order to have such commodities available at reasonable prices in years of drought or other adverse conditions. Such legislation should, by means of loans, assist farmers to cooperate with Government in reaching this desirable objective. Such legislation should provide means of regaining our export markets in farm products to the end that such products may flow freely into the markets of the world. As an aid to accomplishing this purpose, and as a benefit to both farmers and consumers of farm products in the United States, it should provide means for examining the freight-rate structure so far as it relates to freight rates on farm products. And finally it should encourage research into the possibilities of new uses and new markets for agricultural commodities in cooperation with the State agricultural colleges and other State agencies.

The features of this bill dealing with soil-conservation and soil-building practices, the encouragement of abundant production, the provisions for loans on commodities to assist farmers in holding their crops, and the effort to secure a return of our export markets are laudable purposes and should be helpful to the farmers of this country. It is encouraging to me to note that one of the purposes of this legislation is to provide means for regaining our export market in farm products.

If our Nation was fortunate enough to have a foreign outlet for a large supply of our wheat, cotton, and other farm crops, even at a low price, then we would insist on legislation that would give the farmer a domestic price on the percentage of his farm commodities that were consumed at home and permit him to sell or dispose of the remainder at whatever they would bring on the world market. The home price of these farm commodities would then be based on the purchasing power of the farmer's dollar as compared to the commodities he must purchase in our home markets. It is not always a question of what the farmer receives for his commodities, but a farmer's prosperity is generally determined by what his dollar will purchase in the way of taxes, interest, and manufactured commodities. In my opinion, this type of farm legislation would soon automatically cause the farmer to take a percentage of his land out of production and place it in soil-improving crops. Under our present system of reciprocal-trade agreements we cannot consider such a program. In fact, we have largely destroyed our export market for farm commodities and are now importing enormous amounts of competitive farm products. Recently we have been informed that imports of competitive agricultural products, such as wheat, corn, livestock, and so forth, have exceeded our exports by 18 percent for the first time in the history of our Nation.

For the year 1936 we exported competitive farm products valued at $733,000,000 and imported similar commodities valued at $868,000,000. During the first 9 months of 1937 we imported 84,000,000 bushels of corn and 18,721,580 bushels of wheat. These imports have, no doubt, been greatly encouraged by the recent drought years. On the other hand, there is a growing feeling among farmers that their products are being imported through the reciprocal-trade treaties for the exportation of manufactured commodities. Personally, I believe the American farmer is entitled to the American market and he should not be forced into competition with farm products produced by countries which have a much lower standard of living. On several occasions I have called the attention of the House to the fact that while the Department of Agriculture is making an effort to divert land from the production of farm crops in order to reduce surpluses, at the same time the Department of the Interior is spending hundreds of millions of dollars to bring millions of acres of arid land into production. Because of this every taxpayer is paying for an inconsistent and noncoordinated agricultural policy. The Department of Agriculture has estimated that by taking 30,000,000 acres of land out of production and planting it to soil-improving crops, it would leave approximately the proper amount of tillable land to produce sufficient farm products for the Nation and keep down the burdensome surpluses which accumulate from time to time. We have been informed that this 30,000,000 acres is about the amount of land that would have been necessary to have produced the farm crops that have been imported into this country during the past year.

During recent sessions of Congress we have voted large sums of money for the purpose of bringing into production 8,000,000 acres of agricultural land, most of which is arid. One project, known as the Columbia River Basin project, will cost approximately $485,000,000 and bring into production 1,200,000 acres of arid land. I am not opposed to all reclamation and irrigation projects, but do believe that the two departments of government should coordinate their land-use policy.

Mr. Chairman, this bill amends the Soil Conservation and Domestic Allotment Act in dealing with our five major crops: cotton, tobacco, wheat, corn, and rice. All of us are familiar with the purposes and workings of the Soil Conservation Act. One section of this bill should be very helpful in our section of the country. Subdivision 5 of section 8 under the soil-conservation program reads in part as follows:

> Shall be construed to cover water conservation and the beneficial use of water on individual farms, including measures to prevent run-off, the building of check dams and ponds, and providing facilities for applying water to the land.

Under this amendment, farmers will be paid for conserving and storing water as a part of the soil-improving provisions of the bill should they elect to do so.

The major crops in this bill affecting our section are wheat and corn. Following several years of short crops, we are now faced with a threatened surplus. To those of us who live in an area that did not raise any corn or wheat in substantial quantities this year, nor for several years, it is hard to think in terms of surpluses. This situation must be taken into consideration in the framing of any farm legislation. I plan on offering an amendment at the proper time which will prohibit the quota provisions of this act from applying for that year in any county that did not produce 75 percent of an average crop of wheat or corn the previous year. I hope this amendment will be adopted.

The Department of Agriculture informs us that our present wheat situation is something about like this. Following four short wheat crops, which averaged 600,000,000 bushels from 1932 to 1936, the wheat carry-over, or surplus, was reduced to 90,000,000 bushels by last June. This reduced surplus brought about a price considerably over $1 per bushel. The wheat farmers of the United States in the fall of 1937 planted 80,000,000 acres of wheat from which it is

estimated that we raised approximately 900,000,000 bushels. This, with the estimated carry-over, gave us about 990,000,000 bushels of wheat. The wheat used for normal domestic consumption and feed and seed is approximately 620,000,000 bushels. To this we add our 50,000,000 bushels for export, making a total of 670,000,000 bushels that we should be able to dispose of before next harvest. The Department of Agriculture informs me that from July 1 to September 30 this year we sold for wheat export, including flour, only 10,200,000 bushels of wheat. Therefore it is possible we will not reach the estimated 50,000,000 bushels. To this 670,000,000 bushels we should add a normal carry-over of 125,000,000 bushels, which will give us 795,000,000 bushels of wheat. When we subtract this from the 990,000,000 bushels raised, together with surplus, we will have a carry-over of surplus next July of approximately 200,000,000 bushels.

Preliminary estimates indicate that again this fall the wheat farmers have planted approximately 80,000,000 acres. It is estimated that we can produce in the United States the normal requirements of this crop on 56,000,000 acres. Therefore, should we produce an average crop of wheat next year we will immediately be faced with a burdensome surplus.

The provisions of this bill regarding wheat are such that it will not affect the production of wheat until we have a prospective yield and carry-over of 1,027,000,000 bushels, and should not be effective before 1940. Personally, I have never been able to convince myself that we should have quotas, but if we must, I can favor the provisions of the House bill, which are not nearly so stringent as the Senate bill. When this bill is up for amendment and debate I expect to express myself further on the subject.

The corn section of this bill is somewhat different than that regarding wheat in that we have a commercial corn area in the United States comprising in whole or in part 10 Corn Belt States. I note by the map submitted for consideration that the present area includes the following counties in the Sixth Congressional District of Kansas: Sherman, Cheyenne, Decatur, Norton, Graham, Phillips, Smith, Jewell, Republic, and Cloud. The commercial corn-producing area includes all counties in which the average production of field corn, during the 10 calendar years immediately preceding the calendar year in which the area is determined, after adjustment for abnormal weather conditions, is 400 bushels or more per farm, and 4 bushels or more for each acre of farm land in the county. The commercial corn area produces approximately 1,700,000,000 bushels of corn while the remaining portion of the United States produces approximately 900,000,000 bushels. In other words, only three-fifths of the corn is produced in what will be known as a restricted corn-producing area. It seems to me this might work to a distinct disadvantage to the corn producers in the restricted sections. It will not be my policy to discuss what we are told is an abnormally large corn crop this year in view of the conditions in our district where we have produced no corn to speak of for several years.

Before concluding I want to compliment the House committee on bringing in a bill that does not carry the fines and penal provisions carried in the Senate bill, particularly that section which reads that whenever a farmer fails to furnish proof of his market of either wheat or corn by records, marketing cards, or other reports that might be required by the administration, he shall be guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $100. I am unalterably opposed to this type of legislation for the farmers of our country and should any such provision be in the bill before final passage I shall be forced to vote against it.

It is not necessary, in my opinion, to have a farm program with penal provisions, and, more than that, I am convinced that should we be able to give the farmers a program that they feel will be helpful to them, it will not be necessary to use coercion to secure their cooperation. The House bill contains compulsory provisions regarding cotton and tobacco and when the proper time comes I expect to vote to remove these provisions from the bill.

In conclusion I want to urge the Members of this House to work and vote for any amendments which will improve this bill from the standpoint of the farmer and producer.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON of Texas. Mr. Chairman, we have had this afternoon a very interesting study in contrasts. I was not surprised that my distinguished friend from New Hampshire [Mr. TOBEY] could find absolutely no good in this bill and, although he submitted a rather interesting program as a substitute for this bill, if my memory serves me right his own party was in control of both Houses of Congress, as well as the White House, for 12 years prior to 1933 and, so far as I can recall, not one thing was done by the then Republican majority of both Houses to carry out the program suggested by the gentleman from New Hampshire.

Mr. TOBEY. Will the gentleman yield?

Mr. THOMASON of Texas. I yield to the gentleman from New Hampshire.

Mr. TOBEY. The gentleman will recall there was a Democratic House here before 1933, with Mr. Garner in the chair.

Mr. THOMASON of Texas. Perhaps for a brief time, but for 10 years prior to that your party was in absolute control of both Houses and yet not one thing of a constructive nature was done for the relief of agriculture.

In contrast to my distinguished and able friend, whom I regard very highly, we have the statement of the gentleman from Kansas [Mr. HOPE], the ranking Republican member of the committee, who comes from the greatest wheat section in America; and likewise the statement of my able friend from Iowa [Mr. GILCHRIST], a Republican member of the Committee on Agriculture, who represents the greatest corn State in America. Both of these gentlemen gave hearty approval to the principles of this bill. I was a little bit surprised at my genial friend from Oklahoma [Mr. MASSINGALE], who now seems to have the very active support of our Republican friend from Tennessee [Mr. TAYLOR], in that he could not find anything good in this bill at all. He says his people cannot understand it. That may be true, but my people understand the difference between the 14 cents they received for cotton a year ago and the 7 cents they are receiving now. They want and expect us to do something about it. This is not a perfect bill, but I believe with proper amendments it can be made a very good one.

Mr. Chairman, I am in hearty accord with the principles and philosophy of the bill as announced by my distinguished friend the gentleman from Texas, chairman of the Committee on Agriculture. He was reared on a farm, has been here many years, and given great study to the problem. Above all, I know he is able, honest, and sincere. I have not one minute's sympathy with any proposal to recommit the bill.

If this bill is not right, if the bill has no merit in it, opportunity will be given on the floor of the House within the next 2 days to offer as a substitute something that does have merit. To go off now up a dark alley with a price-fixing or cost-of-production program which everbody knows will get us nowhere at this time would be to scuttle the program and do nothing for the cause of agriculture. I hope no point of order will be made against such a substitute, and we will see how few votes they get. If you want any legislation at this session, let us do some constructive amending and do it now. Give the bill a chance to go to conference.

Mr. Chairman, I tell you that the people of America, both urban and rural, are expecting and demanding legislation that is sane and constructive. I am not entirely in agreement with the statement made by my friend the gentleman from Virginia [Mr. ROBERTSON] about some of us who may have signed the wage and hour petition. I was one of the first who signed it, although I am not committed to vote for the Black-Connery bill. I signed it for the same reason I believe a great many of the Members of this House signed it. I do not care whether it is a farm bill, labor bill, neutrality bill, a veterans' bill, or any other kind of a bill; no committee which is purely and solely a policy committee has the right

to deny to the membership of the House, after another committee has worked and studied for months on a bill and reported it to the House, the right to vote on the bill and arbitrarily say, "No; you cannot even consider the bill." [Applause.] I have heard of no threats or reprisals. I am against child labor and low wages, and I think some legislation is needed. I am one of those who believe every man is entitled to his day in court. If the humblest man in the country files a case in court, I say he is entitled to a hearing. That is my attitude about the wage and hour bill. Let it be brought up here on its merits. The laboring man must have living wages before he can buy the farmers' products. The two are interdependent. But I did not come to talk about that.

Mr. Chairman, I go back to the statement that was made regarding the merits of this bill. The committee has worked hard for months, and the bill is entitled to full and fair discussion, and every opportunity for amendment. It must be very materially amended to suit me.

I say without hesitation that the present administration has done more for agriculture in America in the last 4 years than all other administrations, regardless of their political complexion, had done in the previous 50 years. [Applause.] Then to say that we come here impotent to pass any kind of legislation seems ridiculous to me. I have faith that we can pass a bill fair and just to all sections.

There are some provisions of this bill I want to see amended, but what piece of important legislation is there about which there is not a great deal of controversy and to which many perfecting amendments are not offered? To say now, as I understand some are saying, and frequently meeting with applause from the minority side, that the only thing to do is to recommit the bill, when we are clothed with ample power to correct it as we see fit, is ridiculous.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 2 additional minutes to the gentleman from Texas.

Mr. THOMASON of Texas. When it comes to amending this bill I should like to call to the attention of my friends, especially those from the arid West, some of the provisions in section 355 and particularly subsection (b). I was very much impressed yesterday with the remarks of my able friend, the gentleman from Texas [Mr. MAHON] about cultivation of new lands. I am one of those who believe the allotment in this bill ought not to be placed on an absolute 5-year basis. I believe it ought to be on the basis of current productive capacity.

I can best illustrate this situation, I believe, because I am from the heart of the desert. I live way out at El Paso, where until a few years ago we had very little agricultural production, yet due to irrigation we have come now to be a community which produces cotton in a big way. We may produce more per acre than some sections, but it also costs us much more. We have greater overhead, water charges, and higher taxes.

In one section of my district there is the Red Bluff project, where the farmers some years ago undertook to cultivate land in the Pecos Valley, but drought and low prices broke nearly all of them. Two or three years ago they obtained a loan and grant from P. W. A. and the R. F. C. and themselves built a dam at a cost of nearly $3,000,000, thus restoring some 40,000 or 50,000 acres of that land to cultivation. They must pay heavy taxes and charges to repay this loan. The dam was not completed until October a year ago. To say to these people that they shall be limited to 2½ percent of their production is absolutely unfair, when their land was reclaimed only 1 year ago and they cannot produce anything but cotton and alfalfa, and since the freight rates on alfalfa have jumped to $8 a ton, the raising of alfalfa has become absolutely prohibitive.

I hope to offer amendments at the proper time either changing that provision in section 355 or else clothing the Secretary of Agriculture with adequate authority and discretion so instead of putting a penalty on people who want to rotate crops, as these people have been doing for the last 5 years in the community which I have just mentioned, we shall reward them for their enterprise and their effort to go along with a sound agricultural program. I want to amend the bill to take care of new land, to transfer bases between counties, and to make equitable adjustment for increasing acreage. In short, I want the irrigated sections to have the same fair treatment as the nonirrigated. I hope and believe that when we begin to read the bill for amendment tomorrow there will be sound perfecting amendments offered which will make the bill operate for the good of agriculture in general and not make it subject to the criticism of any of the partisans who have spoken, saying it has absolutely no merit whatsoever. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Louisiana [Mr. ALLEN] such time as he may desire.

Mr. ALLEN of Louisiana. Mr. Chairman, I believe that I am correct in saying that the southern cotton farmer is in a worse plight than he has been for very many years. We are told that this is due to overproduction. Many of us believe that the fault lies not so much in the amount that we have produced but in the method of distribution. Evidently there is underconsumption in our country not only in cotton but in every other farm product. There is a strange situation in this land of plenty, this land of too much, we are told, when those who live in the cotton section, even the cotton growers, themselves, do not have enough plain cotton clothes in many cases to take care of their needs.

I wish to address myself principally to the condition and the needs of the small southern cotton farmer. I am interested in all of our farmers, big and little, but I confess that my greatest interest is in the small farmer. I know more about his condition than I know about any other class. I acquired this knowledge from the experience of having been born and reared on a small cotton farm.

Last spring in the debates on the farm-tenancy bill we heard a great deal about the increase of tenancy. It is appalling when we consider that small farmers throughout the Nation as a whole have been forced from the role of farm owners to farm tenants. In my own State of Louisiana 63.07 percent of the farmers do not own their farms. Gradually the small farmer who once owned his farm is being pushed off through forces over which he has no control. Most of our small farms were mortgaged a few years ago on the basis of 20-cent cotton, and it is no wonder now that they are not able to pay those mortgages when cotton is selling for less than 7 cents per pound. Thousands of small farms have gone on the block during the very recent past and the owners have been forced to become tenants or have been set adrift in the world to get a living as best they could. I know many communities that were once filled with happy home owners, occupying small farms, with their schools, their churches, their lodges close by, which are today almost abandoned, the church, the school, and everything else being largely a memory, and this has been brought about because the small home owners, these small farmers, have faced conditions so difficult that many of them could not make the grade.

Mr. Chairman, I had hoped that we would be able to get a farm bill that would so protect these small farmers that they would be able, either as tenants or as owners, to pick up the broken threads and carry on. I confess that in dealing with this class of our farmers the pending bill is disappointing. I realize that the Committee on Agriculture has labored long and hard. I do not censure them. I have the profoundest respect for the committee and its very able chairman. But the fact stands out, as I understand the bill, that very little, if any, advantage is given in this bill to the small farmer. I have felt, and feel now, that unless this Congress gives to him the long end of the stick he will not be able to carry the load any further, and we will witness a further increase of tenancy—a further decay in our rural communities. I think that we should make a distinction between the small farmer, who is farming solely for a living, and the large farmer, who is farming for profit. I believe, if we do not recognize this distinction, that we are going to find the relief rolls increasing rather than decreasing. The record shows that 58.09 percent

of the farmers grow 6 bales of cotton or less. Much of that cotton is selling this year from $35 to $40 per bale. In other words, nearly 6 out of 10 cotton farmers will receive for their cotton this year an amount a little more than $200 for a whole year's work. How can that man pay his mortgage? How can he feed his family? How can he get for his family the bare necessities of life?

The greatest objection that many people made against the old A. A. A. was the fact that in many cases a cotton farmer who had no other money crop was cut down to a few hundred pounds of cotton. I am afraid that the same thing is going to be done again. It matters not if you do hike the price of cotton to a reasonable sum unless you let an individual grow a reasonable amount.

If cotton goes to 15 cents per pound how is it going to help the small farmer who is not permitted to produce but a few hundred pounds, and in most cases he has no opportunity to go into anything else? I contend that every farmer should have the privilege of producing and selling a minimum number of bales of cotton sufficient to support his family. We are told that this is impossible. We are told that this would give us too much cotton. What this Congress is doing, or at least should do, is to try to fix the people so that they can make a living. If it takes so much cotton at a given price for a man to support his family, and if you deny that right to that man to produce and sell that necessary cotton, is not that tantamount to denying to that man the right to make a living? If nearly 6 farmers out of 10 produce 6 bales or less, if you deny those the right to make the 6 bales of cotton, are you not denying to 6 families out of 10 the right to live? We hear a great deal said now about giving the wage earner a living wage, and I am heartily in favor of giving him a living wage. I want to see all working people receive a just reward for their labors. This Nation has long guaranteed a profit to the railroads, to the telephone companies, to the telegraph companies, and all other public utilities. The manufacturer will not manufacture his product unless he can make a profit. The farmer alone it appears is unable to protect himself, and it appears that some legislation is necessary, and, of course, I will support farm legislation after we have done our best to work out the best bill possible. But I am making this plea to the Committee on Agriculture and I am pleading with this Congress not to deny to the small farmer a chance to live.

We in the South have paid tribute to the industrial East for 100 years. Your industries have been surrounded with a protective tariff wall. We have bought farm machinery, the automobiles, and the thousands of other articles which you in the great industrial centers have sent to us. We had one crop and only one with which to buy those things. Surely it is to the interest of the industrial section that the purchasing power of the great majority of the South not be destroyed. Undoubtedly it is not to the interest of this great Nation that at least 6 families out of 10 producing cotton be denied the right to produce at least enough cotton to provide for the necessities of life.

Mr. Chairman, I am not arguing against a reasonable farm bill. We must have farm legislation. I am not arguing against reasonable control. Many people believe that some sort of control is absolutely necessary. As stated above, I shall support the best legislation that can be worked out under the circumstances. The South has remained true to the cause of democracy. My South, my people, my small farmers, are looking to this Democratic Congress to bring them relief. I do not accept the philosophy of fatalism. I do not accept the preachment of those who proclaim that it cannot be done. I do not concede that a family depending upon cotton should be prohibited from raising sufficient cotton to live on. Plans have been worked out, and are being worked out, to protect and guarantee a living to every other class of citizen in our Nation. In the name of justice, in the name of at least 70 or 75 percent of the small southern cotton farmers, I beg this Congress to make it possible for us to live.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. IZAC].

Mr. IZAC. Mr. Chairman, this bill is not exactly what we in California would like to see written as permanent legislation. However, if it is the best we can get, we will go down the line for it for one reason more than anything else. You recall for a long time we have been saying there are two objectives we have here in Congress; in fact, I was elected on that kind of a program. I want to tell you what these objectives are.

The first objective is to do justice to the farmers of this country and try to give them, if not the cost of production, then a little profit somewhere along the line. I have in my hand that little book which states in so many words that this is what we are going to do. I do not know whether or not this bill will do it. I know that in the Imperial Valley of California, which I have the honor to represent, we are not going to get any benefit from this bill because we do not raise enough cotton or grain or tobacco. We raise a lot of other things which, I believe, should receive the consideration of Congress, but they are not included in this bill.

The second objective is to do something for the laboring man. Why are we going to help the farmer and why are we going to help the workingman? For the reason that we want to increase the purchasing power of the people of this country. We want to place a greater share of purchasing power in the hands of the masses of our people. If you do not pass some decent kind of agricultural bill and some decent kind of labor bill, you and I are not keeping faith with the people of this country, whether we are Democrats or Republicans. Now, remember that.

I will go down the line on this measure, as I say, if it is the best thing we can get, and I will go down the line on hours and wages, even if the bill that we have up here with a petition is the best we can get. I believe we can improve this farm bill by certain amendments, and when the time comes I am going to support those amendments which I think will do the best good to the greatest number, and I ask the same consideration for my part of California that I am willing to give the rest of you for your part of the United States. Similarly, with respect to the hour and wage bill, I hope you will have the same kind of consideration for the workingmen as you have for the agriculturalists. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. KERR].

Mr. KERR. Mr. Chairman, I shall not consume but a few minutes of the House's allotted time to discuss this important legislation. I realize that there are members of the Agriculture Committee who have worked incessantly in the construction of the Agricultural Adjustment Act of 1937, and we must depend upon these Members to explain the bill to the House. I am very much interested in this measure for the reason that my congressional district is one of the great agricultural districts of the Nation, and this legislation vitally concerns its interest and welfare.

It appears to me to be utterly useless to consume time in anyone's endeavor to justify this legislation in the light of so recent history, and I shall not take the time to give a reason for the condition of the American farmer in 1933, every Member of this body experienced the shock of that crisis which shook the foundations of this Republic—we will never forget it.

The Agricultural Adjustment Act of 1933 had for its purpose the establishment of a parity price for those commodities specified in the act, the increase of the farmer's purchasing power and the return to him a fair price for his produce; this act, through the cooperation of the American farmer and the Department of Agriculture, was a success unparalleled in legislative history. By the curtailment of production and the removal of surpluses which bore down market prices, corn, which was selling on the market in April 1933 at 28 cents a bushel 30 days before the passage of this act, rose in May 1937 to $1.21 a bushel; wheat prices advanced from 45 cents a bushel in April 1933 to $1.27 a bushel in April 1937; beef cattle from 3 to 8 cents a pound; hogs from 3 to 12 cents a pound; and lambs from 4 to 9 cents a

pound; tobacco from 7 to 28 cents a pound; cotton from 6 cents a pound in April 1933 to 14 cents a pound in April 1937; and peanuts from 1 cent a pound to 4 cents. And the prices of these commodities today with the exception of cotton is about double what they were in April 1933, notwithstanding when the A. A. A. of 1933 was annulled by the United States Supreme Court, the compulsory control feature became inoperative and the crop of 1937 has piled up surpluses in every one of the above commodities which have broken the markets and the farmers are again faced with bankruptcy.

The Federal Government passed the Soil Conservation Act after the annulment of the A. A. A. of 1933, which conservation act offered the American farmer benefit payments if he would curtail his production of those crops which he can so easily overproduce and plant a percentage of these crop-producing lands in soil conservation and improvement.

This was a voluntary measure and, in my opinion, one of the most constructive pieces of legislation ever passed by Congress; but it did not accomplish what the compulsory A. A. A. of 1933 did; and those who most appreciated its merit did not expect it to prevent the overproduction of our basic farm commodities. And this Congress is now faced with the necessity of reenacting a law which will, through the cooperation of the American farmer and the Federal Government, enable the farmer to keep his production of basic farm commodities within the demand of the industries and consumers using the same and thus assure the farmer a fair profit and a purchasing power which will bring about stable economic conditions in the business life of the Nation.

The measure under consideration, the A. A. A. of 1937, has been drawn in the light of past experience, it has hurdled some of the obstacles which the Supreme Court found fault with, and I share the opinion of many lawyers that should this act ever go to the Supreme Court it will be sustained within the reason and legal principles which the Court held to be the law when it sustained the several social-security cases.

The proposed act is fair in its conception and in its administration, it prevents the American farmer from bankrupting himself; contemplate, if you please, how foolish it is for the cotton farmer to produce 18,000,000 bales of cotton when 12,000,000 bales will bring him $300,000,000 more than a 18,000,000-bale crop, and how unwise it is for the corn farmer to produce a surplus corn crop of a billion bushels, which he did in 1937, and get $100,000,000 less in cash than he did for his crop of 1936. And I venture the prophecy that unless the production of flue-cured tobacco is controlled in 1939 these farmers will be producing a billion pounds of tobacco, and it will bring not one-half as much as an 800,000,000-pound crop would bring.

I shall only refer to two objections which the opponents of this measure make to this legislation. First, they insist that by the curtailment of our cotton crop we will lose our foreign export trade in this commodity. Well, as far as I am concerned—and I think this reflects the feeling of most of the others who are interested in the welfare of these growers—I do not propose to let that farmer bankrupt himself and thus destroy the morale of the backbone of this Nation by growing cheap cotton for foreign manufacturers if I can help it. And I want to say right here that it is not true that the American cotton grower has lost the world's trade by reason of the curtailment of his production. It is true that India, Egypt, Brazil, Russia, Peru, Mexico, Sudan, China, and other countries can grow cotton; and the farmers in those countries are being scientifically taught how to fertilize and irrigate their lands, how to select seed and do other things which will promote the growth and culture of this crop, just as our farmers have been taught for 20 years, and most of these countries protect these farmers from the importation of this commodity, just as we do in the United States. We might just as well recognize right now that we will never again have a world monopoly in the production of cotton.

The other objection, made by many in utmost sincerity, is that in the construction of this kind of legislation the interest of the little grower is not vouchsafed; that his allotments are too small for him to make a decent living for his family; this has been a most perplexing matter, and I am satisfied that more thought has been given to this problem than any other feature of the bill. Insofar as the cotton grower is concerned a percentage of the farmer's cultivated land will be allotted to him and he will be allowed to grow all the cotton he can on this allotted area, and sell all he grows; besides this, there will be a withdrawal of 2½ percent of the total allotment which may be used to correct manifest injustices done the small and new grower. In respect to the tobacco grower the quota allotment of flue-cured grower will not be curtailed unless he grows more than 3,200 pounds, and the quota allotment of a burley grower will not be curtailed unless he grows more than 2,400 pounds; besides this, there is a withdrawal from the total quota allotment of 5 percent which will be distributed to new growers in any area and to small growers where a manifest injustice is done, the local committee having a large discretion in the determination of allotments to those who have proper soil and every equipment necessary in the culture and growth of the several types of tobacco. It will evidently take some years to work out a smooth working plan and allotment which will be just and satisfactory. Had the Court not annulled the original act, I am satisfied that by now the Agriculture Department and the Congress would have ironed out every injustice in this legislation, and the cooperative enforcement of this legislation would be as near perfection as human endeavor could accomplish. We are doing an extraordinary thing, one never dreamed of a few years ago; we are plowing new ground; we must be patient; we have always needed patience to accomplish the great things man has done. I shall support this bill, hoping that it will accomplish what it is intended to do. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Texas [Mr. McFARLANE] such time as he may desire to use.

Mr. McFARLANE. Mr. Chairman, I have listened with a good deal of interest to the debate throughout this session on agricultural legislation; in fact, ever since this administration came into power we have been making an honest effort to constructively help agriculture and give the farmer a living price for his products. Let us review the Democratic platforms of 1932 and 1936 and see what our promises to the farmers have been:

> We favor the restoration of agriculture, the Nation's basic industry; better financing of farm mortgages through recognized farm bank agencies at low rates of interest on an amortization plan, giving preference to credits for the redemption of farms and homes sold under foreclosure.
>
> Extension and development of farm cooperative movement and effective control of crop surpluses so that our farmers may have the full benefit of the domestic market.
>
> The enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost.

In keeping with our 1932 platform in 1933, we enacted the Agricultural Adjustment Act, which, while not perfect, did more for agriculture and our farmers generally than any single piece of agricultural legislation the Congress has enacted. Let us look at the record and compare agricultural prices in 1932 with 1936:

		Average price received by farmers	
		1932	1936
Wheat	bushel	$0.33	$0.997
Oats	do	.14	.442
Barley	do	.19	.800
Cotton	pound	.623	.123
Chickens	do	.9	.126
Butter	do	.19	.312
Eggs	dozen	.102	.305
Hogs	hundredweight	3.40	9.09
Beef cattle	do	3.30	6.17
Veal calves	do	3.90	7.83
Lambs	do	3.30	7.26
Milk	do	1.29	2.10

THE SUPREME COURT NULLIFIED A. A. A.

But the Supreme Court in January 1936 declared the Agricultural Adjustment Act unconstitutional and in substance held in this decision that agriculture was a matter that must be regulated by the different States. To replace the Agricultural Adjustment Act the Congress did the next best thing it could and enacted what is known as the Soil Conservation and Domestic Allotment Act, and through it, by providing a voluntary crop reduction and control program, we tried to bridge the gap left open by the Supreme Court's decision in the A. A. A. case.

VOLUNTARY PROGRAM DID NOT WORK

This plan worked satisfactorily due to the drought we had in our country last year, which kept our farmers from producing agricultural surpluses; however, this year, with good crop conditions under the voluntary program and due to the failure of the large tractor farmers to cooperate, a large surplus was produced, which under existing conditions at home and abroad, we were unable to cope with and the gains we had made were largely destroyed.

PRESIDENT INSISTS ON NEW FARM LEGISLATION

The President, realizing the inadequacy of our farm legislation at the beginning of the last session, in January 1937, called into conference at the White House the leaders of our party in both Houses as well as the heads of our agricultural committees and stressed the importance of immediate action in enacting farm legislation in keeping with our 1936 platform pledges to the people, which are as follows:

AGRICULTURE

We have taken the farmers off the road to ruin.

We have kept our pledge to agriculture to use all available means to raise farm income toward its pre-war purchasing power. The farmer is no longer suffering from 15-cent corn, 3-cent hogs, 2½-cent beef at the farm, 5-cent wool, 30-cent wheat, 5-cent cotton, and 3-cent sugar.

By Federal legislation we have reduced the farmers' indebtedness and doubled his net income. In cooperation with the States and through the farmers' own committees, we are restoring the fertility of his land and checking the erosion of his soil. We are bringing electricity and good roads to his home.

We will continue to improve the soil-conservation and domestic-allotment program with payments to farmers.

We will continue a fair-minded administration of agricultural laws, quick to recognize and meet new problems and conditions. We recognize the gravity of the evils of farm tenancy, and we pledge the full cooperation of the Government in the refinancing of farm indebtedness at the lowest possible rates of interest and over a long term of years.

We favor the production of all the market will absorb, both at home and abroad, plus a reserve supply sufficient to insure fair prices to consumers; we favor judicious commodity loans on seasonal surpluses; and we favor assistance within Federal authority to enable farmers to adjust and balance production with demand, at a fair profit to the farmers.

We favor encouragement of sound, practical farm cooperatives.

By the purchase and retirement of 10,000,000 acres of submarginal land, and assistance to those attempting to eke out an existence upon it, we have made a good beginning toward proper land use and rural rehabilitation.

The farmer has been returned to the road to freedom and prosperity. We will keep him on that road.

No agreement could be reached on the kind and character of farm legislation to be offered, and after considerable delay the different farm organization leaders as well as the congressional and agricultural leaders of the House and Senate were again called back into session but were unable to definitely agree upon any particular agricultural program.

SIT-DOWN STRIKES

Time rocked along, and little or nothing was accomplished with farm legislation to replace the Agricultural Adjustment Act. In the meantime we were in the throes of a seige of sit-down strikes. Big business, through its different subterranean channels and organizations, such as the United States Chamber of Commerce, National Manufacturers Association, Liberty League, Constitutional League, and so forth, had succeeded pretty well in organizing their forces to uphold the different decisions of their Supreme Court, which through their decisions had nullified legislation for the farmers, laborers, the power program, and the masses of the people generally, and they were fighting viciously to block the remainder of this administration's legislative program and to hold the ground they had gained in nullifying the provisions of many of the important acts of this administration. The farmers and the laborers fought back as best they could, but their leaders were hopelessly divided. The C. I. O. and A. F. of L. were bitterly opposing each other in a bitter labor war, and the different farm organizations, as usual, were unable to definitely agree on any farm program. Under these circumstances the money powers were able to practically block the administration's program for the farmers and laborers and to force cheaper utility rates during the last session of Congress.

As Jay Franklin, in his We the People column, amply states the sit-down situation thus:

Starting with the President's judiciary reform bill, which was filibustered for months in the Senate committee, the sit-down spread to all social legislation, to all campaign pledges, as the farm bill, the wage and hour bill, and the reorganization bill, were tied up in congressional committees.

It was strange to hear the same organizations and individuals, who had raved against John L. Lewis and the C. I. O., cheer Congress for its courage and independence when Congress was cravenly refusing to take any sort of position on any of the major subjects for national legislation. There might have been courage in openly defeating the administration program; there could be little in a sullen refusal to go on record one way or another.

While we find labor has been forced to abandon its sit-down-strike technique, we have found, since our return to this special session of Congress, that the capitalist crowd is really increasing their sit-down-strike campaign, even to the extent of shutting down their plants and failing and refusing to operate, in spite of the large profits they have made during recent months because of large-scale production at low overhead machine cost methods.

Jay Franklin, in his daily column, describes the capitalist sit-down strike as follows:

As Congress adjourned, after not doing its bit, the third and greatest of the sit-down strikes began—the strike of the capitalists. Prices were raised above 1929 levels throughout 40 percent of the economy. Industrial profits were about 20 percent higher than in the banner year of 1936 and were above 1929 levels, despite the existence of 10,000,000 unemployed workers. The 15 or 20 men who control the policies of big business, who control the untaxed depreciation reserves, and who have privileged access to credit decided to shut down, despite the accumulated deficiency of nearly $10,000,000,000 in necessary replacement and construction.

Unless these economic potentates could be relieved of certain taxes on corporate money which did not belong to them or which represented unproductive speculation, they would not play ball. They simply reduced production, discharged workers, closed plants, yelled for a balanced Budget and no Government "interference" with business. * * *

The facts are clear: The banks are calling loans and withholding credit; production and employment are being sacrified to price control, the economic needs of the country are being subordinated to an industrial system which does not choose to run at more than 40-percent capacity, industrial profits for 1937 are very high and there is a great drive to beat down the taxes on profits, individual and national purchasing power is sharply declining. A handful of men have exercised the powers of a sovereign over our economic life.

BIG BUSINESS CRACKS ITS WHIP

Bearing in mind these conditions, we are better able to understand how difficult it is to enact worth-while legislation for the farmer, the laborer, the small merchant, or anyone else. After big business had apparently taken over the reins and control of the last session of Congress it is apparent from their lobbying activities through the press, radio, and otherwise that they will continue their vicious sit-down program during this session of Congress. It is apparent to all that they expect to block, if they can, the whole administration's program we have been called into special session to enact into law, which includes:

First. Farm.

Second. Wages and hours.

Third. Departmental reorganization.

Fourth. Regional power planning.

THE AGREED PROGRAM

When wheat and cotton prices began to rapidly decline last August because of large crop surpluses the House and Senate Agricultural Committees quickly agreed that something must be done, and the Senate Joint Resolution 207 was quickly passed, expressing the views of the Congress as to

the program for the relief and benefit of agriculture. The resolution provides:

Whereas the whole Nation suffers when agriculture is depressed; and

Whereas the Nation has felt and still feels the unfavorable economic consequences of two different kinds of misfortune in agriculture; and

Whereas the first of these misfortunes was the ruinous decline in farm prices from 1929 to 1932; and

Whereas the second kind of misfortune was the drought of 1934 followed by the drought of 1936; and

Whereas a permanent farm program should (a) provide not only for soil conservation but also for developing and improving the crop-adjustment methods of the Agricultural Adjustment Act, (b) protect agriculture and consumers against the consequences of drought, and (c) safeguard farmers and the business of the Nation against the consequences of farm-price decline; and

Whereas it is the sense of Congress that the permanent farm legislation should be based upon the following fundamental principles:

(1) That farmers are entitled to their fair share of the national income;

(2) That consumers should be afforded protection against the consequences of drought, floods, and pestilence, causing abnormally high prices by storage of reserve supplies of big crop years for use in time of crop failure;

(3) That if consumers are given the protection of such an ever-normal-granary plan, farmers should be safeguarded against undue price declines by a system of loans supplementing their national soil-conservation program;

(4) That control of agricultural surpluses above the ever-normal-granary supply is necessary to safeguard the Nation's investment in loans and to protect farmers against a price collapse due to bumper yields resulting in production beyond all domestic and foreign need;

(5) That the present Soil Conservation Act should be continued, its operations simplified, and provision made for reduced payments to large operators on a graduated scale to promote the interest of individual farming;

(6) That, linked with control of agricultural surpluses, there should be research into new uses for agricultural commodities and the products thereof and search for new uses, new outlets, and new markets at home and abroad; and

(7) That provision should be made for applications to the Interstate Commerce Commission for correction of discriminations now existing against agricultural products in the freight-rate schedules: Now, therefore, be it

Resolved, etc., That abundant production of farm products should be a blessing and not a curse; that therefore legislation carrying out the foregoing principles will be first to engage the attention of the Congress upon its reconvening, and that it is the sense of the Congress that a permanent farm program based upon these principles should be enacted as soon as possible after Congress reconvenes.

REASONS FOR SPECIAL SESSION

The President, realizing the emergency confronting the Nation because of the failure of the Congress to enact legislation to protect the great masses of our farmers and wage earners of the Nation, on October 12 called us back into this special session for the following reasons:

The people of the United States were checked in their efforts to prevent future piling up of huge agricultural surpluses and the tumbling prices which inevitably follow them. They were checked in their efforts to secure reasonable minimum wages and maximum hours and the end of child labor. And because they were checked, many groups in many parts of the country still have less purchasing power and a lower standard of living than the Nation as a whole can permanently allow.

Americans realize these facts. That is why they ask government not to stop governing, simply because prosperity has come back a long way. They do not look on government as an interloper in their affairs. On the contrary, they regard it as the most effective form of organized self-help.

THE PRESIDENT'S MESSAGE

The President on November 15, in his message to Congress regarding agriculture, said:

Intention to pass a new and permanent national farm act was declared by the Congress in joint resolution last summer. Great as the need was then, that need is still greater today. Some crops will begin to be planted within 3 months.

In recent weeks farmers have once more been facing acute surpluses and falling prices. Cotton farmers are harvesting the largest cotton crop in all our history—5,000,000 bales more than the markets of this country and of the world have been accustomed to take. Corn farmers and potato farmers are harvesting crops that threaten to crush them for producing this plenty. And the producers of other crops are wondering how soon they, too, will be the victims of surplus uncontrolled.

We must continue in our efforts toward abundance without waste. We need legislation which will not only prevent new farm surpluses from causing new collapse in farm prices, but which will also safeguard farmers and consumers against the hazards of crop failure. We need an "all weather" farm plan; a plan that uses the reasonable surpluses of a year of good weather to carry over food supplies to make up for the shortages of a year of bad weather.

Out of the experience of the last 5 years we have learned that with the aid of the Government, farmers can successfully guard themselves against economic disaster.

In formulating a farm program there are certain things we must keep in mind.

We must keep in mind the fertility of our soil. We have begun to assist farmers to stop the waste of soil and save the good soil that remains. Any sound, long-time program must have soil conservation as a principal goal.

We must keep in mind the economic welfare of farm families. As a long-time national policy, farmers must have a fair share in the national income to supply farmers' buying to keep city factories running.

We must keep in mind the consumers of the Nation. The blighting droughts of 1934 and 1936 which spelled disaster for so many farmers in those years were brought forcibly home to our large cities in the high prices of many foodstuffs this year. Consumers should have the same protection against the underproduction of years of scarcity as the farmers should have against the overproduction of years of glut.

We must keep in mind the American democratic way. Farm programs cannot long succeed unless they have the active support of the farmers who take part in them. Our program should continue to be one planned and administered, so far as possible, by the farmers themselves. Here again, majority rule seems justified. If and when huge surpluses in any one crop threaten to engulf all the producers of that crop our laws should provide ways by which a small minority may be kept from destroying the proceeds of the toil of the great majority.

We must keep in mind the United States Treasury. I have already expressed my view that if the new Farm Act provides for expenditure of funds beyond those planned in the regular Budget, additional means should be provided to yield the additional revenue. May I reiterate that with all the emphasis I can give?

We must keep in mind the Constitution of the United States. Although vital portions of the Agricultural Adjustment Act were set aside nearly 2 years ago by the Supreme Court, acts of Congress to improve labor relations and assure workers security have since then been upheld. In these later decisions the powers of the Federal Government to regulate commerce between the States and to tax and to spend for the general welfare have been clearly recognized.

I believe that the courts themselves are coming to have increasing regard for the true nature of the Constitution as a broad charter of democratic government which can function under the conditions of today. I believe that the Congress can constitutionally write an adequate farm act that will be well within the broad meaning and purpose of the Constitution. I hope and believe that the Supreme Court will not again deny to farmers the protection which it now accords to others.

This brings us now to the consideration of the bill before us. I believe we can all agree that such a bill as will meet the above requirement set forth by the President would be satisfactory to each one. The question is, Does this bill do that?

I have carefully studied this measure and will briefly set forth my reaction. The Senate bill is quite different from the House bill. Omitting the tobacco and rice provisions, its policy is declared to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice (1) to maintain both parity of prices paid to farmers and parity of income for farmers marketing these commodities, and (2) to provide an ever-normal granary for each of these commodities, with preservation of soil resources and soil fertility.

PARITY

Parity in prices for the commodities except tobacco is a price with the same relation to prices for things farmers buy as prevailed from August 1909 to July 1914, and in the case of tobacco for the period from August 1919 to July 1929, with allowances for differences in interest and taxes. Parity in income is the same relation of farmers' net incomes to incomes of other individuals as prevailed from August 1909 to July 1914.

ADJUSTMENT CONTRACTS

Adjustment contracts for wheat and corn are to be offered before June 1, 1938, by the Secretary of Agriculture to farmers for grain to be harvested in 1938, with new contracts for periods thereafter not exceeding 2 years each. There is to be one contract for each farm, applying to both grains. These contracts are to be effective only if the Secretary finds at least 51 percent of the farmers sign. Soil-conservation payments may be made only to farmers entering into adjustment contracts, and in lieu of such payments as to wheat and corn produced for market parity payments

are to be made according to a table contained in the bill based upon the relation of the total supply to the normal supply as proclaimed by the Secretary, as well as parity in price and income, the payments decreasing as the supply rises. Total supply is production plus carry-over. Normal supply is a 10-year average domestic consumption and export, adjusted for trends, with the following additions for normal carry-overs: 10 percent for wheat, nothing for corn, 35 percent for cotton, as a normal carry-over and an ever-normal reserve, 10 percent for rice, 175 percent of normal domestic consumption, and 65 percent of exports for tobacco.

For wheat and corn a farmer's payments are to be on the aggregate normal yield of his soil-depleting base acreage planted to the grain (a farmer's base acreage being his allotment from a national soil-depleting base acreage of 67,400,000 in the case of wheat—area harvested this year being 68,200,000 acres—and 102,500,000 in the case of corn—area harvested this year being 96,100,000 acres).

In the case of cotton, payments are to be upon the quantity produced under the marketing quota for cotton. But if the difference between the current average farm price and the maximum income rate is less than the parity rate furnished by the latter, the former is to be used. For the marketing year ending in 1938, however, payments for cotton, wheat, and corn are to be at rates already announced under the 1938 conservation program.

Adjustment contracts would require producers of wheat or corn for market to store under seal up to 20 percent of normal yield from their base acreage if the Secretary finds that such storage is necessary to carry out the policy of the bill. Farmers with contracts could obtain from a Surplus Reserve Loan Corporation on such stocks loans from 85 percent to 52 percent of the parity price, the percentage decreasing as total supply goes over normal. (This corporation, which would have a capital of $100,000,000 and could sell to the public up to $500,000,000 in its 2-year, tax-free obligations, is authorized to "make loans available to all other agricultural commodities" than those expressly mentioned in the bill.) If a marketing quota has been imposed, farmers without contracts, and termed "noncooperators," would be eligible for loans for 70 percent of the amounts for which cooperators are eligible.

The ever-normal granary for wheat and corn is defined to be such supply in addition to normal supply, but not more than 10 percent of it, as will maintain a surplus reserve adequate enough to meet consumption and exports in years of drought, flood, or other adverse conditions.

MARKETING QUOTAS FOR COTTON

Marketing quotas for cotton are to be used each year for cotton, unless more than one-third of the farmers voting in a referendum oppose. The national quota may not be less than 70 percent of the average production for the 10 years ending with 1932. The national quota is to be probable domestic consumption and exports with 35 percent of a normal production for carry-over. Allotment of the portion of a county is to be 5 acres for each farm for each family engaged thereon, with at least 95 percent of a county's portion remaining going in proportion of land tilled on a farm 3 preceding years to tilled lands in the county, and the rest to be apportioned according to good soil management, and so forth, including consideration of other sources of cash income than cotton. If the quantity actually produced on the fixed acres exceeds the quantity in the national marketing quota, it may nevertheless be marketed. Three percent of the national quota may be allocated to farms producing cotton for the first time.

All provisions as to cotton are limited to cotton with staple less than 1½ inches long.

Loans on cotton now outstanding from the Commodity Credit Corporation would be extended for 1 year, to July 31, 1939, and that Corporation directed to waive its rights to reimbursements from warehousemen accruing because of improper grading.

All cotton of the 1937 crop warehoused and held as security for a Government loan may at the request of any borrower be reclassified, restapled, and reweighed by a licensed classer, without expense to the borrower.

For price-adjustment payments to cotton producers with respect to the 1937 crop, $65,000,000 would be made available from the 30 percent of customs receipts appropriated in 1935 to be used to encourage exports, encourage consumption, and finance adjustments in production. (Total customs receipts in the current fiscal year are estimated at $493,000,000.)

Cotton pool participation trust certificates would be purchased by the manager of the pool from lawful holders on February 1, 1937, at the rate of $1 a bale, with funds made available by the Secretary from an appropriation of $1,800,000.

MARKETING QUOTAS FOR WHEAT OR CORN

Marketing quotas for wheat or corn are to be a subject of hearings, if the Secretary has reason to believe the total supply will exceed the normal supply by 10 percent; if as a result of hearings he finds there will be such excess, he is to proclaim a national marketing quota, unless he has reason to believe that during the first 3 months of the marketing year the current farm price will exceed parity price. The marketing quota is to be proclaimed both in terms of quantity and in terms of percentage of soil-depleting base acreage of each farm.

As the next step, there is to be a referendum, and if more than one-third of the farmers voting are in opposition, the marketing quota is not to go into effect. Surplus reserve loans will not then be available.

Corn or wheat fed in any form to poultry or livestock which, or the products of which, are marketed, will by definition in the bill be marketed.

Tilled land, wherever used, means acreage devoted to soil-depleting row crops and all other soil-depleting feed crops the previous year.

Any type, grade, or market classification of cotton, wheat, corn, tobacco, or rice may be dealt with under the bill as a separate major agricultural commodity, after the Secretary has held public hearings.

APPROPRIATIONS

Appropriations are authorized in such sums as are necessary, and for parity payments for cotton, wheat, and corn in any year beginning after June 30, 1938, there are made available for parity payments on cotton, wheat, and corn, 55 percent of the sums appropriated under the Soil Conservation Act and the Domestic Allotment Act.

PAYMENTS MADE

Payments made by the Secretary of Agriculture would be final and conclusive upon all officers of the Federal Government.

GENERAL CONDITION ON FARMERS

No payments under the bill, the Soil Conservation Act, or the Domestic Allotment Act may be made to any farmer with respect to cotton, wheat, corn, tobacco, or rice unless—if his cropland permits and it is otherwise possible—in accordance with regulations of the Secretary there is grown an acreage of food and feed crops sufficient to meet home consumption requirements.

RECORDS

Farmers as well as persons dealing with farmers with respect to the commodities covered by the bill would have to keep such records, and render such reports, as the Secretary might require.

The House bill continues the Soil Conservation Act for the purpose of preserving farm and ranch land resources, and to accomplish this purpose by encouraging soil-building crops and practices and regulating interstate and foreign commerce in soil-depleting crops, through assisting farmers by securing so far as practicable parity in prices and parity in income (as these terms are used in the Senate bill, above), and by aiding them in marketing.

THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

The Soil Conservation and Domestic Allotment Act would be amended and authorize the Secretary of Agriculture to "make payments or grants of other aid to agriculture producers" in amounts he considers reasonable and measured

by use of land for soil conservation and the equitable share in the national production of any commodity required for domestic consumption or export. In arid States, water conservation and beneficial use of water are to be included.

ACREAGE ALLOTMENTS

Acreage allotments—national, State, and county—in the case of cotton, field corn, wheat, tobacco, and rice are to be determined annually on the basis of production during 5 years as to cotton and rice and 10 years as to wheat, field corn, and tobacco, with adjustments for weather conditions and trends in acreage.

County allotments in the case of wheat to the extent of 97 percent are to be apportioned to farms to give each the same percentage of its average tilled acres over 5 years; if a farm has planted the commodity during only some of the 5 years, its allotment would be reduced proportionately; 3 percent would go to farms which had not planted during any of the 5 years, on basis of land, labor, equipment, crop rotation, and the soil and other facilities affecting production. Consideration is to be given to production of other soil-depleting commodities.

For cotton, 95 percent of a State allotment is to be divided among counties, and apportioned to farms that have produced for 5 years to give each a prescribed percentage of its average 5-year acreage, with provisions as above for farms producing only during some of the 5 years. To farmers not producing in 5 years, 2½ percent of the State allotment would be apportioned. The other 2½ percent would go to owners, cash tenants, and fixed or standing rent tenants operating farms that have received allotments of 15 acres or less.

For corn, county allotments are to be apportioned to farms on basis of tillable acreage type of soil, crop rotation, and production facilities.

If less than 80 percent of an allotment of a farm is planted for any reason other than flood or drought, the acreage allotment will be 25 percent in excess of the planted acreage.

All payments and grants are conditioned upon recipients having followed farming practices prescribed by the Secretary. Any payment is to be reduced by 25 percent of the amount by which it exceeds $1,000, but before application of this reduction there are to be deducted amounts representing a tenant's share and amounts representing a landowner's share when a local committee has found the division with tenant or sharecropper is in accordance with fair standards prevailing locally.

Loans would be made by the Commodity Credit Corporation, upon recommendation of the Secretary with approval of the President. They could be on any agricultural products, including dairy products. On field corn produced on farms anywhere keeping within their acreage allotment, the loans would be not less than 55 percent or more than 75 percent of parity price; if marketing quotas are in effect, loans would be 70 percent of these amounts for farms in the commercial corn-producing areas.

Consumer safeguards appear as a prohibition against use of powers conferred by the bill to discourage production of supplies of food and fibers sufficient to maintain normal domestic consumption as indicated by consumption in 1920–29, with allowance for increased population, quantities of available substitutes, and so forth.

Marketing quotas—field corn: As a basis for Federal action there is a long legislative finding respecting the effect of corn production in the commercial corn-producing area upon interstate movement of range cattle and fat cattle, and upon prices paid by consumers of livestock products.

Commercial corn-producing area includes every county in which the average production of field corn during the 10 preceding years, with adjustments for abnormal weather, was 400 bushels or more per farm and 4 bushels or more per acre of farm land.

Whenever the Secretary finds from statistics, including the August production estimates of the Division of Crop and Livestock Estimates, that the total supply of field corn as of October 1 will exceed the normal supply by more than 15 percent, marketing quotas are to be in effect for corn grown in the calendar year. The Secretary is then to determine the acreage in the commercial area that would produce the normal supply—a normal year's consumption and exports plus 7 percent for carry-over. He is to announce the percentage of this acreage to acreage allotment for the year—to be announced by February 1 each year and to be the acreage in the commercial area, which on the basis of the average 10-year yield will make available, together with the field corn from other areas, an amount equal to the reserve supply level—that is, a normal year's consumption and exports plus 15 percent as a reserve to meet needs on account of drought, floods, and other adverse conditions; acreage allotments are to be apportioned to farms in the commercial area in the manner used by the Senate bill as to corn for all farms. This percentage is to be the marketing percentage. This percentage is to be applied to each farm in the commercial area to determine its surplus acres. Before September 10 the Secretary is to conduct a referendum among affected farmers, and if one-third of those voting are in opposition, the marketing quotas are not to go into effect.

If the quotas become effective, the marketing quota of a farm is to be its actual production less its storage amount—but no quota is to apply to a farm with normal production on acreage planted of less than 400 bushels, or if the storage amount would be less than 100 bushels, or if the acreage planted does not exceed the marketing percentage. In case corn is used for silage, adjustments are provided. A farmer will be presumed to have complied with his quota so long as there is stored on his farm under seal his storage amount. Otherwise, he will be assumed to have marketed an excess, for which his penalty is 15 cents a bushel.

There are stated conditions upon the happening of which storage would be released on all farms in a county, or on a particular farm.

Corn fed to livestock or poultry, if the livestock or poultry or any of their products is sold, is marketed.

Marketing quotas—wheat: After hearing, the Secretary may apply the provisions to a region or to a type of wheat separately. A national acreage allotment is to be announced before July 15 each year by the Secretary as sufficient to provide, with the carry-over, the reserve supply level—that is, a normal year's consumption and exports plus 32 percent. This is to be apportioned much as in the Senate bill, above.

If it appears that in the next marketing year, total supply will by more than 25 percent exceed normal supply—normal consumption and exports plus 20 percent for carry-over—the Secretary not later than May 15 is to announce the fact, and June 1 and until June 30 or the next year a national marketing quota is to be in effect, the quota to be announced at the same time in terms of quantity and also in terms of the percentage of the national acreage allotment sufficient, on the basis of average national yield, to produce the quota—the quota to be the reserve-supply level less the carry-over from the preceding year and less the estimate of wheat to be used on farms for seed or livestock feed.

The marketing quota for a farm would be found by applying this percentage to its acreage allotment. There would be no quota for a farm on which normal production on acreage planted is less than 200 bushels. Any farm marketing quota in excess of the farm's supply of wheat in the year may be allocated to other farms which have kept within their acreage allotment.

Before quotas become effective there would be a referendum of all farmers subject to quotas, with the usual provision that if more than one-third of the votes are in opposition, the quotas will not be effective. Quotas will also become ineffective if, upon publication of July or August production estimates by the Division of Crop and Livestock Estimates, it appears the supply will be less than normal supply plus 25 percent. A penalty of 15 cents a bushel of the excess is provided for any farmer marketing in excess of his quota.

Marketing quotas—cotton: Both House and Senate bills have legislative findings, but in different language. The House bill places carry-over at 40 percent instead of 35 percent. The House bill provides for a national acreage allotment each year—not to be less than 60 percent of average acreage in the 10 years ended with 1932—estimated to yield

a normal supply, which is normal consumption and exports plus 40 percent. This would be allotted to States, counties, and farms; each farm in a county would have as its allotment a prescribed percentage, uniform for all farms in the country, of its average of tilled acres over a 5-year period. Two and a half percent of a State's allotment would go to farms which have not in the 5 years grown cotton, and 2½ percent to owners, cash tenants, and fixed or standing rent tenants operating farms which have received allotments of not more than 15 acres.

If, not later than November 15, the Secretary finds that in the current year beginning on August 1 total supply will exceed normal supply by more than 15 percent, marketing quotas are to be effective for the next marketing year, if a referendum does not result in more than one-third votes in the negative. If prior to July 1 of the next year he may, after hearings, find that the marketing quotas to go into effect on August 1 will prevent a normal supply being available, he may then increase or terminate the quotas. The farm marketing quota for any farm is the actual or the normal production, whichever is greater, on its acreage allotment. A farm may always market the cotton produced on its acreage allotment.

The penalty to be paid by a farmer for excess marketing would be 2 cents a pound. As to the 1937 cotton crop, under the terms of the Third Deficiency Appropriation Act, a producer would be deemed to have complied with the 1938 agricultural adjustment program if he does not exceed the acreage allotment for 1938 under the Soil Conservation Act, as amended by this bill.

Freight rates: The Secretary would be required to make complaint to the Interstate Commerce Commission respecting any rates, and so forth, relating to transportation of any farm products. Before hearing any complaint involving farm products the Commission would be required to notify the Secretary and afford him opportunity to be heard.

New uses and markets: There would be made available to the Secretary to use for laboratories and other research facilities for development of new uses and markets for farm commodities and their products the sum of $10,000,000 a year. There could be cooperation with any State or Territory that provided at least $250,000 for facilities.

Exports: The part of customs receipts made available in 1935 would be made available for payment of benefits in connection with exports of manufactured cotton.

Federal Surplus Commodities Corporation: The Federal Surplus Commodities Corporation would be continued indefinitely. Appropriations would be authorized each year, including the current fiscal year, in such amounts as Congress may determine, in addition to sums appropriated under the Soil Conservation Act. For administration in the current year, there would be authorized $5,000,000 to be immediately available. Sums made available may be transferred to State agencies requested by the Secretary to cooperate.

COST OF PRODUCTION

I have always favored the pledges of our platform of 1932 and 1936, which has promised the farmers cost of production plus a reasonable profit:

> The enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost.

If the farmer is to be able to maintain his self respect and make a living for himself and family, he is entitled to the same fair consideration as is given business and industry and each one with whom he deals.

SECRETARY WALLACE ON COST OF PRODUCTION

Secretary Wallace, in speaking at a State Farmers' Union convention, September 19, 1928, in commenting on Candidate Hoover's Palo Alto speech said:

> He [Hoover] said the farmer's wife should have the same opportunities, the same standard of living as the wives of the people in the towns and cities; that the farmer's children should have the same opportunities, the same education. In other words, he said that the farmers should have a fair share in the national income. * * *
>
> In order to carry out these ideals it will be essential to transfer $6,000,000,000 every year from the people in the towns and cities to the people on the land. It will be necessary to give farmers $6,000,000,000 more annually if the farm housewives are to have the modern conveniences in their homes, if the farm children are to have the same kind of an education as the children in the cities have. All this would mean an increase in price of farm products—of wheat, corn, hogs, oats, etc.—of at least 60 or 70 percent. It would mean prices approaching the standard as set by the cost-of-production committee of the Farmers' Union. A fair share in the national income is just what the Farmers' Union definition of cost of production means. You can say you are going to have a fair share in the national income or you can say you are going to have the Farmers' Union definition of cost of production.
>
> I don't say the Farmers' Union figures are exactly right, but I say the principle employed is absolutely right, and I would challenge any experiment station or United States Department of Agriculture, or any other organization to prove that the principles back of the Farmers' Union cost figures are unsound.

A PROFIT FOR BOTH ALIKE

As repeatedly indicated by the President and Secretary Wallace, cost of production means exactly the same thing to the farmer that cost of production means to industry. To receive cost of production or not to receive cost of production means to both either success or failure. When farmers are required to accept less than cost of production under any program they are being exploited. To arrive at the farmer's cost of production we naturally must figure the total expenses and income of the farmers of the Nation. Such careful computations have been made by Mr. E. E. Kennedy, secretary of the Farmers' Union.

Now let us look at the comparative tables as to what the farmer would receive, based on today's market, if he received parity or cost of production for the crops he produces:

Product	Price today	Parity	Cost of production
Cotton	7.5 cents per pound	16.5 cents per pound	20 cents per pound.
Corn	55 cents per bushel	85.4 cents per bushel	94 cents per bushel.
Wheat	85 cents per bushel	$1.176 per bushel	$1.38 per bushel.
Potatoes	½ cent per pound	91 cents per bushel	$1.24 per bushel.
Oats	31 cents per bushel	53.1 cents per bushel	60 cents per bushel.
Hogs	7.4 cents per pound	9.6 cents per pound	$11.32 per hundredweight.
Chickens	14 cents per pound	30.2 cents per pound	34 cents per pound.
Eggs	21 cents per dozen	34 cents per dozen	31 cents per dozen.
Butter	30 cents per pound	35.4 cents per pound	56 cents per pound.

COST OF PRODUCTION FOR INDUSTRY

Business through the years, has received cost of production plus a reasonable profit, if the business continues to operate. All utilities, railroads, light, gas, telephone, telegraph, and so forth, through regulatory commissions and by court decisions are allowed cost of production plus a reasonable profit. For example, the class I railroads of the United States now have a petition pending before the Interstate Commerce Commission, asking authority to increase their rates, fares, and charges about 15 percent, which is estimated to increase their revenues about $500,000,000 annually. According to their petition their property investment is a little less than $26,000,000,000 and their net railway operating income the past 3 years is as follows:

Year	Net railway operating income	Rate of return on property investment	Net income
1935	$499,819,118	1.93	$7,539,127
1936	667,347,115	2.57	164,630,041
1937 (9 months)	468,449,039	2.47	[1] 77,000,000

[1] Approximate.

Their petition, of course, takes into consideration their inflated values, watered stock, exorbitant officers' salaries, and so forth, and they ask this rate increase on this set-up. Yet when the farmer asked for cost of production on actual investment and full services rendered for himself and his family, he is told that such a law would be hard to administer. Such a law has not been too hard to administer for the railroads, for all utilities, and all other kinds of business, and the time has come when the farmer and laboring man is entitled to have the same yardstick used in measuring his rights.

INCOME AND ECONOMIC PROGRESS

Dr. Harold G. Moulton, in his book, Income and Economic Progress, points out that from 1929 to 1932 consumers' goods fell off 23 percent, capital goods 50 percent, house construction 80 percent. The loss in dollars of income to individuals in the 4 years, 1930–33, was no less than one hundred and forty billions. Workers suffered an income loss of 43 percent, small-business men a loss of 41 percent, property owners a loss of 40 percent. Manufacturing plants averaged only 66 percent of capacity for the 14 years from 1922 to 1935.

According to Dr. Moulton, in the peak year of 1929, 19,000,000 families, or 71 percent of all, had an income of $2,500 a year or less. Six million families sought to make ends meet on $1,000 a year or less. To give every family in the Nation a standard of living defined as reasonable by the Bureau of Home Economics would have required in 1929 no less than a 75 percent increase in the production of consumers' goods and services. A vast unfilled demand existed. Yet businessmen were unable to keep their factories and equipment fully employed.

Savings, according to Dr. Moulton, were large during the New Era, and tended progressively to increase. The distribution of income was such that vast sums went to the rich who were totally unable to spend their dollars, and so perforce saved them. Of the fifteen billions of savings in 1929, thirteen billions accrued to 10 percent of the population. Sixty thousand families at the top saved as much as 25,000,000 families at the bottom. Families with incomes of $10,000 and over per year contributed two-thirds of the whole savings fund.

Mr. Stuart Chase puts it this way:

> That if the rich spent all their interest, dividends, rents, and royalties for consumers' goods, balance would be restored. It would. But the rich, one fears, would choke to death in the attempt. In 1929, according to Virgil Jordan, the five-hundred-odd families with incomes of over a million spent as a group only $87,000,000—leaving more than a billion of their combined income for savings and investment. Inadequate buying power among the masses of the people appears to be fundamentally responsible for the persistent failure to call forth our productive powers. It has been shown, also, that the standards of living desired for the American people as a whole can be attained only if we can somehow greatly increase the national output of goods and services. Our problem is to determine whether the flow of the income stream can be so modified as to expand progressively the effective demand for goods.
>
> Keep your eye steadily on that phrase, "Whether the flow of the income stream can be so modified"—whether excess savings can be diverted into spending.
>
> The black powder is readily discovered. If Brookings is right, we have no need for capital and capitalists on the scale in which they now cumber the growing of the fifteen billions which capitalists—large and small, but mostly large—had to reinvest in 1929, only five billions could be put to work. The balance drained into sterile speculation, further to upset the system when the crash came. If the Government wants to soak the rich to the full extent of their unproductive savings, nothing but good can come of it, provided the taxes so collected are transformed into active purchasing power. No worker, no farmer, no productive businessman can do aught but benefit by the transfer.

It seems clear from the above information that too much wealth has concentrated into too few hands. That the wealthy have been unable or unwilling—or both—to return their surplus income back into trade channels, thus depriving trade and commerce of this badly needed steady flow of money. It seems clear that if this surplus money was kept in trade and commerce by paying the farmers and the laborers a living price for their products and services our troubles would be largely solved.

UNDISTRIBUTED-PROFITS AND CAPITAL-GAINS TAX

Yet all we have heard this session of Congress by our reactionary critics, both in and out of Congress, instead of trying to be constructive and help and enact the platform upon which they were elected, we have heard nothing but their squawks and insistence that the undistributed-profits tax enacted last year to force into circulation the unused surpluses of the large corporations—that this law should be repealed or emasculated to where it will not function. The same group insists upon the repeal or emasculation of the capital-gains provision of the income-tax law, at least to the extent where it will permit those who profited most during the 1929–32 depression to hold the long profits they have made, in the stocks they purchased at the bottom during this period.

THE REMEDY

It is to be hoped that we can amend the existing farm bills so as—

First. To give the American farmer the American market and pay him cost of production plus a reasonable profit for his products thus sold.

Second. To permit the farmer on a voluntary basis to grow whatever surpluses he chooses, beyond the American market, to be turned over to the Secretary of Agriculture to be sold in the world market at the world price after due provision is made for caring for relief or necessary emergencies.

Third. That the program be based upon the present Soil Conservation Act, giving maximum benefit to the family size farm, considering the size of the family, and limiting subsidy payments to the large unit and/or tractor farmer.

Fourth. To improve the marketing and loan provisions to care for temporary surpluses.

Fifth. To provide research laboratories to discover new uses for cotton.

Sixth. To protect the interest of the ultimate consumer, as well as the Federal Treasury.

There are several bills pending which contain provisions that will carry out these results and I hope these amendments will be given the consideration they deserve, when they are offered to this bill.

The farmers of our country have waited patiently on the Congress to deal justly and fairly with their rights. The Democratic platform and the President have repeatedly promised the farmers of the Nation cost of production plus a reasonable profit for their products. The farmers of the Nation are entitled to the same fair consideration given industry and all other business—they will be satisfied with nothing less. [Applause.]

I ask unanimous consent to include in my extension certain excerpts.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DOXEY. Mr. Chairman, I yield now to the gentleman from Arkansas [Mr. McCLELLAN].

Mr. McCLELLAN. Mr. Chairman, in view of the plight of the American farmer and agriculture generally, no one can deny that Federal legislation of some character is needed. The Committee on Agriculture has spent weeks of time in investigation and holding hearings and preparing the bill under consideration. No doubt the committee found there were many with suggestions and programs that would solve the agricultural problems. We all have ideas; some, of course, are better than others, but, in my judgment, no one is able to say exactly what will restore agriculture and the farmer to a status of prosperity. We are still proceeding more or less with experimentation. We have been compelled to experiment. I doubt if any member of the committee, well informed though he may be on this subject, after these weeks of deliberation, can with any degree of certainty predict what the practical operation and effect of this law will be when enacted. We can only hope for the best, and it is in the hope that as a result of the bill passed by the House, and the Senate measure, which are greatly different, the conferees may be able to report here for our approval a measure that will be equitable and effective.

Many features of this bill I do not like. However, I can vote for it now with much less misgivings than I could in the beginning, since I have learned there is to be incorporated by way of an amendment a provision exempting some 1,500 pounds of lint cotton, or the equivalent of 3 bales, before any penalty will apply. I recall that under the old program many came to my office and talked to me about the injustice of conditions which were imposed on them under those restrictions. Many hill farmers on lands not very productive, had their quotas and allotments so reduced, in many instances, to less than a bale to their farms, to

where it was impossible for them to have enough money crop to pay their taxes and purchase school books for their children. Their situation was intolerable, and a law that inflicted such a condition, at least that provision of it, was indefensible. I do not want any recurrence of those injustices.

With the adoption of the proposed amendment, the danger of such hardships on the small farmer will be greatly minimized and will make this a much better bill. Personally, I regret necessity exist for any sort of control program. Every time that we appeal to the Federal Government for aid and regulation and for help of this character, to some extent we must yield and surrender our personal liberties. With Government supervision or regulation there is involved a measure of regimentation, and in regimentation freedom of action is restricted; but the farmer has appealed for help, and it is our responsibility to respond to the full limit of our wisdom and power.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. McCLELLAN. Yes.

Mr. JOHNSON of Oklahoma. Does not the gentleman feel there ought to be another amendment offered and accepted that would penalize the so-called big farmer? As I understand it now, payments can be made up to $2,000 before there is any penalty on the big farmer. It seems to me there ought to be a ceiling somewhere to be paid the cotton hog who is causing so much trouble in this program.

Mr. McCLELLAN. I think that suggestion is worthy of serious consideration. I wish to point out one further serious objection to this bill, and that is that we base the allotment solely upon acreage. There is a human element which enters into this thing. There are those who, though not possessing so many acres, yet have a heavier responsibility toward humanity, a much larger family to support—a fact that ought to be taken into consideration in allotting production.

We can reduce acreage cultivated to cotton or other crops and allot on the basis of acreage, and yet the farmer if he desires to do so—and it has been done and this year's crop indicates it—by reason of heavier fertilization and intense cultivation produce the same amount of yield.

In other words, one of the objectives sought by this legislation is to reduce production; this could better be attained by making allotments of quantity rather than by making base acreage allotments. If a farmer has 15 acres to plant to cotton and under the provisions of this bill he is told he can only grow 10 acres, but no restriction is imposed or limit set for amount of production on the 10 acres, the farmer can in most instances, if he chooses to do so, and a large number will do it, by heavy fertilization and intensive cultivation, produce as much on the 10 acres as he normally would on the 15 acres. This is one of the weak spots of this bill. There should be, and it is absolutely necessary to materially reduce production, a quantity limit set in connection with each allotment of acreage.

I am fully convinced that this Government cannot subsidize to the extent of raising to parity prices all of the basic agricultural commodities that agriculture in this country can produce. And if we are going to have a crop-control program, then I am convinced that the domestic allotment plan, or a plan whereby domestic consumption is allotted to farmers on an equitable basis and the price of these commodities sold in home markets so subsidized as to put them on a parity basis with the cost of manufactured and processed goods which the farmer must buy, is the soundest, fairest, and most equitable plan that has yet been proposed. This would in no way restrict any farmer engaged in the growing of any product covered by this legislation from producing all of such agricultural products that he cared to grow and exporting and selling in the world market. If the Federal Government can subsidize all or any part of these farm products produced for the export trade, then no one will be more anxious to see it done than I. But the important thing, if it can possibly be done, is to recapture some foreign trade.

To do this, in my judgment, ultimately we are going to have to compete in price with other countries who are producing these agricultural products. Unless this increase of foreign competition is substantially checked, in a little while we will have no market. It, therefore, appears the wise thing to do is, first, allot the home consumption of these products to farmers on as equitable a basis as can be devised, subsidize these products to parity prices, and then, if means can be found by which to raise revenues to further subsidize all or any part of these products that can be exported in world markets, well and good.

There are many features of this measure I would like to discuss, but time will not permit; but I do call attention to the fact that we are going a long way in the delegation of power to the Secretary of Agriculture. I do not like it. It violates my convictions with reference to the true conception of pure democracy. I hope many amendments will be adopted safeguarding, insofar as possible, the rights and welfare of the farmer.

There is provided in various sections of this bill authority for the Secretary of Agriculture to hold a referendum election to determine whether marketing quotas shall be set up. It is significant to note that no machinery is set up for the holding of this election. We can well assume that the Secretary is interested and has already determined that marketing quotas should be invoked. The law directs him to hold an election among the farmers, but we are not providing in this bill how that election shall be held. It should be conducted free of any sort of intimidation or coercion and with the sole purpose of obtaining the true sentiment of the farmers involved. I am hoping the committee will prepare an amendment to these sections that will safeguard and protect the farmers in the expression of their personal preference and sentiment when these referendums are taken. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. CREAL].

Mr. CREAL. Mr. Chairman, this morning I strolled by the Supreme Court Building into the Capitol Hill Restaurant and there saw Members filling their trays with the products of probably 15 States—Post Toasties from Michigan, citrus fruits from Florida, and various other foods from other places. I saw them go out and get a toothpick made from wood from Michigan and light a cigarette made from tobacco grown in Kentucky, all coming over here as statesmen to debate the question of whether or not farm products are a part of interstate commerce. When the Constitution says that Congress shall have the power to regulate commerce between the States, the word "regulate" takes on a very broad meaning, but I do not mean to use my 5 minutes in discussing the validity of the measure.

I agree with the minority opinion in the Triple A case. We have heard a great deal of talk about financing this program. People forget that tobacco, alone, one of the five products included in the bill, furnishes the Federal Government more than enough to finance the entire program, its returns to the Federal Government running from $500,000,000 to $680,000,000 a year. While this bill is not for the benefit of tobacco alone, yet the revenue from it is enough to finance the entire program. One gentleman mentioned the admonition of Thomas Jefferson when he said that agriculture is one of the four industries that thrive best when left to their own initiative.

That was fully demonstrated by President Hoover, and we became so prosperous that we took a 2-year leave without pay.

I might remind him of the later admonition of a gentleman whose advice he would be more likely to take; that is, the advice of the G. O. P. chairman, John Hamilton, on November 19 at Hartford, Conn., at the largest assembly of Republicans ever gathered together in that State, in which Hamilton said:

> You can have all the meetings you want to, but until the Republican Party convinces the American people that they are willing to legislate for the whole mass of people, the party is doomed.

I disagree with Mr. Hamilton. He should have said: "Had you been willing in the past 3 or 4 years to join in

with legislating for the whole people, you may not have died." [Laughter.]

So we find the same thing here today. We find six of the seven who voted against reporting this bill on the Republican side, not heeding Mr. Hamilton's advice. With 40,000,000 American citizens engaged in agriculture, and with the byproducts of that furnishing another 15,000,000 with employment, we find the chief opposition to this program coming from those that Mr. Hamilton advises should wake up and join in with legislating for the whole people.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Louisiana [Mr. MILLS] such time as he may desire.

Mr. MILLS. Mr. Chairman and gentlemen of the committee, we have heard for 3 days different opinions as to the merits and demerits of this proposed bill H. R. 8505. For me, I realize that it is very necessary that this Congress should adopt agriculture legislation and we cannot deny that this proposed bill has certain outstanding features; although, if adopted as now written, it will work to an advantage in favor of certain farmers, and to others it will work to a disadvantage. Therefore, Mr. Speaker, I hope to offer several amendments at the proper time; I believe, if adopted, said amendments will protect the small farmer and at the same time will do no deprecable damage to the large planter.

The most outstanding objectionable features to the Bankhead bill were that it did not take care of the beginning farmer, the new-ground farmer, and the farmer without an average; therefore, Mr. Speaker, if this Congress would agree to adopt my first amendment, on page 6, line 5, by striking out "95 percent" and insert in lieu thereof "93½ percent," and in lines 20 and 21, strike out "2½ percent" and insert "4 percent" in lieu thereof, the beginning farmer or new-ground farmer would be protected under this proposed bill to an extent that, in most instances, he would receive an acreage allotment sufficient to make a livelihood; whereas if my said amendment is not adopted, in certain parishes or counties of the South the new-ground farmer will only receive one-half to 4 acres as his allotment, and, Mr. Speaker, I contend that, as the bill is now written, it specifically shows a discrimination in part against the new-ground farmer.

Further, on page 6, in line 17, begining with the word "the," I propose to strike out the entire sentence as now written—

> The allotment to any farm on which cotton has been planted during at least one of such years shall be that proportion of the farm allotment which would otherwise be made which the number of such years bears to 5.

Mr. Chairman, if this language is retained in the bill, it will certainly show favor to one farmer over another; inasmuch as the first-year farmer will only receive an allotment of one-fifth as much as his neighboring farmer, even though they have the same acreage in cultivation, therefore, I contend this language should be taken out.

If my amendments, on page 6, lines 5 and 17, are adopted, then, of course, it would be necessary on page 60, line 14, to strike out "95 percent" and insert "93½ percent" in lieu thereof, and on page 61, line 6, strike out "2½ percent" and insert "4 percent." [Applause.]

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Michigan [Mr. DINGELL] 10 minutes.

Mr. DINGELL. Mr. Chairman and members of the Committee, I was privileged to attend a conference of 40 or 50 Members of the House, all of whom are interested in the solution of the farm problem. There were present, for the most part, farm members of the majority party. However, there were a certain number of Republican Members having farm constituents. Yes; there were a few of us who, while residing within the limits of large metropolitan cities and having a strictly urban constituency, were likewise very much interested in the discussion and solution of the farm problem. Progressive, sincere, and alert Members of the House recognize the fact that the problem of parity between farm prices and prices of manufactured goods is a problem which demands solution and are trying to find some means or method to bring about a sound solution of this vexing problem. My record in Congress, Mr. Chairman, is one of consistent support of all farm legislation. My precongressional service record as it applies to the farm dates back for many years and extends into more than one State of this Union. I have worked with my friend Tom Howard and the Farmers' Union many years ago and have contributed my bit to the farmers' welfare whenever possible. I want to keep my record clean and unbroken, because I realize my responsibility as a citizen of an urban district. I feel that I owe it to the great farm element of my State and of the Nation to contribute my mite to the efforts of Chairman JONES and this great Committee on Agriculture. I have followed him in matters pertaining to farm legislation ever since I have been in Congress, and I aim to do so in this instance as I cast my vote for the bill known as H. R. 8505.

I am told that this bill does not satisfy all of the members of the committee, and I can say that while I am going to vote for it, it does not meet my ideas altogether and does not satisfy me completely. All legislation, however, is necessarily a matter of compromise, and this bill, stripped of all demagoguery and sham, should, when amended, be of material assistance to the great farming element of this country.

I cannot subscribe to the suggestion made at the unofficial conference on Monday morning that the bill should be recommitted and brought back to the House with the prices arbitrarily fixed upon the following articles and upon the basis of the figures shown.

Barley, 67½ cents per bushel; cattle, $7.90 per 100 pounds; cotton, 20 cents per pound; field corn, $1 per bushel; flaxseed, $2.38 per bushel; grain sorghum, 74 cents per bushel; hogs, $10.40 per 100 pounds; milk, 12 cents per quart; peanuts, 5 cents per pound; potatoes, $1.21½ per bushel; rice, $1.22½ per bushel; rye, 92 cents per bushel; sugar beets, $7.90 per ton; tobacco, 20½ cents per pound; wheat, $1.50 per bushel.

And other farm products in proportion.

I am not at all fearful of the principle of price fixing, but I do hold to the idea that price fixing must be very carefully studied and not put into effect through an arbitrary method without regard to circumstances and the effects produced. Certain items suggested and the prices advanced during the conference are reasonable, other prices are insufficient, while some prices are impossible. They are impossible as a result of circumstances, and these circumstances are superficial and should first and above all else be eliminated, because they are detrimental to the welfare of both the producer and the consumer.

I make reference particularly to the basic price of 12 cents per quart for milk. Obviously, milk is a food commodity that is most essential to the health and development of our children, the future citizens of this great Nation. Milk should be made available to every child, without distinction, and the price should be as reasonable as possible. The profit for the producer of milk should come from quality and quantity rather than scarcity, and, in my humble opinion, the best way to bring about greater consumption at a fair price to both the consumer and the producer would be to strike down the Milk Trust which today extends into every State in the Nation. [Applause.]

I presume that stock manipulators and merciless promoters will tell you that they are justified in acquiring control of the sale and distribution of the milk industry. They will try to justify the existence of this giant octopus which stifles production and which eliminates competition in distribution. I remember when in the city of Detroit we had among others the Detroit Creamery Co., the Towar Creamery Co., the Gabel, the Risdon, Ebling, and the Kennedy Creamery Cos., the Ira Wilson Dairy, and a number of other fine and independent milk-distributing agencies, but it seems that those days are gone forever. Today most of the largest ones have been swallowed up by the trust and the others are facing the future with the ever-present threat of extinction, the fate that has overcome other enterprising milk businesses.

The arbitrary adjustment of the price of milk to 12 cents per quart for the producers at this time could not be justified. For this, among other reasons, the average producer receives for his product perhaps 3 cents per quart at the present time, which sells for 15 cents per quart in the big cities; 12-cent milk through the "trust" would in all probability be delivered in metropolitan Detroit and all other big cities for at least twice the basic price, or 24 cents a quart; and it might not be unreasonable to suppose that it might sell for the prohibitive price of 30 cents per quart or more.

While I am anxious to aid the dairy farmer, along with other farmers, I cannot subscribe to the idea that we should arbitrarily peg the price of milk to the farmer at a minimum of 12 cents, and that we should do so in one jump and at this time. I am convinced that such a move would destroy the dairy business in my State and in the Nation, because the consequent jump in price to the consumer would deprive three-fourths of the needy people of the use of Nature's most perfect and essential food. The babies and the growing children of the Nation would be the ones to suffer most, and the dairy farmer would not sell 1 quart where today he sells 10 quarts; hence, where the profit to the farmer? And to think of the injustice to the needy people in the big cities! The crying need of the industry, as I see it, is that it be freed of the paralyzing effect of the octopus known as the Milk Trust. Bring about a better distributing system; bring about the availability of milk to the countless thousands who should have it and who cannot afford it; and gradually, consistently, the price to the producer can and will be raised without making the product prohibitive to the consumer. The Federal Trade Commission should go into this problem and give it its most careful and thorough investigation. It would not be amiss to suggest a Nation-wide investigation of this problem. The dairy farmer has always been struggling for a mere existence, and he is as important in the economy of this country as the producer of hogs and cattle or the producer of corn and cotton.

I am hopeful that when this bill is up for amendments that specific provisions may be added which will strengthen the bill and aid the farmers as a whole. We must ever remember that we cannot have prosperity in the cities while the great farm element of this country is impoverished, and there can be no prosperity among farmers when the people of the cities are undernourished, ill-housed, and ill-fed.

Mr. Chairman, I say to you that I intend to vote for this bill and to be guided by the very able advice of the chairman of this committee. I ask leave to extend and revise my remarks. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from South Carolina [Mr. RICHARDS] such time as he may desire.

Mr. RICHARDS. Mr. Chairman, no man coming from a cotton-raising section, as I do, could help but be vitally interested in this farm bill, and no Representative in Congress, who has studied the complexities of the present condition of agriculture, could be absolutely sure that any crop-control plan will provide a permanent remedy. The human mind cannot read the future and it is futile to attempt it, but we can face a condition and a problem and attempt to solve it.

I am going to address my remarks to the problem of the cotton farmers because they make up a large part of the people I represent here. To them a fair price for cotton is the difference between a livelihood and starvation, hope and despair, happiness and misery.

Before considering this proposed control plan, let us look over the situation a little. Because of the carry-over last year and the big crop this year we have in the United States on hand about 24,000,000 bales of cotton. We have about 6,000,000 carry-over from last year and a crop of about 18,000,000 bales this year. Now, on top of that, there is on hand about 19,000,000 bales of foreign-raised cotton. Cotton is in a category by itself—we have always had to sell at least half of our cotton on the foreign market. We are faced with cotton abroad and about 15,000,000 bales more than we can consume at home. We can still sell some cotton to foreign countries as they prefer our grades, but the sale must be at ruinous competitive prices. This is a condition and not a theory. The result is ruin to our cotton farmers unless something is done to curtail overproduction here. I am not unmindful that the producer of other farm commodities are faced with a similar situation, but their problem is not as distressing as that of the cotton farmer. This is due, more or less, to the fact that wheat, corn, and other major crops can be used up entirely by the people of the United States, while at least one-half of the cotton crop must be sold on foreign markets. When this administration came into power it was able to correct more immediately the problem of grain farmers by cutting production and increasing the purchasing power of the American people. It is true that the bumper crop of wheat this year has caused a recession in prices, but the drop was not nearly so drastic as in the case of cotton.

As to the causes of our agricultural dilemma, opinions differ, but all fair-minded people feel that the Smoot-Hawley Tariff Act is largely responsible. In 1932, 2 years after the enactment of the Smoot-Hawley tariff, the average farm price of corn in the United States was 28 cents a bushel; in 1936 it was 77 cents, and for the first 8 months of 1937 approximately $1 a bushel. In 1932 the average farm price of wheat was 39 cents a bushel; in 1936, 96 cents; and for the first 8 months of 1937, $1.17. In 1932 hog raisers got, on the average, $3.44 a hundred pounds for their pigs; in 1936 they got $9.17; and for the first 8 months of 1937, $9.79. In 1932 beef cattle brought the producers, on the average, $4.07 a hundred; in 1936, $6; and for the first 8 months of 1937, $7.62. Butterfat yielded dairy farmers an average of 17.9 cents a pound in 1932, 32.5 cents in 1936, and 32.6 cents in the first 8 months of 1937. Wool growers got 3.7 cents a pound for their wool in 1932, 26.7 cents in 1936, and 31.8 cents in the first 8 month of 1937. Cotton in 1932 was bringing 6 cents, but it began an upward climb until in 1936 the price reached 12 to 14 cents. This rise in price was due entirely to this administration's policy of crop control, as well as the provision of additional purchasing power by the American people. Now, in 1937 we are practically back where we started. Cotton is nowhere near bringing the cost of production, due to the absence of a real control plan in 1937 and the resulting bumper crop.

Much has been said by opponents of this measure about the increase in foreign production of cotton, but statistics do not show that this increase in quantity production is the result of our past crop-control program. The able Chairman of this Committee has forcefully called to your attention the fact that foreign production of cotton in 1925, long before a crop-control program was thought of in this country, was just as high as it was in 1937. The World War taught these people that cotton is an essential commodity of war as well as peace, and they immediately began to raise it or to provide substitutes for it. A prime reason for the drop in foreign purchases of our cotton is that we no longer loan foreign Governments money to buy cotton because experience has shown us that they do not repay, and I am sure that we all feel that it is preferable to subsidize our own farmers rather than subsidize through loans some foreign Government to which we owe no obligation. This bill is an honest attempt to subsidize agriculture and at the same time place agriculture in such position that there will be no need for subsidization in coming years.

I have long been convinced that the best thing we could do for our cotton farmers is to remove the handicap of the Smoot-Hawley tariff; either that or make direct payments to farmers to offset tariff-imposed handicaps. However, this is easier said than done, and until it is done we must do something to keep the house from burning down. The Republican Members of this Congress and others who are fighting this bill so viciously would never agree to repeal the tariff provisions that have been protecting industry in this country, nor would they agree to dip down into the Treasury of the United States and pay to the farmers, out of general tax funds, sufficient millions to place the farmers on an equal basis with certain protected industries. I say that something must be done now, or that great one-third of our

entire population, those engaged in agricultural pursuits, will be pressed against the wall. What then will become of the general business structure of our country? History shows that when our farmers prosper the rest of our people are prosperous, and vice versa.

To you of the great Middle West who have expressed opposition to this bill on the ground that it favors the cotton farmers to the cost of other farmers, I say that if cotton must go the farmers of South Carolina will finally adjust themselves to conditions in the years to come, and the result will be that they will raise for market other farm commodities instead of cotton, which will be thrown on the open market of this country in competition with the commodities which you now raise for market exclusively. South Carolina is the garden spot of the world. We can grow at a profit many farm products when adequate marketing and shipping facilities are provided. If cotton goes we will be forced to raise corn, peas, oats, potatoes, and similar products, not only as now for home consumption, but to be thrown on the competitive market with yours. It follows that if you help the cotton farmer to produce cotton at a profit you will be helping yourselves at the same time. In years gone by South Carolina raised indigo as its principal crop, but when the prices obtained for indigo ceased to provide a livelihood for our farming people they quit indigo and began to raise rice, and when it was found that rice could not be raised profitably on account of severe competition our coastal country quit rice and began to raise cotton. Now it looks like we are going to have to quit cotton, because we cannot raise it under present conditions and live, but we cannot quit raising it overnight and live, either. I reiterate, if we do quit cotton, our fertile soil will be turned to something else. We ask for a breathing spell in the hope that we can work this problem out by control. If we can, we are saving you of the West at the same time we are saving ourselves.

While this 1937 crop-control bill does not meet with my approval in every respect, and I am going to ask that it be amended in two or three particulars, I do believe that it is an improvement on the old crop-control bill. The great objection I have found in the old bill was that the 5-year base average did not do justice to our farmers in two main particulars. One was that it penalized the farmer who had already been cooperating by cutting his cotton acreage and at the same time provided gain for the farmer who had been instrumental in bringing about overproduction. I am glad to see that this bill seeks to correct this injustice. The cultivated-acreage basis, upon which allotments are to be made, is far more equitable. However, there is one injustice that this bill does not correct. There should be a limit in it below which any farmer, owner, or tenant could not be cut. No farm-control bill can be justified unless it provides a reasonable expectancy for every farmer to pay cost of production. Of course, we all understand that among the many hazards a farmer faces are drought, floods, insects, and unfavorable weather conditions. No one but the Supreme Being can foresee these things, but the individual farmer should be guaranteed a reasonable expectancy that under average conditions he will be able to pay his debts. I shall, therefore, offer an amendment to this bill to the effect that no farmer, who has farmed any year during the previous 5-year period, can be penalized if he raises less than the 4 bales of cotton weighing 500 pounds each. With this amendment added, I have high hopes that this bill will be a blessing to the man with the hoe and will aid materially in bringing prosperity to our great country. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Chairman, in America dairying is a major industry and its chief product, milk, is absolutely essential to the growth of the young and the welfare of our people. The cow is, in fact, "the foster mother of the human race." Twenty million people within these United States are dependent upon dairying for their livelihood, and there are approximately 4,000,000 dairy units in America. The number of cows in America at the present time is approximately 21,000,000, with an aggregate value of approximately $2,000,000,000. The annual output of the dairies of the country is, in round numbers, 125,000,000,000 pounds of milk, valued at over $3,000,000,000. This valuation, of course, includes marketing and labor costs. About one-half of this milk is used for fluid consumption in our homes, the balance going into powdered milk, cheese, and butter.

Despite the fact that the output of our dairies is essential to national well-being and that dairying is the only type of farming which conserves soil fertility, there is no agricultural group whose economic condition has been more depressed. There is no farming group whose situation has been more thoroughly exploited by the middleman or whose situation has been so outrageously manhandled by governmental experimentation. The dairymen, as a group, are a taciturn generation. They have not worn a path to the Treasury and have not been on the firing line clamoring for governmental aid. But their situation is no less grievous, and the financial return to the average dairy farmer, throwing into the scale the services of his wife and family, is less than $750 per year. The dairy farmer is tied to the soil and his situation cries to heaven for relief.

The situation of the New York State dairyman is typical. His land is being sold for taxes, and while he is making a necessary contribution to the health of the people, he finds himself without sufficient return to live comfortably, free from the stress of poverty. He likewise finds himself unable, as has been his practice for generations, to educate his worth-while child.

May I say that the farmers of New York are more truly farmers in the original sense than those that till the soil, for long before the husbandman "tilled the earth for profit men drove their animals from place to place and lived upon their milk." The average resident of the country and a good many Members of the House cannot see New York State in terms of agriculture. If he does think of New York at all, he visualizes Wall Street and does not consider this great army of New York producers. This spirit has infected the present agricultural administration. Let me say to the House that the dairy cattle of New York State, which numbers 2,120,000, are valued at over $200,000,000. For generations New York State has been well to the top in the production of dairy products. New York State, in fact, pioneered that field. It originated the sanitary production and distribution of milk and laid the basis of the pedigreed herd in America. The people in my district and, indeed, the thinking people of the country have come to realize that the economic well-being of great sections of the country is up or down, according to the condition of the dairyman.

In April 1933 we passed the agricultural-adjustment bill, which included dairy products. Under this measure Secretary Wallace and the heads of the Dairy Division of the Department of Agriculture in obedience to the Secretary's complex that farm relief has no place except in the midwestern or southern country, where the agricultural group is and has been for a long time most vocal, either ignored the dairyman or the dairyman's condition to devote their time to destroying what solidarity the dairyman had gained in the field of cooperative marketing. Since then the dairymen have gone from bad to worse. Then the Supreme Court declared the A. A. A. unconstitutional and we passed the Soil Conservation Act. We attempted to write into that measure a provision that the lands taken out of production should not be used for the commercial production of dairy products. Under the lash of the House leadership this amendment was defeated. Now we are writing a new measure and in this measure the dairyman is not only ignored, but he is threatened with extinction. I regret to say it, but this measure is brazenly sectional in its character and purposes. It takes care of the cotton, wheat, and corn farmer and gives the dairyman added competition by governmental subsidies. It is basically a soil-conservation measure, but under the reasoning of the bureaucrats who wrote the bill it penalizes the dairy farmer, who for generations has conserved the soil. The old Force Bills which followed the Civil War,

rotten as they were in character, made no attempt to wipe out the South economically. This bill will eventually wipe out the northern dairymen.

Every Member of this House north of the Mason and Dixon's line, whether he is a Democrat or Republican, whether he represents a city or country district, should vote against this bill unless the Boileau and Andresen amendments are written into it. This bill as it now stands will wreck the northern and northeastern dairyman who is already beginning to abandon the land. The residents of city districts should remember that the dairymen constitute the large part of the buying power in the Northern and Northeastern States. Destroy them and northern industry will lag and grass grow in the city streets. I appeal to the Representatives of the city districts in the North to defeat this brazen attempt to shift dairy production to the South and thus destroy the dairyman in the North. I trust they will not be misled by the hoary lies and buncombe by which this economic injustice to the northern and northeastern farmer is attempted to be justified. Vote for the Boileau and Andresen amendments and save the dairy farmer, our best type of American citizen, from being destroyed by this outrageous sectional legislation. [Applause.]

Mr. HOPE. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Chairman, we have listened with a considerable amount of interest to the speeches that have been delivered on the measure that is now under consideration. Almost without exception each of the Members has expressed himself as being in favor of doing something for the farmers and producers of this country. We all want to do that. The question involved, of course, is the method by which we shall attempt to do it.

I represent one of the great agricultural communities of this country. I also want to do whatever I can on behalf of that great group of people who contribute the food, the shelter, and assist in the well-being of the population of this country.

Generally speaking, we have three great groups of people that are, after all, very much interdependent. We have on one hand the "industrial" group, we have the "labor group," and we have the "agricultural" group. It is almost impossible to divide a line among them. The success of one group depends to a great extent upon the prosperity of the other.

Insofar as this bill is concerned, Mr. Chairman, I am like other Members who have spoken, in favor of those portions of the bill which provide for the amendment of the Soil Conservation Act. I believe this act, however, should go a little farther and provide more benefits for the farmer who is operating a family-sized farm and less benefits to the great corporations and organizations that are creating the surpluses in our crops. I believe there should be a limit in the amount of payments that are made to the latter group.

I do want to further call your attention to the method by which the present act has been administered, with reference to the expenditure of the item of $400,000 which was expended for soil conservation. I am informed that more than one-third of this sum was paid to the large operators to whom I have just referred. I would also like to call your attention to the extravagant manner in which the fund was administered. The administration costs amounted to $40,000. In other words, 10 cents out of every dollar that was intended to be paid to the farmers for soil conservation has been paid in salaries and expenses of Federal agents and employees who had charge of the enforcement of the act. This, in my opinion, is not only extravagant but wasteful.

I believe we should have loan facilities that will give the farmer a chance to carry his grain for a longer period of time. I believe these loans should be liberal and the rate of interest comparatively low. I am in favor of that portion of the bill that has for its purpose the regulation of reasonable freight rates on agricultural products. I also believe that the expenditure of money for the purpose of seeking new uses for agricultural products is worth while.

And I am particularly in favor of making every effort which we possibly can to return the American market to the American farmer. Since we have a protective-tariff system, then we ought to protect the rights of the producer on the same basis as we protect the rights of the manufacturer and the laborer.

A great deal has been said on the floor of the House about our foreign trade. The fact remains that even though our trade with foreign nations may have grown and expanded, I believe you will find upon examination that this foreign trade has been in favor of the industrial groups and has resulted in a disadvantage to the agricultural people of this country.

I have called attention of the Members of this House before, and want to call attention again, to this fact—that so far as the farmer and producer are concerned, we have not only permitted our foreign markets to get away from us, but we have been permitting foreign countries to supply our markets in competition with our own farmers. Someone has suggested that this amount is comparatively small. The amount, though comparatively small, according to figures we have at hand, is sufficient to take up the alleged surplus and even more.

I realize I am repeating what has been said about the American market for the American farmer, but according to figures that have been furnished us by those in authority we have already imported this year over 500,000 head of cattle. The gentleman from North Dakota [Mr. LEMKE] pointed out yesterday that we had imported meat and meat products in the amount of 150,000,000 pounds; that we imported 157,000 head of hogs; that we imported butter and cheese to the extent of more than 50,000,000 pounds; that we even imported poultry products in the approximate amount of $4,000,000. We are talking about the control of the supply of corn. And yet, during this year, we have already imported into this country 90,000,000 bushels of corn. Just recently they unloaded in my district, in central Kansas, two carloads of oats from Australia. We even go so far as to permit Poland to ship its hams into this country under a tariff of only 3¼ cents per pound. It seems to me we are not justified in curtailing the amount of grain and crops that should be raised by our farmers until we have given them a chance to supply the home market.

It is estimated that we have bought the proceeds from approximately 40,000,000 acres of land that was farmed in foreign countries.

I realize that in making reciprocal agreements with foreign countries, it is necessary to make certain adjustments. But it certainly cannot be necessary that these adjustments should be made so that this country is placed in the position where it buys approximately 20 percent of its farm products in foreign countries that could and should be raised at home.

So, I say that the first thing we should do is to at least provide so that the American farmer be given a chance to supply his own market.

The portion of this bill having to do with crop control should be amended so there will not be any compulsory features in it. I might find it necessary to vote for the bill because I do not want to be in a position of having failed to support those features of the bill which I deem as being meritorious. Any measure affecting the volume of production or the handling of surpluses should be drafted in the light of the basic principle that the American farmer is entitled to the domestic market, so far as he can supply it. He should be given full opportunity to supply foreign markets to the extent that they need American export crops.

Let me call your attention to another thing. It is said there are 40,000,000 acres of farm land in excess of the amount required to supply the demands of our present markets. There is something wrong with our method of legislation when we spend millions, yes, billions, of dollars of the taxpayers' money to bring into production hundreds of thousands of acres of land in competition with the land that is already being used and is being owned and paid for by the American farmers.

We have gone off on a tangent, on the one hand, by the extravagant expenditure of funds to provide more land to produce more crops; and yet this afternoon we are trying to pass legislation to prevent overabundance of crops in this country. Appropriations to bring new lands into production at the expense of the taxpayers of this country should be stopped.

Title 3 of this bill is, of course, the controversial feature of the proposed legislation. Like most of the Members who have already spoken, I am opposed to compulsory crop control. I believe it is unfair and un-American. It shows our weakness in an effort to handle this economic problem. We should not attempt to solve it upon the premise of scarcity. Our President has said a number of times that one-third of the people in this country are ill-fed, ill-housed, and ill-clothed. If this be true, then we must agree that we have failed, not so much in the question of production but, rather, we have failed to solve the question of distribution.

Referring again to this controversial portion of the bill, I hope the proponents of the measure are correct in their assumption that the provisions for control are voluntary. I do observe, however, that when the marketing quotas on corn are put into effect that those who raise wheat and corn will be forced to comply through the imposition of a penalty of 15 cents per bushel on wheat and corn fed and marketed in excess of the quota. Under the Senate bill you will observe that noncompliance with the program provides for fines and other penalties.

It seems to me that if the Government is going to expend its funds to assist the farmers of this country, it would be much better to provide a subsidy on its products after the domestic and foreign market has been fully supplied. In the discussion of this bill, I am particularly interested in the provisions as they affect corn and wheat. I am not so familiar with the situation as it affects cotton and tobacco, except, however, that the same fundamental principles naturally are involved.

If it becomes necessary, because of an overabundance of crops, to regulate the production of commodities, it should be done only as a last resort; and only after the American farmer, livestockman, and producer have had a chance to supply their home market under a proper distribution and are given an even chance to compete with other industries in the world market. In no event should such regulation be compulsory. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 20 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Chairman, the Members on the minority side should not be too severely criticized if they are a little confused as to the condition of the country, and as to what we should do about it.

The gentleman from Texas [Mr. THOMASON] within the last half hour told us that last year cotton was 12 cents a pound; that this year it was 6 cents. Shortly after that the gentleman from North Carolina, Judge Kerr, told us that this administration was the only one within recent history that had been doing anything for the farmer. He gave a list showing an increase in farm commodity prices. When he made that statement I wondered what difference it made whether the price of any particular crop unit produced on a farm was 50 cents, $1, or $1.50, if what you could get in exchange for that price or unit of production was no greater than what you could get when the price of that unit of production (a bushel of wheat or corn) was 50 cents or less.

Does the farmer, because of this administration's policies, receive a larger price, as suggested by the gentleman from North Carolina, Judge KERR, or a less price, as shown by the gentleman from Texas [Mr. THOMASON]?

If, as has been so often stated during this debate, this administration has accomplished so much for the farmer, in short, that prosperity has returned, was the President in error when, on January 20, 1937, he said:

> I see millions of families trying to live on incomes so meager that the pall of family disaster hangs over them day by day.
>
> I see millions whose daily lives in city and on farm continue under conditions labeled indecent by a so-called polite society half a century ago.
>
> I see millions denied education, recreation, and the opportunity to better their lot and the lot of their children.
>
> I see millions lacking the means to buy the products of farm and factory and by their poverty denying work and productiveness to many other millions.
>
> I see one-third of a nation ill-housed, ill-clad, ill-nourished.

Having made this statement in his message to Congress and having thereafter, in substance, repeated the same thing on March 4 at the victory dinner and again on the 9th day of March in his fireside chat, we must assume that he was fully aware of the condition of the Nation.

Having in mind his previous statement made on May 7, 1933, when he said, "I am going to be honest at all times with the people of the country," we must arrive at the conclusion that unless he had been misinformed, his methods and his policies were wrong and disastrous to the country as a whole, for, although administering them during 5 years, he expended more than $15,000,000,000, we have his own staeement that one-third of our Nation, or upward of 43,000,000 people, were in acute distress.

When this bill comes up for a vote, tomorrow, I shall offer an amendment providing that, when the referendum is taken by a representative of the Secretary of Agriculture, that referendum shall be conducted in the manner as is provided by the general election laws of the State for the election of township officers.

Under the present system, the regulations in some districts require the signing of the ballots; the ballots are not counted locally, but are sent to headquarters, and the whole election machinery, including that for the counting of the ballots and the tabulation of the results, is under the control of those whose jobs depend upon the adoption of the plan—a method calculated to promote fraud and deception and to produce the result desired by the sponsors of the measure.

Moreover, heretofore the ballot has not been a secret one. Each voter and the manner in which he voted was known to those conducting the election—a procedure abhorrent to everyone's sense of fair play.

It is matter of common knowledge that a powerful group of the House membership met early in the week in an effort to send this bill back to the Committee on Agriculture for the purpose of having additional price-fixing provisions included in it.

Morning papers carry the information that another group, some of those who favor the Black-Connery bill, threaten to kill the farm bill by a filibuster unless the petition to discharge the Rules Committee and release that bill is signed at once.

So far, those who counsel more moderate procedure have prevailed, but it is evident to all that that pressure has had its effect, for we find Members, who would naturally be opposed to the wage-hour bill being brought before the House by petition, signing the petition to discharge the committee.

The attempt to incorporate in the bill a provision which would require or permit Government officials to fix the prices of food products—and, of course, the idea is to establish a higher price than that which would otherwise prevail—and the drive to force the wage bill upon the floor of the House demonstrate, so that there is no longer room for argument, that the drive for the centralization of power, the establishing of a dictatorship in Washington, is still on, and that there is, in this House, a large and determined faction evidently imbued with the idea that Congress itself lacks either the good judgment, the common sense, or the courage to deal with these questions and prefers that the people be governed by bureaucrats.

Because certain provisions of the farm bill would utterly destroy the independence of our farmers, I cannot vote for it.

Early last year I spoke on the floor against the unlawful activities of John L. Lewis and his C. I. O. in the sit-down strikes, which were carried on without a word of disapproval

from the President, although Governor Murphy said that the President—

Is watching Michigan every hour in connection with the strike situation.

He often calls morning, noon, and night to express his interest and great concern and to give his advice.

I am not opposed to any form of labor union which truly represents the worker. Unions are essential to labor's cause.

If I were opposed to all unions I would walk over, sign the petition to bring the wage-hour bill before the House, and vote to make it the law of the land.

The enactment of that bill and its enforcement will sound the death knell of unionism, if its present advocates have their way. Some labor leaders recognize this fact.

With the Secretary of Labor fixing hours and wages, it is but a short and an inevitable step to the granting of like power to settle any other disputes which might arise between employer and employee.

With that power vested in a department of the Federal Government, no longer could the labor union organizer appeal to the worker for the payment of dues on the theory that wages could be increased, hours of employment shortened, working conditions bettered.

The source of revenue of the labor organizer would be cut off, except as he might transfer his activities to a political organization which sought the election or appointment and control of an official who would listen to his demands.

Undoubtedly it is a realization of this fact—that is, that Government control by an administrative officer means the end of labor organizations—that induced William Green to criticize the present bill.

It is more than probable that John L. Lewis and his C. I. O. officials, notwithstanding what they may say, would regret to see this great power lodged in the hands of a Government official.

The right to strike would be gone. Collective bargaining would be wiped out, and labor in the end would accept the wage fixed by a Government official or suffer the consequences.

If it be true, as has been so often charged, that this country has been governed by the special interests, by those who sought and obtained favors, by Wall Street and financial rings, then those advocating the wage-hour bill should realize and remember that they are injuring labor's cause when they place that power within the reach of those hands which they charge have in the past enslaved the workingman.

Much as I dislike the C. I. O., its leadership, and its methods, the knowledge that the wage-hour bill, as well as this farm bill, leads inevitably to a Government dictatorship over farmer, factory, mill, and mine worker, compels me to the conclusion that I prefer rule by the American Federation of Labor—yes, even by John L. Lewis and his C. I. O.—to the arbitrary acts and the half-baked conclusions of the Secretary of Labor to rule by that small group of experimenters who, after the expenditure of more than $15,000,000,000, must confess their failure.

You who desire to aid labor consider well before you aid in the destruction of its organizations by the enactment of the wage-hour bill. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from South Dakota [Mr. CASE].

LOANS ON OTHER COMMODITIES

Mr. CASE of South Dakota. Mr. Chairman, in all probability this bill will be passed in some form and sent to conference with the Senate bill. The controversial features have been debated extensively. They are sure to receive attention in the writing of the conference bill, but details of some of the less controversial portions are likely to be overlooked. Some of these details need to be examined for workability.

Through the courtesy of the gentleman from Kansas [Mr. HOPE] I have already referred to the Committee on Agriculture two amendments that I feel are needed. I would like briefly to call the attention of the Committee of the Whole House to them and also to suggest one further amendment.

The general impression of the bill has been that it authorizes the Secretary and the Commodity Credit Corporation, upon approval by the President, to make loans on agricultural commodities without restriction to the particular subjects that are mentioned in this bill. The very closing sentence of title II, however, it seems to me, could close the door to any commodity except those enumerated in the bill. After a special sentence on corn, this provision reads:

Except as provided in the preceding sentence, and except in the case of loans made with respect to dairy products, no loan shall be made with respect to any commodity produced on any farm on which the acreage planted to the commodity is in excess of the applicable farm acreage allotment.

To what "farm acreage allotment" does this refer? Soil conservation or marketing quota?

The phrase "farm acreage allotment" appears all through the sections on marketing quotas. There is nothing to indicate that farm acreage allotment applies to any crop except tobacco, corn, cotton, wheat, rice—the things mentioned in the bill. What about loans on rye, barley, or peanuts?

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. ANDRESEN of Minnesota. Under the soil-conservation program, which is tied in with this bill, each farm in the United States will have an acreage allotment upon which soil-depleting crops may be planted.

Mr. CASE of South Dakota. The gentleman is correct. But legislative counsel has agreed with me that indefiniteness of the phrase as used here might limit the loans to the commodities expressly mentioned. My suggested amendment would make it clear that the farm acreage allotment here mentioned refers to the farm acreage allotment in the soil-conservation section.

Mr. ANDRESEN of Minnesota. Let me say further that in order to get a loan a man must be a cooperator and comply with the soil-conservation program.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. HOPE. I may say to the gentleman from South Dakota that I brought this matter to the attention of the committee and they have adopted an amendment, which will be offered as a committee amendment from the floor, which will leave no doubt but what the allotment is an allotment under the Domestic Allotment and Conservation Act.

Mr. CASE of South Dakota. I thank the gentleman.

CAUSES OF SUBNORMAL YEARS

Another matter that I think should be made clear is that in the various sections of the bill for the determination of quotas. This provision appears:

If, on account of drought, flood, insect pests, or other uncontrollable natural cause, the production in any year of such 5-year period is less than 75 percent of the average (computed without regard to such year), such year shall be eliminated in calculating the normal yield per acre.

This makes no provision for destruction of crops by plant disease such as rust, and rust is quite an important factor in the wheat crop in my section of the country. We know by experience that the way to include anything in an act is to write it in the bill. When we authorized an appropriation for the control of predatory animals, the Comptroller said the money could not be used on rattlesnakes because snakes were reptiles rather than rodents. And since rust comes from the barberry, an eradicable weed, some authority will rule that rust is not an uncontrollable natural cause. I took this up also with the gentleman from Kansas and I hope the committee will offer an amendment to add plant diseases to the listed causes of subnormal years which can be thrown out in determining acreage allotments.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. HOPE. The committee has gone over this matter and an amendment will be offered to include the phrase "plant disease" also.

Mr. CASE of South Dakota. The gentleman from Kansas evidently did a good job in presenting these matters to the committee. And while I say that, I want to commend him also for another contribution which I understand that he made to the bill. I refer to this sentence in the amendments to the Soil Conservation Act:

In arid or semiarid sections, (1) and (2) above shall be construed to cover water conservation and the beneficial use of water on individual farms, including measures to prevent run-off, the building of check dams and ponds, and providing facilities for applying water to the land.

That is a very important addition. Water conservation is a part of true soil conservation in the Great Plains area.

NEW USES AND NEW MARKETS

The third amendment to the overlooked parts of the bill which I desire to suggest at this time deals with a provision in Title IV relating to new uses and new markets for farm commodities. I read from it:

Not to exceed $10,000,000 for each fiscal year is authorized to be utilized by the Secretary for the establishment, equipment, maintenance, and administrative expenses of laboratories and other research facilities for the research into and development of new, scientific, chemical, and technical uses and new and extended markets and outlets for farm commodities and products thereof.

But—

No part of the sums available under this subsection shall be expended in any State or Territory in cooperation with any such State or Territory or its agencies or subdivisions unless the State, Territory, agency, or subdivision has hereafter appropriated not less than $250,000 for the establishment of physical facilities suitable for use in carrying out this subsection.

If it remains that way, this requirement will mean, first of all, that States will not receive any benefits of this research until they have had a session of the legislature in order to make such an appropriation.

It will mean that the States which already have physical facilities competent for use in this work cannot use those facilities. They must spend a quarter of a million dollars for new ones.

It will mean that those which are unable to put up the $250,000 to expend would not be able to use in any degree such facilities as they have. But there will be no saving to the Federal Treasury. The Secretary will simply use the $10,000,000 elsewhere, and the very States that may need new markets most may be the ones who cannot put up the quarter of a million dollars.

I feel this section should also be amended to permit cooperation wherever the States have or can furnish suitable facilities without requiring new and possibly duplicate facilities to the extent of $250,000 each, and I call the matter to the attention of the committee. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. DREW].

Mr. DREW of Pennsylvania. Mr. Chairman, coming from a district that has not a farm within its borders, but having had some experience on a Vermont farm and knowing what it means to raise crops and sell them at less than cost or at cost, may I express myself as being in a position to vote for the bill as reported by the committee.

I know what it means to get up at sunrise and work until dark, day after day, in hot weather and cold, in dry weather and wet. After tilling the soil, planting and harvesting the crop, working every hour that I could see the ground under my feet, I know what it means to feel thankful that I broke even and did not lose money on my work.

I am therefore in sympathy with the problems of the farmer, and I stake my career in Congress on the fact that the thoughtful people in my district are also sympathetic to those problems.

But sympathy is not enough. I think we have all learned the fallacy of saying to our farmers, "I am very sorry that you have no money, but hold on tight, for prosperity is just around the corner."

Since March 1933 we have been giving the American farmer more than sympathy. We have boosted the farmer's net annual income by 3½ billion dollars; we have saved thousands of farms from foreclosure, and we have started to recover our foreign market for the products of agriculture.

That is more than sympathy, but it is not enough. The farmer is not yet prosperous, and I think the residents of my city district realize that they cannot be prosperous, or maintain prosperity, until the farm population—regardless of how many hundreds of miles away it may be, is likewise sharing in the horn of plenty.

The prosperity of the 283,000 people I represent is directly affected by what happens to the cotton grower in the South; by what happens to those who raise corn and hogs in the Middle West, and who sow our great plains with wheat.

When the stream of business dries up on the farms and plains and hills of this country, the flow of business in our cities diminishes to a trickle. When our farmers work their years away without making any more money than it costs them to produce their crops, they have no money for shoes, or clothes, or furniture, or any of the hundreds of industrial goods manufactured in my district. But when the farmers have money, they buy city products, which gives more work to city workers, who buy more and better food. This is an agricultural country, and as such, there would be no cities if there were no farms.

In my profession, as a specialist in children's diseases, I have had impressed on me the need of our American families and our children for better food. Too many, far too many, of the children who will form the foundation of our country in 1950 are getting an insufficient quantity and quality of food. It is a serious problem, I assure you, and it is a problem that will not work itself out. We must do something about it.

If every family in America were able to obtain a class A diet, we would have to put millions of additional acres to use.

Yet when we fail to provide against droughts and dust storms and overproductivity—all of which bring farm prices down—and when we are using our acres recklessly for crops that do not pay, we are impoverishing the soil and the men who labor on it. And we are failing to protect the consumers in our cities—the children who, for the benefit of our country, need the good health given them by proper food.

We must keep in mind the consumers of the Nation. We must control the productivity of our land so that the times of plenty and scarcity are leveled off, giving a better balance. We must provide an all-weather plan. And we must cut down the tremendous spread of food prices between farmer and city, which gives the farmer a pittance for his work, yet creates prices which the city dweller cannot afford.

We must do these things. And I believe that this Nation is now sufficiently mature to be able to work out and put into practice a farm program based on sound economy, which will do unto the farmer what the city dweller would like the farmer to do unto him.

We of the cities have the problems of the underprivileged to solve as you have in the case of the farmers. Therefore your interest in wage and hour legislation is as vital to us as our interest in farm legislation is vital to you.

I therefore feel confident that I am expressing the wish of my urban constituents when I give my full support to the farm bill under discussion.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. ZIMMERMAN].

Mr. ZIMMERMAN. Mr. Chairman, I regret I will not have the opportunity in my limited time, to discuss many features of this bill which I would like to call to your attention; however, I take this opportunity of expressing my appreciation for the splendid work of the committee in bringing out a bill which I think will, with amendments which should be offered and adopted, give us a workable program for the various agricultural commodities considered and provided for.

Coming from one of the richest agricultural sections of the United States, I am naturally interested in a farm program. The question of farm surpluses has always been and will always continue to be the problem and concern of the American farmer. Out of a long and oftentimes bitter experience we all now believe in the control of farm surpluses. Some want voluntary control of surpluses, while others want involuntary control, but we all believe in control, because we know that unless the surplus of farm commodities is held under control the farmer does not receive an adequate price for what he sells and, consequently, comes to financial grief. I think the pending bill will accomplish that result, with certain amendments which I hope will be offered and accepted by this committee.

Because of the limited portion of our State which is planted in cotton, Missouri is not always thought of as an important cotton State and has not, for that reason, been given the consideration in our cotton program she was justly entitled to. Practically all of the cotton grown in Missouri is grown in the Tenth Congressional District, which I have the honor to represent, and eight counties in that district produce cotton as their major farm commodity. And you may be surprised to know that Missouri produces the highest yield of cotton per acre of any State in the Union outside of the irrigated sections. Therefore, you will very readily see that the cotton program in our section is a matter of great importance to me and to my people. If we are permitted to raise cotton on our fertile, alluvial farms, and receive a fair price for the product, we will be a prosperous and contented people. If otherwise, not.

May I call your attention to a further fact. Under the Cotton Allotment Act, whereby the several States receive the allotment of cotton they may produce, the State of Missouri, because of the fact that she has not been engaged in the cotton business as extensively as other States, and because of the further fact that her necessities were not known or considered by our administrators, was given an inadequate allotment for her needs and was unjustly discriminated against in the amount of cotton she could produce and sell. It was only because of the Johnson amendment, sponsored by Senator BENNETT CHAMP CLARK, that we received any cotton allotment at all, and under the amendment only 200,000 bales were allotted to the entire State of Missouri. Consequently, under the existing, as well as past program we have not been permitted to plant or grow the amount of cotton we were entitled to grow and sell. All that the cotton producers of Missouri ask or demand is an equal opportunity with other States to produce cotton.

Within these eight counties of my district several thousand acres of rich, alluvial land have been cleared and placed in production in recent years.

Originally, these new farm lands were great hardwood-timber tracts which were drained at great expense to the owners before we ever had a farm program. After the timber was cut from these lands they were placed upon the market for agricultural purposes, and our section has witnessed a great development in farm acreage and increased cotton production. In recent years cotton planters from the States of Alabama, Mississippi, Arkansas, Tennessee, and the surrounding States have come to the rich alluvial land in southeast Missouri and have bought farms. They have cleared the land, built houses, and established homes. They are cotton growers and cotton producers, and have greatly increased our cotton acreage over what it was when the cotton program started. It is for this group that I am speaking today.

This bill provides that cotton shall be allotted to a State, taking into consideration the cotton produced over a 5-year average. Unfortunately for us, we had a limited cotton-producing section to start with. Add to this limited area the many thousands of acres that have been put into cultivation in the last 2 or 3 years and you can readily see what will happen to our cotton farmers, new and old, if the 5-year average is adhered to.

If the provisions of this bill as to State allotment are followed Missouri will not receive an adequate acreage allotment and a great discrimination and injustice will be worked against the cotton farmers of my district in fertile southeast Missouri. I sincerely hope that a sense of fair play and justice on the part of this committee will prompt the adoption of a necessary amendment to avert this threatened wrong and injustice.

The only provision for new land in this bill is found in (c) (1) of section 2 on page 5 of the bill, line 6, "trends in acreage during the applicable period." That is the only factor which may be taken into consideration to give the cotton farmers of Missouri an adequate State allotment. Without this State allotment the counties will not receive an adequate allotment, nor will our farms receive an adequate allotment. So, Mr. Chairman, some provision must be made for States like Missouri and other States similarly situated.

I am going to offer an amendment to provide for a definition of the words "trends in acreage," because that is the only factor that may be taken into consideration. Trends should not only include an increase or decrease in acreage but should also include adaptability of soil for the production of cotton. If the amendment is agreed to then I feel that the Secretary of Agriculture can do justice to Missouri and other States similarly situated. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield to the gentlewoman from New Jersey [Mrs. NORTON] such time as she may desire.

Mrs. NORTON. Mr. Chairman, I represent a city district in which there are located no farmers. The nearest I have ever been to a farm is to pass one along the road in an automobile. Therefore, any opinion I may have regarding the farm bill would amount to very little. However, I do understand the principles involved in the bill and I do know that unless the farmers are prosperous there can be no lasting prosperity in this country. The prosperity of the wage earner depends to a great extent upon the condition of the farmers. Each of these questions is concerned one with the other. I want to see the farmers prosper, just as I want to see the industrialists in my district prosperous.

Mr. Chairman, may I say to the Committee I have the greatest respect for the chairman and the Committee on Agriculture. I believe they have reported as good a bill as is possible under all the circumstances involved. I intend to vote for the bill as is. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Chairman, at this hour of the day I hardly expect the courtesy of the attention of Members who are worn out with debate, but to those who will be so kind as to lend me their ears, I promise no lengthy beating of the drums.

Please permit me to say that I love the expression by the gentlewoman from New Jersey of her interest in the farmers and their prosperity. I do sincerely hope that sentiment will find cordial echo in the heart of everyone who represents the farmers of Manhattan, Chicago, and such farmers everywhere, for the farmers need, as never before, the active friendship of the urbanite.

The temptation to take time enough out of my meager allotment to tell you a true story is too strong to resist. It pictures the plight of thousands of farmers. A Negro farmer in Alabama came to his advancing merchant at the end of the year and they had a settlement. The net cash which was due the Negro for the year's work was $1.57, which represented the combined earnings of himself, his wife, and five children. He stood there with the money in his hand looking down at it. Finally the merchant said, "Charley, what's the matter? Is there anything about your account that you do not understand?" The Negro answered, "No, suh; I understand it, boss. Every figure on that book is just right. I remembers it all. You ain't charged me as much interest as you could, and I thanks you. No, suh; I ain't worrying 'bout my 'count; I'se jes thinking." The merchant inquired, "What are you thinking about, Charley?" The answer came, "I was jes thinking that the next time I

says, 'Git up' to a mule, he's gwine to have to be a-setting in my lap." [Laughter and applause.]

When you talk about prosperous farming, "there just ain't no such animule." There never will be until we demonstrate the intestinal investiture to write a real crop-control bill. There is not a man in this House who knows cotton soundly who does not know that the Department of Agriculture and its Bureau of Economics are right when they state that the price of cotton is largely fixed by just one thing, the annual carry-over.

The distinguished senior Senator of Alabama quoted this rule and the figures on carry-over in his speech in the Senate Monday, and I reiterate them here today and point to the fact that last year on August 1 we had a 6,000,000-bale carry-over and this year we have an 11,000,000-bale carry-over. Five million bales increase in carry-over meant exactly, almost, a 5-cent lower price. You will find the rule holds good every year and any year. Each million bales difference in carry-over means 1 cent per pound difference in the price of cotton. The larger the carry-over, the less the price—and vice versa.

How can we hope this bill will bring prosperity to the cotton farmer when we permit under it a total supply of 21,000,000 bales? There just is not any water in this well! When you permit the prodigious carry-over which that means (variously estimated at 11 to 16 million bales), you cannot expect to increase the price of cotton—on the contrary, you know that the present tragically low price will be thereby hammered down still lower!

Would that I had the time to tell you the moving story of what this means to the cotton farmer. Last year in Alabama he got, on the average, $200 for all of the lint cotton he produced. In most cases this was the major part of the family income.

Would that I had time to expound my theory as to the solution of the farm problem.

I should love the chance to discuss the question of the constitutionality, vel non, of the pending bills.

But none of these desires of mine may be gratified—I have already used my allotted time.

At the proper time I shall offer amendments which I hope may have the approval of our great Committee on Agriculture, and of this body. They are drawn for three simple but vital purposes:

First. To make this act apply to the 1938 cotton crop.

Second. To reduce the permitted total supply of cotton.

Third. To impose a real penalty for noncompliance.

The devoted and distinguished chairman and members of the committee which reported this bill have worked assiduously.

They have labored long and well. They deserve, and I believe have, the thanks and gratitude of the entire House. [Applause.]

But many of us think that their bill may be bettered, and amendments designed to accomplish that end will be offered—among the good ones, mine. I beseech you, therefore, by the bitter need of the men and women who feed and clothe the world, by the long-delayed justice which should be theirs; yea, by your own enlightened selfishness, that you join with us who will support those amendments which are meritorious. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY of Indiana. Mr. Chairman, prices are fixed under the law of supply and demand, both operating upon the supply of money and upon the supply of farm and other products. The supply of money maintained in circulation operates to maintain the general price level, continuing, unchanging from year to year. And the supply of farm crops, stock, and other products operates to modify the money-controlled price level by raising the prices or lowering the prices accordingly as chance production is increased, or as seasons and man change production.

THE LAW OF SUPPLY AND DEMAND

Then after the control exerted by the supply of money operating under the law of supply and demand to restore and maintain higher, parity prices, the same law of supply and demand comes in to operate upon crop production, and to raise or lower farm prices under the uncertainties and contingencies of nature.

If money is maintained in circulation in full supply, and while maintaining a general, higher, commodity price level, nature may bring a larger or increased crop, the effect of which would be to lower prices, but the farmer would not suffer loss of income because he will gain in the sale of the increased crop what he loses in the sale at lower prices.

If the money is left in full supply unchanged and while maintaining a higher and parity price level, nature may decree a decreased or smaller crop. But the farmers will not suffer loss of income because what they lose in the sale of a decreased crop they will gain and make up in income in the increased price of the product.

MONEY TO MAINTAIN A GENERAL HIGHER PRICE LEVEL

The farmers would all the time be selling upon the general, higher, parity price level, restored, fixed and held by the power of money and if increased production lowered the price it would be only to modify or reduce the price from such higher price level fixed by money, and not lowered from a lower commodity price level.

And while the farmers under nature are left to take a larger or smaller crop, under the regulation and control of money, they can always be certain and assured of a higher, continuing parity price level which may only be modified by crop reduction but never reduced to the level of lower prices.

Under the control and regulation of money farm prices may be higher under an increased production, or lower under a small or reduced production, accordingly as the volume and supply of money is regulated, held and controlled, and operating under the law of supply and demand upon the supply of money as well as the supply of farm crops.

THE LAW CONTROLLING PRICES

The law controlling prices and values, under the supply and demand of money is stated by John Stuart Mill, still recognized as the highest authority in the monetary and economic world today, briefly and concisely in the following words:

> That an increase in the quantity of money raises prices, and a diminution lowers them, is the most elementary proposition in the history of currency.
>
> If the whole money in circulation was doubled, prices would be doubled. If it was only increased one-fourth, prices would rise only one-fourth.

And it would follow conversely or the opposite, that a decrease in the quantity of money lowers prices and an increase of money raises prices, is alike the most elementary proposition in the history of currency and money operations.

HIGHER PRICES ON INCREASED CROPS

In 1920 the cotton crop was 13,400,000 bales. In 1932 the cotton crop was 13,200,000 bales, or 200,000 more bales in 1920 than there was produced in 1932. Yet, the price of cotton in 1920 was 13.09 cents and in 1932, with a less production was 6.05 cents.

There was a larger crop of cotton in 1920 than there was in the year 1932 by more than 200,000 bales, but with greater production in 1920 prices were double what they were in 1932, with a smaller or reduced crop.

The reason is plain and open, under the law of supply and demand operating from the supply of money. There was double the amount of money in circulation in 1920 than in 1932, and under the law of money the price of cotton was double in 1920 over 1932.

From reports by the Agricultural Department there is now a want and scarcity in the supply of hogs, cattle, and farm food stock. Yet, with such want or lower supply, the withdrawal and scarcity of money for use which has brought a fall of other prices has brought a like fall of all farm stock prices.

WE MUST CHOOSE BETWEEN MONEY AND CROP REDUCTION

Standing before and facing the great economic, immutable law, the unchanging law of supply and demand, we are called to choose in the alternate, whether to restore and maintain commodity prices by controlling and regulating the money supply by using non-interest-bearing money, or whether by following the reverse operations of this law of supply and demand in its application, by reducing the amount of crop production under a limitation or crop-reduction plan and creating a scarcity of the farm food supply under which to compel a rise to higher prices.

Before we go forward in our course, let us weigh and consider the comparative benefits or advantages of these two price-control plans, both equally open and available to us, whether by the control and regulation of money, or by decreasing and limiting the crop supply.

COMPARING THE RELATIVE DIFFERENCE

One difference between the economic law of supply and demand operating upon the volume and supply of money to fix, control, and maintain prices and commodity values and operating to the control of crop production, is that money is an invention and created by man, and that the volume and supply of money fixing prices can at all times be controlled and regulated by man.

THE CERTAIN POWER OF MONEY TO CONTROL PRICES

Under the law of supply and demand, operating through money controlled by man, men have it in their certain and absolute power to restore and maintain commodity prices and values to any certain higher or lower level accordingly as they may will and determine will serve their best interests and welfare.

By using the power of money in his complete control, man has it in his certain and positive power to raise prices, lower prices, and maintain prices and at all times to fix and hold prices and values at any stage or level he may believe will serve best the interests and welfare of the people and prosperity of the country.

By controlling and regulating the supply of money, prices can be maintained to a practical certainty and continued upon any certain, determined level the same as the level of water in a pond can be maintained at a certain level by turning more water in when it is too low and turning off water when the level is too high.

By controlling and regulating the money supply, prices and commodity values can be stabilized not only under normal production, but under low production and increased production, and higher prices under reduced production can be overcome and held down or up and a high normal price level always evenly maintained.

And no matter whether crop reduction is attempted to control prices and farm food values, the great equalizer of the supply of money can be employed and brought to bear to maintain an even general price level where production falls and prices are too high and where production increases and prices are too low.

MAN CANNOT CONTROL CROP PRODUCTION

But there can be no such control over production of the farm food supply to raise, lower, and maintain prices by man or any human agency. Farmers may plant a larger acreage and reap a smaller crop, or they may sow a smaller acreage and gather a much larger crop.

Farmers cannot fix crop production at any time in advance of the crop season with certainty of what the harvest will be. They cannot foretell the yield at any stage of the growing crop season, but must wait until the grain has been reaped and is held in their granary and bin.

THE UNCERTAINTIES OF NATURE

Farmers must produce under all the uncertainties and all the uncontrollable conditions of nature; the uncertainties of heat and frost; the uncertainties of hail, wind, and rain; the uncertainties of drought and floods; the uncertainties of bugs, beetles, and blights; and the thousand varying, changing conditions.

And as if all the uncertainties of nature were not enough for the farmer to endure, after his grain has been harvested and is in the crib, he must still run the gantlet of equal or greater uncertainty of the grain gamblers and manipulators, of low prices when he is ready to sell on the market, and only to be raised after his crop is sold.

It is seen from all human experience that controlling crop production is too uncertain and unreliable to fix and maintain steady and stable prices and cannot be made the basic principle of any scientific, dependable price-control system.

MANUFACTURERS CAN CONTROL THEIR PRICES

Manufacturers and other industrial producers in gross disregard of the interest and welfare of farmers and other consuming classes have long secretly combined in restraint of honest trade and have stopped production to hold up prices.

This has compelled the farmers to pay more for many farm machines and equipment and left farmers to struggle along with worn-out and out-of-date machinery and to produce with great difficulty and loss.

But farmers have no such power or position to control the production of their crops and as manufacturers of the articles they produce. Manufacturers can control to an exact certainty, and they have the power to hold their prices on a high level while leaving farm prices on a low level.

Manufacturers and manipulating financiers, while holding both the power over money and thereby to keep farm prices low, and by agreements entered into to hold their prices high, have misled farmers struggling in the darkness to attempt control of their prices under uncertain nature, and all the uncertainties of the elements and seasons.

ANTITRUST LAWS MUST BE ENFORCED

What the farmers need to claim and do is to demand the control of prices by the regulation of money which is in the certain control of men and then insist upon the enforcement of the antitrust laws making gentlemen's agreements unlawful and punishable by fine and penalty.

Farmers need stable and unchanging prices, reliable, dependable from year to year, on a higher, continuing parity price level—prices upon which to sell as high as the prices upon which they contracted debts and mortgages, and as high as the price level of their products upon which taxes were levied and assessed to pay.

They may have stable and unchanging prices under either the control of prices by money or the control of prices by crop reduction. But under the control by money they can have stable and unchanging prices on a higher price level for a larger crop, but under the crop-reduction plan only a higher price level on a reduced crop.

THE POWER OF MONEY CAN RAISE PRESENT CROP PRICES

Another very vital and important difference in the administration of these two crop-control measures is that the crop-reduction plan cannot operate to restore present crop prices and cannot be put in operation to raise prices and restore farm income until the expiration of another year.

Before a farm crop-reduction measure can function farmers will have suffered a great loss on the sale of their present crops and stocks at the present low and falling prices. This damage will be irreparable to them and it will require years to make back what they have lost in present prices.

And even when prices are raised by reducing the farm crop supply they will have lost much or a greater part of what they will gain in price in the smaller crop produced to sell and will not have more income from their farms.

But by raising prices and farm values, by controlling and regulating the money supply, and increasing their earnings and income from the farm the remedy can be put in operation tomorrow and not only the 1938 but the 1937 unsold crop can be raised and restored and the farmers saved without further loss.

Under the currency provisions of the act of May 12, 1933, the President is authorized and empowered to issue non-interest-bearing currency notes in the immediate amount of $3,000,000,000. The money could be ordered to go out today

and begin doing its work tomorrow—psychologically, on the declaration that the policy would be entered upon.

HIGHER PRICES WITHOUT SCARCITY

Another difference in restoring prices and values under the power of increasing and stabilizing money, and by reducing crops and the supply, is, that by using the power of money prices and money, values are restored while maintaining plenty and abundance of the vital food products required to live; whereas, if prices and values are restored by reducing production and the supply, the operation may create a want and scarcity, and people are compelled to pay more for less who must buy their farm food supplies with no greater income to the farmers.

Another difference in the control of prices and through the control of the money supply and the plan of farm crop reduction is that the first is the basis of a permanent policy, while the second, the farm crop-production plan can only be resorted to as a temporary expedient and looking to another and permanent plan to come after. This difference is not refuted or denied and was both admitted and claimed by Secretary Wallace in his address at the Angola, Ind., county fair held August 10, 1934, where he said:

> The farm-reduction plan cannot go on forever. Of course, that would be disastrous.

But under the policy of fixing and maintaining prices by controlling and regulating money the same is made permanent and enduring to maintain an ever-even price level, increasing to make it cover short crops and decreasing to yield to full crops and all the time maintaining the farmers' earnings and income.

FARMERS COULD BE LEFT IN GREATER FREEDOM

Another difference in the means to restore prices is that by a resort to currency regulation men are left to produce in freedom without strait-jacket restriction, whereas by crop reduction farmers are compelled to take orders and directions which by the nature of their lives they dislike, and compelling a change in their crop-rotation plans.

Under our form of government there should be one class of men left to live in freedom and independence as far as possible as free moral agents, as the architects of their own fortune, and this should be the farming classes, left to live in their isolation with nature.

And there is still another difference in restoring and maintaining farm prices by controlling and regulating the money supply and by reducing the supply of farm products, which is even more vital and important than other advantages of the money way over a reduction of the crop supply creating want and scarcity of farm foods.

WE MUST LEGISLATE FOR ALL THE PEOPLE

We cannot legislate wholly for one consuming or producing class. We cannot pass laws wholly for town and city dwellers in indifference and disregard for the farming classes, nor wholly for the farmers as a class in disregard for the town and city dwellers, and if we could so legislate the law would react to bring loss to the other.

Farmers are the greater food-producing classes, and the town and city dwellers are their consumers; and any policy which would reduce the power of the city dwellers to consume alike reduces their power to take farm foods and would react to injure the farmers. We must, if we can, pass laws to benefit all without injuring or bringing loss to the other.

Farmers are concerned with prices in their relation with others as consumers. Under the control of the money supply restoring and maintaining high parity prices, the law operates to raise all prices, all values, and all wages alike, so, if city dwellers are compelled to pay more they will have more wages and income to pay with.

Raising prices by crop reduction alone not only fails to give the farmer more money coming to him from his farm operations over lower prices for a full crop, but reduces consumption of farm food products and imposes a hardship upon the laboring masses by leaving them without power of full consumption.

RAISING ALL PRICES AND WAGES ON A LEVEL

Raising and maintaining prices by controlling and regulating the money supply is objected to as raising all prices and all wages on an equal level, as if such equal level of prices and wages would work an injustice or disadvantage to the people in their business relations.

But history and experience disproves this, and shows the very opposite to be true and that under such even prices and wages those who are compelled to pay more have more income and wages to pay with, and both consumers and producers are alike content with the prices with which they sell and buy.

We have only to go back to 1920 where we find all prices, values, and wages were alike on an even high level. Farmers were making good money and satisfied, merchants were making good profits and satisfied, laboring men were making good wages and satisfied, and all classes were prosperous and satisfied.

There is only one group or class of men who are not satisfied by equal and higher prices, and they are the certain class of men holding money and securities payable in money, and those holding notes, mortgages, and debts which are not lifted along with higher prices to a level with prices and wages. But this small class or group of men have no grounds for complaint or objection because their bonds and securities, their notes, mortgages, and debts were contracted under higher prices and wages and a rise to higher from lower prices only takes from them what they took from others by the change from higher to lower prices.

THE DIFFERENCE IN COST OF RESTORING PRICES

Another material difference in the method of restoring and maintaining prices is that by the use and regulation of money there is none or very little cost to the Government, and no increased taxes levied for the administration.

The crop-reduction plan of raising prices as estimated will call for 100,000 men in the field; will require 30,000 automobiles with oil, gas, and repairs to carry the men to the farms and over the land; a million dollars to pay wages, salaries, and cost of administration; and a further 500 million to pay for the land held from use and cultivation.

Crop reduction alone is a plan and effort to overcome or suppress the laws of nature. It is at best a temporary remedy, and cannot be adopted as a permanent, continuing policy without fatal and ruinous results to the best interests and welfare of the people.

NATURE AND THE ECONOMIC LAW

Men can no more suspend the operations of an economic law and invade and interfere with the order of nature and prosper permanently in business and industry than men can suppress the laws of nature and maintain permanently the health and strength of the body.

The economic law of supply and demand to fix and maintain prices and money values by controlling and regulating the money supply is as immutable, fixed, and certain as the laws of nature requiring obedience to maintain the health and strength of the body.

To illustrate the effect of farm food crop reduction, without or before the control of regulation of money, let it be understood that after every contraction of the currency forcing down the general commodity price level, production must be forced down still lower. The supply must again and again be reduced to restore and maintain farm prices.

And if a like reduction policy were applied and carried out to regulate and maintain prices in other lines of production, it would be hard to contemplate or foretell the economic disaster to follow, and the want, suffering, and destitution which would be brought to the human race.

Crop reduction may or may not become necessary as one measure to control and fix prices as well as the regulation of farm production to insure a proper diversity or proportion in supply. But the remedy of such crop reduction should not be entered upon to fix prices until we first resort to the control of money.

It is only by the control and regulation of money that the general commodity price level can be restored, fixed, or de-

termined and until the general price level is so determined there can be no basis upon which to fix farm prices or any prices, either upon a higher or lower level.

CROP REDUCTION SHOULD COME AFTER CONTROL BY MONEY

And we should not resort to farm crop reduction until money and all other remedies to raise prices have been put in force and operation, and until the power of the farm food consumers to buy, take, and consume what the farmers produce has been raised and alike restored to them.

The reduction of farm food crops before such money price raising operations and before or coincident with the reduction of the power of farm food consumers to buy and take farm foods is an uncertain step in the darkness which may menace or jeopardize human welfare as well as reduce the consumption of farm foods.

The reason that the money supply is not and has not been controlled to maintain an even and unchanging price level is not because the power of money has failed or cannot be exerted by men, but because the power over money has been left in the hands of men who profit and take advantage by secret changes, in raising and lowering prices.

Instead of this greater power of money, by maintaining an even supply in circulation to keep and hold prices and property values on a continuing, even, and unchanging level being exercised by Congress under the Constitution, price regulation has been left in the hands of money manipulators to bring changes in prices for profit and gain.

The problem under this farm bill is a problem of farm prices, a problem of how to restore and regulate the price of farm products and finally and ultimately a problem of farm earnings and income, a problem of farm buying and consuming power and farm interest, debt, and taxpaying power.

The problem of farm prices and income involves more than farm crop control, more than crops, seasons, and quotas, more than controlling and regulating production. It involves a greater fundamental of prices, the control and regulation of money as well as farm crop production.

Prices are the money measure of farm values, of farm crops and products with which to buy and pay, the power of farm products and crops in money to buy and pay for farm supplies and equipment, to pay interest, debts, and taxes as prices fix and measure farm income, all payable in money and not in crops.

PARITY FARM PRICES

But farm prosperity calls for more than a higher general price level. Farmers must have a parity price level; that is, the same price with what they have to sell as the prices which they are compelled to pay to relieve them from the exhausting drain of selling low and buying high.

And farmers need still more than parity prices, equal prices under which to sell and buy, far more and as equally vital and important as the parity of prices to sell, of parity prices with interest, debts, and taxes which they must meet and have to pay.

The greater part of farm mortgages and debts today are in some form renewal farm debts and mortgages, which were made or contracted in the past under higher farm prices and values, and taxes have been levied and assessed under greater and high farm values.

Without such higher parity prices with farm debts, interest, and taxes, the farmers have been drained and exhausted by being compelled to sell and give up more, double and triple of their crops to pay the same debts and taxes.

To maintain such parity prices under crop regulation and control would compel a reduction to scarcity, and would bring a reaction without gain to the farm program. But parity of farm prices, with debts, taxes, and fixed charges can be maintained under the control of money while leaving farm foods in abundance or plenty.

Prices are the money value of commodities, the value of commodities and products for the payment of debts and taxes and measure the amount of products and commodities required to pay debts and taxes, with higher prices calling for less production and lower prices calling for a greater amount.

DEBTS AND TAXES THE GREAT FARM BURDEN

Debts, interest, taxes, and fixed charges are the great burdens exhausting farmers, but which we cannot help them pay by raising prices by crop reduction because while reducing the supply may give them a higher price for a smaller crop but no more money to pay debts.

Debts, interest, taxes, and fixed charges are stationary and do not rise or fall with the general commodity price level. By restoring prices by regulating money we increase the money income from the farm and make the farmers' products measured in money pay more of his debts, taxes, and fixed charges.

What the farmer needs to prosper is not only a good or higher price when he has a reduced crop, or suffers a crop failure, but a good and higher price when he has a full crop to enable him to bridge over lean years, when he has little or no crop to sell.

WHAT THE FARMERS NEED TODAY

What the farmers need today is a greater amount of money proceeds from the sales of their crops and stock to meet the payment of their debts, interest, and taxes which all must be paid in money and not in crops, and large or high enough to leave, after payment, a surplus over with which to live.

But neither higher prices alone nor increased crops alone will give the farmers more money from their farms. Under a higher price for a reduced crop what the farmers gain in price they may lose in the amount of crops to sell, and they will receive no more money from their farms.

Under a larger and increased crop at a lower or reduced price what the farmers gain from their increased crop they may lose in the lower price, and they will receive no more money from their farms.

What the farmers need today is not a higher or good price from a smaller or reduced crop, nor a larger, full, and normal crop at a lower and reduced price, but a higher and increased price for a full, normal crop.

The farm crop reduction plan will give higher prices for a reduced crop over lower prices for a larger crop, but it will not give the farmers more money proceeds from their farms, with which to meet debts and taxes and leave them a surplus with which to live.

Only by increasing the money supply, increasing the number of dollars in use will the farmers be given an increased price when they have a full or normal crop to sell, and more money proceeds from their farms and enable them to meet debts and taxes and leave a surplus with which to live.

Under the power to maintain prices by the control and regulation of money, the farmers can always be assured of a continuing high price level only increased or lowered by crop production, but always of higher general prices and always more money from their farms.

THE HIGHER LAW OF NATURE

Under the higher law of nature without the criminal interference of man, population would keep pace with the food supply, and without monopoly and restraint of trade cornering and holding farm and other products for tribute and to exact extortionate prices, all prices would be on an equal or parity level.

With the suppression of monopoly, interfering with free competition, and the law of supply and demand, and leaving all prices on an even level under the control and regulation of money to raise all prices to an even level, with debts, taxes, and fixed charges, the people would be left to live in plenty and abundance.

THE TWO MOST PRESSING REFORMS

The two most vital and necessary reforms today, and the most pressing and imperative to be brought about is the suppression of monopoly in restraint of trade to leave all prices to stand on an even level, and under free competition and supply and demand so that the people can both sell and buy on the same price level, and all under an even consuming power.

And the other is the public control of money to restore farm prices and money values back to the higher stage and level upon which farm debts were contracted and upon which

taxes were levied to enable farm debts to be paid and taxes met, with a surplus left with which to live.

I am supporting this legislation to restore and stabilize farm prices by crop reduction, not because it is the best way, nor the first step to be taken to provide adequate farm relief, but because it is one way and the only way to be brought before the House. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Chairman, careful examination of the pending bill, H. R. 8505, and of the circumstances surrounding its present consideration by the Congress will disclose two interesting and, I think, pertinent facts.

The first is that, stripped of its window dressing, the bill is solely and exclusively a compulsory crop-control bill; that is to say, its only object and its only real purpose is to put into effect a permanent program for the control and regulation by the Federal Government of the production in the United States of the so-called basic farm commodities—that control to be enforced through a system of penalties and deprivations having precisely the same force and effect and imposed for precisely the same reasons as the penalties ordinarily provided in a criminal statute for the violation of a criminal law.

In view of the Supreme Court's invalidation of the control provisions of the A. A. A., and of the unambiguous language in which it denounced the much milder coercive features of that act, the consideration so soon afterward of a bill in Congress going far beyond the prohibited scope of the Triple A, is in itself a unique situation and one well calculated to arrest the thoughtful attention of those here who are now charged with the responsibility of enacting or rejecting this proposal.

The second strikingly interesting and remarkable fact about this bill is that those who know most about it, those who will be the most directly affected by it, and those for whose benefit it is claimed the bill has been brought in here, namely the farmers themselves, do not want it. If there were merely some opposition to it on the part of individual farmers, its presence here would not be unusual. If merely some groups of farmers did not favor it there would be nothing remarkable about that. But here is a bill which has been reported to us by the Agriculture Committee of the House with full and complete notice and knowledge that every farm group in the United States is opposed to the bill.

There have already been read into the record of this debate the statements of the National Grange, the Farmers' Union, and even the Farm Bureau Federation upon this point, and I shall not, therefore, take time to repeat those statements in connection with my own remarks upon the bill. In addition to the official views of all these national farm organizations, I dare say there are few gentlemen here who have not received protests from local units of these organizations in his own district, as well as individual protests against the measure from those whom he directly represents in this the law-making body of the United States.

That, at least, has been my own experience and the experience of Members with whom I have talked; Members whose constituents take an active interest in what the Congress does, or proposes to do, in the way of farm legislation. Out of all the expressions, official and unofficial, which have come to me on this subject I have yet to receive from any farmer a single statement in support of this bill.

And so I say this is another unique and remarkable thing about the bill's presence here. When I ask, in the whole history of the Congress has a piece of major legislation so far reaching in scope as this one been reported from a great committee of the House, not merely without the support of those most directly concerned in it, but, indeed, over the protest and dissent of the very people for whose benefit the sponsors of this measure claim it is proposed.

Why, under such circumstances, is the bill here? Why has the committee reported to us a compulsory crop-control bill in the face of the country's known opposition to compulsory control? Why does the bill come to us accompanied by a solid majority report recommending its passage, a report to which the minority Members alone dissented? And why, finally, does the bill as reported to us retain all of its compulsory features in the face of the fact that during the committee's consideration of it the committee itself voted overwhelmingly to eliminate those provisions, as was stated in the debate on Monday by the gentleman from Minnesota [Mr. ANDRESEN], a member of the committee?

There is but one answer, of course, to these questions. A program for compulsory crop control by the Federal Government is here before us in the shape of this bill because the President has demanded it and for no other reason. He demanded it at the last session of the Congress. When Commodity Credit Corporation loans were applied for by cotton farmers at the last session the Chief Executive, under the discretionary power vested in him by that act, deferred the granting of them until he was given satisfactory assurance by his majority in the House and Senate that a crop-control bill satisfactory to him would be forthcoming at the next session.

The proper assurance was given, but he has not been content to wait even until the next session. We have been convened here in the meantime in extraordinary session, and the chief reason for our convening was and is the enactment of the bill before us. A similar bill, originating from the same source, was introduced in the Senate about the same time this bill was sent to the House, and it was reported out of the Senate committee about the same time our committee reported this bill. Everything has been done according to schedule. In principle there is no difference between the House and Senate bills. They differ a little in the quotas to be imposed. The details and amounts of the penalties and deprivations through which they are to be enforced vary slightly. But that, of course, will all be ironed out in conference. And so in spite of the fact that there is definitely no demand from the country for legislation of this kind, in spite of the Supreme Court's recent and definite adverse ruling on every constitutional point involved in this bill, and in spite of the protests of the farmers of the country, agricultural production in the United States, through the vehicle of this bill, and in strict accordance with the administration's schedule, is to be controlled and regulated by compulsion.

I have said that the sole purpose of this bill is compulsory crop control. And when I say that I mean that the rest of its provisions, such as the continuance, under certain drastically modified conditions of the existing Soil Conservation and Domestic Allottment Act and the provisions amendatory to the existing Commodity Credit Act, have nothing affirmatively to do with this bill. As they are incorporated in the bill they purposely serve only a negative use. This bill provides for no new benefits to the farmer through the Soil Conservation and Domestic Allotment Act. The farmer already is entitled to payments under that act by way of subsidies given as an award for his voluntary cooperation in carrying out certain well-recognized soil-conserving farm practices.

That, I say, is what he is entitled to now under existing law and as a matter of right, and it is for the purpose of paying these benefits to the farmer under that law that the people of this country have been taxing themselves to the extent of hundreds of millions of dollars and will so continue to tax themselves.

Now, what has the pending bill to do with this Soil Conservation and Domestic Allotment Act? Does it increase the payments to the farmer under it? Not at all. Does it liberalize the benefits? By no means. What, then, does it do? It simply continues the Soil Conservation and Domestic Allotment Act conditionally by reciting its provisions in a modified form, and then providing that unless the farmer to whom a compulsory reduction quota has been assigned stays within that quota he shall be deprived of all payments and benefits whatsoever under the Soil Conservation and Domestic Allotment Act.

The provisions of H. R. 8505, amendatory to the present Commodity Credit Corporation Act, are likewise sham and

frivolous except for one purpose only—that of further compelling the farmer's obedience to the compulsory quota, once the Secretary of Agriculture has announced it.

Under the existing Commodity Credit Corporation Act a farmer, in the discretion of the President, may now be given a loan on agricultural commodities. And in the discretion of the President many such loans have been granted. In the amendatory version of this act, which is incorporated in the pending bill, all of the original Presidential discretion is retained. Analyze the high-sounding language of this provision of the bill, and you will discover not a mandatory syllable in it. The bill simply "authorizes" the Corporation to make available commodity loans, within certain limits, "upon the recommendation of the Secretary and the approval of the President."

But, within certain limits and with the approval of the President, a farmer may now receive these loans, and if and when the President approves he does receive them under existing law. And furthermore, and under the circumstances I have mentioned, the farmer may secure a loan on any basic commodity without submitting to a compulsory quota on the production of that commodity.

What, then, is the purpose of this revised version of the Commodity Credit Corporation Act as incorporated in H. R. 8508? Is there anyone here who does not know the answer to that question? If there is, I invite him to read the answer in the language of the bill itself on page 15, commencing at line 4. Here it is:

> Except as provided in the preceding sentence, and except in the case of loans made with respect to dairy products, no loans shall be made with respect to any commodity produced on any farm on which the acreage planted to the commodity is in excess of the applicable farm acreage allotment.

Again, as in the case of the Soil Conservation Act, the only real affirmative purpose of revamping the Commodity Credit Corporation Act and inserting it as a part of this bill is to compel obedience of the farmer to the compulsory farm-acreage quota by threatening to deprive him in case of disobedience of whatever right to a loan he might otherwise have under the law as it now exists.

Now, it has been repeatedly urged by those charged with the responsibility of putting this bill through the House that these coercive features are not after all so drastic and that the farmer for his own good should be willing to comply with the quotas to be enforced by this kind of coercion. I pass over for the moment the repugnant proposition that coercion of this sort could ever be justified in any circumstances either on moral or constitutional grounds. Let me say in this connection merely that the deprivation imposed upon the unwilling farmer by these two provisions alone—the denial of loans and the denial of benefits under the Soil Conservation and Domestic Allotment Act—are severe enough in themselves to spell the bankruptcy of every farmer who stands in need today of the benefits now provided by these two existing laws and who refuses to comply with the compulsory control provisions of the pending bill. That statement is self-evident. It is concurred in by every farm authority; even by the mysterious academic authorities who are responsible for this bill.

Again, with their characteristic disregard for every opinion of the Supreme Court which does not coincide with their own, the sponsors of this bill contend that the so-called referendum provided in it removes the odium of compulsion and makes it in fact a voluntary measure. How such a contention can be seriously made in the face of the Court's ruling on this very point is quite beyond me.

A similar provision for a referendum in the invalidated A. A. A. was declared by the Court to be not only unconstitutional but at the same time the most reprehensive of all the provisions of that act. This, in the language of the Court used in passing upon the constitutionality of another well-known regimentation act of the present administration, is "delegation run wild." It is proposed here that a bait shall be held out to the victims of this act by inviting them to decide, through a referendum, whether or not an act of Congress shall take effect. The purpose of that joker must be clear to everyone whether he understands the Constitution or not. The unconstitutionality of the joker is apparent to everyone who has read the Court's opinion. Unless the Court should completely reverse itself upon this fundamental point it must obviously hold this referendum provision to be unconstitutional, and in that event, if by any chance the remainder of the act should be upheld, the referendum would be out and the uncontrolled and unrestricted compulsory provisions of the act would automatically be in full force and effect.

There is no doubt in my mind, of course, that the Court will hold the whole compulsory program of this act to be in violation of the constitutional rights of the minority who are to be coerced under it. In view of its own recent decision, I do not see how it could hold otherwise. But however the case may be as to the possible validity of the outright compulsion prescribed by this bill, I have yet to hear anyone declare it to be his opinion that the referendum provision could by any possibility whatever survive a test of its constitutionality.

So much for the penalties through which the resisting victims of this act will be deprived of the rights and benefits they now hold under existing law. But, of course, Mr. Chairman, the authorities who wrote this bill did not stop with mere penalties by way of deprivation. In addition to taking away from what they call the noncooperating farmer practically every right and every aid he now has under our present farm legislation, the gentlemen responsible for this bill went a long way beyond this in order to make doubly sure that there would be no disobedience on the part of farmers to the control of their farm production by the Secretary of Agriculture.

They did not go quite as far as they went in the Bankhead Cotton Control Act of unhappy memory. In that act, which I opposed with all the vigor that I could, it was provided that the farmer may be put in jail for disobedience to the Secretary's orders. Gentlemen will recall when the Bankhead bill was under debate in the House it was urged by administration leaders that provision for a jail sentence, as an alternative penalty, was necessary for the proper enforcement of the act. Of course, a jail sentence was not necessary then to make this kind of an act completely effective, and it is not necessary now. And because it is not necessary may possibly be the chief reason that H. R. 8505 does not provide for jail sentences. Suffice it to say that in prescribing the penalties for noncompliance in the pending bill they have gone as far as they now think is necessary. The affirmative penalty they have chosen in this bill to impose upon a farmer for disobedience to the Secretary's acreage or production or marketing quota or allotment is in the form of a fine.

On wheat it is a fine of 15 cents per bushel on all wheat sold in excess of the marketing quota, and forfeiture of 12 cents a bushel benefit payment on the normal production of his allotted acreage.

On corn it is a fine of 15 cents a bushel for any disposal of corn whatever in excess of the quota. This excess corn is required to be stored and the farmer may not even feed it to his own cattle without exaction of the penalty and loss of all benefit payments.

On cotton it is a fine of 2 cents per pound for marketing cotton grown on land in excess of the acreage allotted.

On rice it is a fine of one-fourth of a cent per pound for rice marketed in excess of the quota.

All of these fines and penalties, of course, are in addition to the loss of benefits under the Soil Conservation and Domestic Allotment Act and of loans under the Commodity Credit Corporation Act.

I am not familiar enough with cotton and rice production to say what economic effect the imposition of these penalties and forfeitures would bring upon the cotton and rice farmer. So far as wheat and corn are concerned, there is no doubt—and there has never been even a difference of opinion—as to what effect it would have on them. No wheat or corn farmer in the United States could exist with such penalties and forfeitures laid upon them. If this bill should become law therefore, and should by any chance be upheld by the Supreme Court, all wheat and corn farmers must take their choice

either of obeying its compulsory provisions, enforced upon them against their will, or go out of the business of producing wheat and corn.

If this is not regimentation, if this is not authoritarian government, attempted to be carried to its full flower and perfection in this democracy, then there is no such thing as effective dictatorship anywhere in the world.

What is it the farmer of America is asking of us? What does he want? What for the past 5 years has he been consistently demanding, what is he now demanding, of his chosen representatives in the lawmaking branch of his Government? Is it regimentation? Is it compulsion enforced upon him by an appointive officer in the Executive Cabinet? Is it the choice of bending the knee to the whims and notions of a bureau chief or being forced out of his business and off of his farm by the deadly effective system of fines, penalties, forfeitures, and deprivations provided in this bill?

Everyone who has been in Congress since legislation of this type first made its baneful appearance in the early days of this administration surely knows by this time that the pending bill, which is now being forced along its way to enactment, is not what the farmer wants. On the other hand, everyone who has been in Congress since that time should know by now the legislation that the farmer does want; and, what is more, he also knows that the legislation the farmer wants is at this very moment pending in Congress in the shape of definite concrete bills which have been actually introduced in the House and Senate.

The American farmer wants the cost-of-production bill, which will give him at least the cost of production plus a reasonable profit upon that part of his product sold and consumed in this country. That bill is pending in Congress now.

The American farmer wants concrete practical assistance in the disposition of his exportable surplus. That practical assistance is offered to him in the original and the revised McNary-Haugen bills; and those bills are pending in Congress now.

The American farmer wants the American market [applause] free from the impossible competition of foreign farm commodities produced at starvation wages and under living standards which would not be tolerated in the United States. He has been deprived of a substantial portion of this market through the Reciprocal Trade Agreements Act, under which millions of dollars' worth of identical foreign farm products are brought in every year under drastically reduced tariffs, or without tariff at all, and sold before the very eyes of the American farmer in the market which was once exclusively his own.

There is a simple and effective remedy for that disgraceful situation. It lies in the repeal of the Reciprocal Trade Agreements Act. And that repeal bill is pending in Congress now.

The American farmer wants a comprehensive, systematic, honest solution of the farm mortgage problem. The strength of his demand for this and the unanimity of the farmers' choice of the solution to the problem was so impressively presented to the last Congress that the administration will not soon recover from the shock. Two hundred and thirty-eight Members of this House, 20 more than a majority, signed the Frazier-Lemke petition, and it was only by bringing to bear such pressure as has seldom been exerted on any Congress that the administration was able to defeat the Frazier-Lemke bill. That bill is as meritorious as it ever was. There is a greater demand for its enactment at this moment than there ever has been. And the Frazier-Lemke bill is pending in Congress now.

There are other farm measures now in Congress, the general merits of which almost everyone admits, and which, singly or in combination with those I have here outlined, would, in the opinion of the farmers themselves and of practically all recognized farm authorities, go a long way toward really solving some of the major problems which confront the farmer.

Can this Congress not even consider at least a part of this pending legislation which has been so long and so thoroughly studied and so widely approved? Can it not assume enough independence and responsibility, upon its own initiative, to take the mature and considered proposals offered in this mass of pending bills and with them as a basis work out something constructive upon which we can all agree?

Cannot we do this? Or must the Congress continue supinely to accept whatever the President may choose to send it in the way of a farm bill? I may be wrong in this, but I believe that not only the farmers but the whole people of this country are finally getting tired of one-man government. They are getting tired of rubber-stamp Congresses. They are demanding a return to constitutional, responsible, representative government in which the Congress, not the President, makes the law.

As for the pending bill, let there be no mistake as to what the people, and particularly the farmers, know about it. They know what the bill is. They know why it was sent in here and why it is being forced through Congress at the special session. They understand and they abhore the philosophy upon which it is based. And if the positive expressions that have come to me from the farmers of my own district indicate anything at all, they indicate that these farmers are persuaded that the majority of the Members of the Congress, if left to their own responsibility as the lawmakers of the Nation, would never evolve a measure of this kind and would never enact such a bill.

Mr. Chairman, here is the first major bill to be reported from the committee for disposition by this House. Let the House dispose of it in accordance with its own convictions and upon its own responsibilty. The Congress has in this bill a golden opportunity to redeem itself in the eyes, not only of the farmer, but of the whole Nation, as the responsible lawmaking branch of the Government. Already the Congress has waited too long for that opportunity. Upon the doors of some who do not grasp it now that opportunity will not knock again. The demand of the people for legislative functioning on the part of their Representatives in Congress is here. Let the Congress resume that responsibilty and let it do so now. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield such time as he may desire to use to the gentleman from Illinois [Mr. THOMPSON].

Mr. THOMPSON of Illinois. Mr. Chairman, I have long been interested in the question of adequate farm legislation inasmuch as I represent a district that contains the largest farm-implement manufacturing businesses in the world, as well as a large number of farmers who use and own exceptionally good land. To my district the continuance and stability of farm purchasing power is paramount. The pending farm bill covers cotton, tobacco, wheat, corn, and rice, and while we in Illinois are interested in all of these basic commodities because of the fact that the growers of them purchase the products of our factories, we are especially interested in corn because that commodity either as itself or in the form of meat products is our all important crop. On Tuesday of this week during general debate on the measure, my colleague the gentleman from Illinois [Mr. LUCAS], a member of the House Agricultural Committee, gave notice that he intends to present two important amendments to the corn title of the bill. We of the corn States have had two important conferences on the Lucas amendments, and to the best of my knowledge all Members from the so-called Corn Belt, regardless of politics, intend to support them. We feel that the Lucas amendments must be adopted and put into the bill, if the corn farmer is to receive any benefits from this proposed farm program. As I understand the bill as reported to the House by the committee, it is necessary that a total production and carry-over of 2,928,500,000 bushels of corn must be reached and attained before the marketing quotas go into effect. Whereas the normal supply over a 10-year period, including a normal carry-over, has been but 2,380,000,000 bushels, I am most fearful that the difference of nearly 550,000,000 bushels will seriously break the price. I desire to point out that this year's bumper crop of corn estimated at 2,651,000,000 bushels, with a 60,000,000-bushel carry-over, broke the price from approximately $1.25 a bushel in August to a present price running

from 38 to 41 cents on the farm to the farmers in Illinois and Iowa which is now the prevailing price. We have since the inception of farm legislation of all kinds and nature sought to attain a parity price for basic farm commodities, using the period of 1909 to 1914 as a basis under this formula.

The parity price for corn today is slightly over 87 cents a bushel, so it can be readily seen that the farmer is receiving less than 50 percent of what is generally considered to be a fair and decent price for field corn. This terrific reduction in price occurred when the supply was less than 300,000,000 bushels more than normal; and I am, as are the farmers of Illinois, seriously concerned as to what an oversupply or production of 550,000,000 bushels will do to the price structure. The other Lucas amendment covers the question of mandatory loans, which I believe absolutely essential if the price structure is to be maintained and preserved. In 1933 we began a system of corn loans under which 45 cents a bushel was advanced to farmers owning corn, which corn was sealed on the farm. I believe all—even the critics of the Roosevelt administration—will agree that this was one of the most helpful measures undertaken to really and actually benefit the corn farmers of the United States. The history of the corn loan program from 1933 to this time shows that the Federal Treasury did not suffer any losses because of it, and therefore none of us should have any hesitancy in authorizing by statute a system of mandatory loans to go into effect when the size of the crop makes such action necessary in order to preserve somewhere near a parity price for basic farm commodities. We all agree, I believe, that the Congress when it undertakes to establish by control and otherwise fair prices for the farmer that the consumer must not be lost sight of and that we must absolutely guarantee that there is always an adequate food supply regardless of drought, grasshoppers, chinch bugs, and other causes for short crops.

But certainly it is not fair or just to build up such a reserve food supply at the expense of the farmers in the way of prices less than the cost of production. Mandatory loans made by the Federal Government upon commodities sealed on the American farms is, in my opinion, the soundest way to stabilize prices at a reasonable level. I therefore strongly urge my colleagues in the House to support the Lucas amendments which will be offered at their proper place when the bill is read for amendment under the 5-minute rule. It is our duty as legislators to vote for those amendments which will strengthen the bill; and I know no better way, especially in the case of corn, than by supporting my colleague's amendments. We have a very important and serious responsibility to the American people; and by that I mean just that, not only those who live on and obtain their living on the farm. Farm purchasing power, as I have said, is the lifeblood of our Nation, and without it we can expect no prosperity in the industrial and commercial centers of the land. Farmers of America, as well as a substantial majority of all the people who understand the importance of a prosperous agriculture to the welfare of our national life, are looking to us to enact the farm program that will bring satisfactory results. Let us not fail them. [Applause.]

Mr. HOPE. Mr. Chairman, I yield such time as he may desire to use to the gentleman from Michigan [Mr. WOODRUFF.]

Mr. WOODRUFF. Mr. Chairman, in closing my remarks on this bill yesterday I stated that our first job in this Congress is to collect our wits, do some good straight thinking, and then decide whether or not we are going to abandon our policy of nationalism and adopt a policy of internationalism, after surveying most carefully all the changes and all the economic dislocations and readjustments which such a change of policy would inevitably require.

I further stated that the situation with which I am at the moment most concerned is one which would concern any Member of this Congress if his or her automobile were off the road and bogged down in the mire. If in that situation we saw a number of persons, no matter how helpful they might want to be, tugging and pulling in all directions, at the same time quarreling with each other as to which direction should be followed, and as to the efforts that should be exerted, we would quickly recognize that no automobile was ever freed from the mire by any such confusion of effort.

PULLING AND HAULING

In attempting, through the various methods adopted by this administration, to aid the distressed farmers of the country the latter find themselves in exactly the situation of the automobile just referred to.

For instance, we have taxed our people hundreds of millions annually to pay the American farmers to take millions of acres of good American soil out of production. We are now attempting to continue that procedure through the medium of this legislation.

While the compulsory features of the bill are not as strong as Secretary Wallace would like them to be, yet these features are there; and if this bill becomes a law as written, the farmers of this country will find themselves in a strait jacket because of it.

Secretary Wallace believes the American farmer is no longer competent to run his own farm, transact his own business, and regulate the planting and cultivating of his own crops, and that his every effort should be directed by some bureaucrat here in Washington under the personal direction of the Secretary himself. Secretary Wallace is pulling and hauling in one direction.

During the time the reduction-of-acreage program has been under way in the Agricultural Department the Secretary of the Interior has also been busily engaged in trying to solve the farm problem by spending other hundreds of millions of the taxpayers' dollars in the construction of great irrigation and reclamation projects in the arid West in order to bring other millions of acres into cultivation. Secretary Ickes is pulling and hauling in another direction.

Secretary Ickes, in his annual report to the President, said the American people had adopted the theory that the conservation of natural resources "can be made to produce a higher living standard." He again urged that his Department be designated the "Department of Conservation" as it is engaged chiefly in the administration, protection, and prudent use of natural resources. The report summarized the outstanding achievements and stated that the Bureau of Reclamation had carried forward "the largest program of construction in its history" during the year, with 21 dams under construction, including the Grand Coulee. This project, costing the staggering sum of $384,000,000, was "many months ahead of schedule," he said.

One must assume that Mr. Ickes' idea of the prudent use of the arid lands of the West is to put them into production, and in competition with farms already in existence, in the shortest possible time. I for one, however, find it difficult to believe that doing so will contribute to a higher living standard for the distressed farmers of this country. Yes; Secretary Ickes is pulling and hauling in another direction.

In the meantime Secretary of State Hull, a very splendid gentleman, is one who believes the selfish instincts of the whole world can suddenly be transformed into the practice of the Golden Rule if we will only convince the other peoples of the world of our unselfishness. By pulling and hauling in still another direction, he is attempting to free this agricultural automobile bogged down in economic adversity by opening our markets to the competitive agricultural products of foreign lands through his so-called reciprocal-trade agreements. The results to date seem to be that the economic automobile is sinking farther and farther into the mire with every pull and every haul of the Secretary. Yes, indeed, Secretary Hull is decidedly pulling and hauling in still another direction. Is it any wonder, then, with each of three separate departments of the Government operating by opposite and contradictory methods, that agriculture still languishes?

It must be apparent to everybody that taxing our people hundreds of millions of dollars annually to pay our farmers to take land out of production, and at the same time taxing our people other hundreds of millions to construct great irrigation and reclamation projects to bring other and now arid lands into competition with lands already under cultivation,

together with lowering our tariffs in order to make possible an ever-increasing influx of foreign competitive agricultural products, is confusion worse confounded. It constitutes the most senseless and the most extravagant instance of ill-advised experimentation this administration has as yet indulged in. Let us examine the record.

RAIDING MARKETS OF AMERICAN FARMERS

Following are only a few of the competitive agricultural products brought into this country during the past fiscal year:

420,000 head of live cattle.

150,000,000 pounds of meats, which included 62,000,000 pounds of pork and 85,000,000 pounds of beef.

15,000,000 pounds of butter.

66,000,000 pounds of cheese.

10,500,000 pounds of dried and frozen eggs.

181,000,000 pounds of wool.

17,000,000 bushels of barley.

434,000,000 pounds of barley malt.

78,000,000 bushels of corn.

48,000,000 bushels of wheat (12,000,000 milled in bond for export).

26,000,000 bushels of flaxseed.

180,858,000 pounds of rice and rice products.

73,822,000 pounds of tobacco, unmanufactured.

312,000,000 gallons of molasses, used in manufacture of alcohol.

19,000,000 gallons edible molasses.

6,600,000,000 pounds of sugar (3,300,000 short tons).

14,000,000 pounds of potato starch.

319,000,000 pounds of coconut oil (used in manufacturing butter substitutes).

519,634,000 pounds of copra (from which coconut oil is extracted).

360,000,000 pounds of palm oil (used in the manufacture of soap and tin).

64,000,000 pounds of palm nuts and palm nut kernels.

201,000,000 pounds of cottonseed oil (used in the manufacture of butter and lard substitutes).

147,000,000 pounds of tung oil (used in the manufacture of paints).

119,000,000 pounds of soybeans and soybean oil.

45,000,000 pounds of peanut oil.

48,000,000 pounds of forage crop seeds.

41,000,000 pounds of garden and field seeds.

551,000,000 pounds of vegetables of the common garden variety, including 59,000,000 pounds of dried beans, the latter accounting in large degree for the present low price of American beans.

There are hundreds of other such competitive agricultural products coming into this country which I do not have the time to discuss, all of them affecting adversely the price of American products with which they compete. The figures I have quoted above are taken from the bulletin entitled "Foreign Crops and Markets", issued November 20, 1937 by the Bureau of Agricultural Economics, United States Department of Agriculture. That issue is devoted exclusively to United States foreign trade in agricultural products for the fiscal year 1936–37.

The first paragraph of the report included the following statement:

> The value of imports of commodities, similar to or substituted for, those produced on American farms, rose by 35 percent over the fiscal year of 1935–36. The value of American farm exports, on the other hand, declined by 4 percent in spite of some improvement in the foreign demand situation. As a result the competitive imports exceeded the agricultural exports for the first time on record.

Agricultural imports are made up of two classes—those which compete with the products of the American farm and those which do not. Agricultural exports, on the other hand, are all listed under one classification. Products such as those listed above are either produced by American farmers on American farms or they displace the products of our American farms. In either event their importation results in restriction of American markets for American farm products, and accounts in large measure for our present surpluses and the deplorable conditions which face the American farmer.

Some idea of the lengths to which we have gone in throwing our markets open to competitive agricultural products can be had by an examination of the following table:

United States: Value of agricultural imports (for consumption) compared with total, 1929–37

Year ended June 30—	Total imports	Agricultural products			
		Total	Noncompetitive	Competitive	
				Value	Percent of total agricultural
1929	$4,292,000,000	$2,178,000,000	$1,147,000,000	$1,031,000,000	47.3
1930	3,849,000,000	1,900,000,000	1,011,000,000	889,000,000	46.8
1931	2,432,000,000	1,162,000,000	650,000,000	512,000,000	44.1
1932	1,730,000,000	834,000,000	459,000,000	375,000,000	45.0
1933	1,168,000,000	614,000,000	331,000,000	283,000,000	46.1
1934	1,674,000,000	839,000,000	420,000,000	419,000,000	49.9
1935	1,789,000,000	934,000,000	436,000,000	498,000,000	53.3
1936	2,208,000,000	1,141,000,000	500,000,000	641,000,000	56.2
1937 (preliminary)	2,894,000,000	1,538,000,000	670,000,000	868,000,000	56.4

Compiled from Monthly Summary of Foreign Commerce of the United States, June issues, and official records of Bureau of Foreign and Domestic Commerce.

The imports of competitive, noncompetitive, and total agricultural products into the United States over a period of years are shown in the table above. It will be noted that during the years 1929 to 1931, inclusive, the percentage of competitive products as compared with noncompetitive gradually declined. Beginning with 1932 and again in 1933 a slight rise occurred. In 1934, however, the year Congress enacted the Reciprocal Trade Agreement Act, there occurred a sharp rise in imports of competitive products, and this rise has been maintained since, until we have reached the highest percentage, so far as I can learn, in the history of the country.

The following table showing total exports together with agricultural exports, and the percentage of the latter as compared with the former, is also most illuminating. It discloses in all its sinister aspects the truth regarding the supposed rehabilitation of our foreign commerce, and particularly does it show what is happening to the American farmer and why it is happening:

United States: Domestic exports, total and agricultural, 1929–37

Year ended June 30—	Total exports	Agricultural exports	
		Amount	Percent of total exports
1929	$5,284,000,000	$1,847,000,000	35
1930	4,618,000,000	1,496,000,000	32
1931	3,032,000,000	1,038,000,000	34
1932	1,908,000,000	752,000,000	39
1933	1,413,000,000	590,000,000	42
1934	2,008,000,000	787,000,000	39
1935	2,085,000,000	669,000,000	32
1936	2,375,000,000	766,000,000	32
1937 (preliminary)	2,791,000,000	733,000,000	26

Compiled from Monthly Summary of Foreign Commerce of the United States and official records of the Bureau of Foreign and Domestic Commerce. Corrected to Oct. 28, 1937.

It will be seen from the tables above that we imported during the fiscal year ending June 30, 1937, competitive agricultural products to the value of $868,000,000, and noncompetitive agricultural products to the value of $669,930,000, making a total of $1,537,930,000. Our total exports of agricultural products were valued at $732,826,000. So we Americans bought more than twice as much of the products of the foreign farms as all the other nations of the world bought in agricultural products from us. The table below presents the picture from another angle. I commend it to the careful attention of every Member of this House who has the slightest regard for the welfare of our American farmers.

United States: Foreign trade in agricultural products, 1929–37

Year ended June 30—	Agricultural commodities		
	Domestic exports	Competitive imports	
		Value	Percent of domestic exports
1929	$1,847,000,000	$1,031,000,000	56
1930	1,496,000,000	889,000,000	59
1931	1,038,000,000	512,000,000	49
1932	752,000,000	375,000,000	50
1933	590,000,000	283,000,000	48
1934	787,000,000	419,000,000	53
1935	669,000,000	498,000,000	74
1936	766,000,000	641,000,000	84
1937 (preliminary)	733,000,000	868,000,000	118

Almost without exception noncompetitive products are on the free list. No other important nation in the world gives so freely of its market to other nations as we. That the market for noncompetitive products which we present to them constitutes an enormously valuable privilege is indicated by the tables which appear below, and which also refutes completely the charge by the administration that we Republicans have by our tariff policy brought ruin upon the American farmer. To the contrary, the figures in all the tables, which I print in the body of these remarks, supply irrefutable proof that the trade-agreement policy indulged in by the President of the United States and his Secretary of State, Mr. Hull, if continued, will complete the ruination of American agriculture. The tables referred to follow.

Imports of all commodities during years 1922–36, inclusive

[U. S. Department of Commerce]

Year	Total	Free	Dutiable
1922	$3,871,917,000	$1,871,917,000	$1,240,830,000
1923	3,792,066,000	2,135,942,000	1,656,124,000
1924	3,609,963,000	2,080,096,000	1,529,867,000
1925	4,226,589,000	2,651,266,000	1,575,323,000
1926	4,430,888,000	2,853,411,000	1,577,477,000
1927	4,184,742,000	2,621,873,000	1,562,869,000
1928	4,091,444,000	2,616,239,000	1,475,205,000
1929	4,399,361,000	2,843,354,000	1,556,007,000
1930	3,060,908,000	2,051,110,000	1,009,798,000
1931	2,083,634,000	1,381,435,000	709,199,000
1932	1,322,774,000	879,043,000	443,731,000
1933	1,449,559,000	878,100,000	571,459,000
1934	1,636,003,000	991,161,000	644,842,000
1935	2,038,805,000	1,205,987,000	832,918,000
1936	2,421,000,000	1,382,000,000	1,039,000,000
Total	46,619,653,000	28,442,934,000	17,424,649,000

Mr. Chairman, the thing happening to American agriculture as a whole is best indicated by what is happening to the American cotton grower and the cotton-growing industry. The policy of scarcity, if persisted in, can bring but one result, and that is economic disaster.

The acreage base in the United States for the growing of cotton is, according to information I have from the Agricultural Department, 45,000,000. With the enactment of the cotton-control bill, however, our acreage was cut by bureaucratic mandate to less than 30,000,000 acres. Before the enactment of this law American cotton dominated the world market.

Our cotton farmers had their ups and downs, of course, but as a whole they were on a par economically with other farmers of the country. They grew more than half the cotton grown in the entire world, and the world looked to us for this necessary product. There had been no development or increase of foreign acreage that in any way challenged our supremacy in this activity.

The growing population of the world and its growing need gave full protection to the American cotton industry. There was no particular incentive for the rapid expansion of cotton-growing activities in other countries. There probably would have been none such had it not been for the foolish, the senseless—yes; the ruinous—policy inaugurated by the Cotton Control Act.

Mr. Chairman, when the particular starry-eyed boys who were then surrounding those in highest authority prepared and sent to Capitol Hill the proposed legislation which was to bring economic salvation to the people of the South, but which instead brought what will soon be recognized as economic disaster, they then and there served due notice on every nation capable of growing cotton that "we are now abandoning our foreign markets; help yourselves to them." That the other nations were quick to accept and profit by the opportunity is graphically and tragically shown by the following table:

Cotton: Acreage in specified countries—Average 1925–26 to 1929–30 and 1933–34 to 1936–37

[In thousands of acres]

	Average 1925–26 to 1929–30	1933–34	1934–35	1935–36	1936–37	Percent of 1929–30 acreage
United States	42,601	29,978	27,515	27,335	30,054	−30
India	26,192	23,739	23,907	25,999	25,219	−5
China	4,519	6,142	6,747	5,318	8,547	+185
Union of Soviet Socialist Republics	2,017	4,858	4,843	4,827	4,979	+247
Egypt	1,828	1,873	1,798	1,733	1,781	−3
Brazil	1,492	2,851	4,067	5,189	6,425	+430
Argentina	241	480	707	763	1,015	+463
Uganda	615	1,091	1,181	1,366	1,488	+125
Mexico	472	424	418	599	786	+166
Turkey	334	400	491	520	625	+187
	80,311	71,836	71,674	73,649	80,919	----------

Source: Agricultural statistics 1937 and 1936, U. S. Department of Agriculture, except for figures on Brazil, which were supplied by Cotton Division of U. S. Department of Agriculture.

Can even the blindest cotton-control enthusiast for a moment believe our cotton farmers will ever regain those lost foreign markets? A continuation of the policy of reduced production will destroy our foreign markets for other agricultural products exactly as it is doing for cotton.

Mr. Chairman, for more than a year we have been hearing strange things about a mysterious report by a commission appointed by the President to investigate and report upon conditions growing out of the cotton-control program in the cotton-growing States. Rumor has it that the commission's report was buried quickly and deeply in the archives of some governmental department. This rumor persists, and there has been no denial by any responsible official. Report has it also that the conditions disclosed were not the satisfactory, the justifying sort the administration had hoped to receive. In fact, it is said that the most conspicuous result of the program was the throwing out of employment 1,000,000 workers of the South, most of whom were thrown upon relief.

Approximately 30,000,000 acres of cotton were grown in this country this year, a reduction of 15,000,000 from the base acreage of 45,000,000. The yield per acre was far above the previous 10 years' average. The crop for 1937 exceeds 19,000,000 bales, and is more than 1,000,000 in excess of any 1 year's production in the history of cotton growing in the United States. The carry-over from last year was 6,000,000, making a total of 25,000,000 bales. Of this enormous supply not more than 6,000,000 will be processed and used in this country during the coming year, and not more than 4,500,000 bales will be sold in foreign markets. This will leave a carry-over before the next crop is harvested of 14,500,000 bales.

The Secretary of Agriculture advocates, and it is provided in this bill, that only 28,000,000 acres will be planted in cotton in 1938, this being 2,000,000 less than were planted this year. This means that 200,000 more southern people will be thrown out of employment and on relief because of this destructive program, adding to the growing volume of unemployment in this country.

It is estimated that next year's crop will be 12,000,000 bales. Well, arithmetic is still arithmetic, and the answer is that there will be a total supply of 26,500,000 bales at the end of the 1938 crop year. Our consumption and export of cotton will remain about the same as it is this year, and the carry-over will be increased by 1,500,000 bales, leaving on our hands a carry-over of 16,000,000 bales. Where will we go from there?

The minority report states that—

Cotton authorities in the South are unanimous in the opinion that the cause of the enormous increase in the production of cotton, as well as the rapid loss of our foreign markets, is due to artificial interference on the part of the Government. Also that the difficult situation confronting the cotton farmers must be recognized by everyone, and drastic steps taken to revive world markets for cotton and to increase domestic consumption. Otherwise neither legislative fiat, nor compulsory control, nor 9-cent loans and 3-cent subsidies can save the cotton South.

During the past 5 years we have heard much of overproduction and of one-third of the Nation being ill-fed, ill-clothed, and ill-housed.

Mr. Chairman, so long as one-third of the Nation is ill-fed, ill-clad, and ill-housed, there can be no such thing as overproduction of general agricultural products. It is not possible.

The whole attempt of the administration throughout its entire program, both in regard to industry and particularly in regard to agriculture, has been to perpetuate an economy of scarcity into an era which is entirely and essentially and inescapably one of economic plenty.

Not only is it futile, it is nothing short of criminal to endeavor to restrict production and to raise prices in the United States of America so long as one-third of the American market is suffering from a lack of the very things the production of which it is sought to limit.

It is such a self-evident fact that it is amazing that anyone can fail to see that the way to a more abundant life for every class of citizen in this Nation is not by restricting production and forcing prices to higher levels, but is by contantly expanding production with lower costs and lower prices in order that the necessities, the comforts, and the luxuries of life may be placed within reach of an ever-increasing number of our people. This is the most elementary fact in sound economics.

The trouble with the whole situation is that so many people in power have become lost in a misunderstanding of the difference between money income and real income. What difference can it possibly make whether a man—be he either farmer or workingman—has an income of $200 a month which he has to spend for board, room, and lodging with no saving possible, or whether he has an income of $100 a month if he can by lower prices have the same character and quality of board, room, and lodging.

Mr. Chairman, money income, whether in the form of wages or revenues from farm products, does not constitute the vital factor. The real crux of the situation is the exchangeability of that money income for the necessities, comforts, and luxuries of life.

If today we could sufficiently lower the prices of all of the things the farmer has to buy, the farm problem to all intents and purposes would be practically solved. If today we could sufficiently lower the prices of all of the things the nonagricultural population has to buy, the unemployment and the relief situation would be practically solved.

There has not in the history of this country, or I might say in the history of mankind, been a clearer example of an attempt by a nation to lift itself by its boot straps than is evidenced in this effort of the New Dealers to try to create more purchasing power by creating an artificial scarcity, and forcing up production costs both in agriculture and industry, and then in turn forcing up price levels of both manufactured and agricultural products, and then imagining that by this self-nullifying process in some magic way an increased purchasing power has been created.

It is about time that somebody told the American farmers and the American workers the truth about this thing. Farm products are today so closely and fully integrated into manufacturing processes, and they have such a vital and primary effect on our living conditions, that it is nothing but deceit and fraud on the farmer to lead him to believe that by restricting his production, putting him under compulsory restrictions, to be administered by a lot of crackbrained theorists, and then, as a consequence, to increase the price of everything the farmer has to buy and on the other hand to bring into production, which today is not producing, other ground in competition with the cultivated acres and, in addition to that, to bring into the market foreign agricultural products, is so foolish, is so impracticable that it is difficult to find words adequate to describe such an economic aberration.

How can the American farmer or American workingman possibly benefit if you are going to increase his money income and then promptly take it away from him in his price outgo?

The American farmer does not want to be regimented and policed. He does not want his farm home infested by a horde of G-men and bureaucrats snooping to examine his books and his wheat bins and his corn cribs and his potato barrels. What he wants and what he must have is a fair chance for parity of income and parity of prices.

Now, Mr. Chairman, we are hearing much these days of parity. What is parity? What does it mean? Parity means the fair and equitable exchangeability of farm products for token money which in turn carries with it a fair and equitable exchangeability into manufactured goods which the American farmer must have to live.

The farmer is not alone in wanting parity of income and parity of prices. The industrial worker too wants parity of income and parity of prices. That parity means money wages which can be equitably exchanged for token money which in turn can be equitably exchanged for a fair amount of farm products and other necessities which the workers must have to live. All the vaporings of theoretical and fever-browed economists cannot change those facts. We have the same situation today that we had back in the days when barter and trade was the method by which men exchanged the fruits of their labors with each other in order that all might have sufficient whereby to satisfy their necessities and their desires. The only difference between that day and this is that today we have introduced the device of token money to facilitate the exchange.

So then, this talk of parity income and this talk of parity prices means, in simple language, the price which a farmer can get for what he sells and the price he must pay for that which he must buy. To seek to compel restriction of production, and thereby to force an increase of prices, and to impose upon the Nation an expensive and wasteful bureaucracy to accomplish this while talking of the more abundant life for everybody, is worse than sheer nonsense. It is sheer deception and is the way to economic suicide.

If the American market is adequately protected for the American farmer, he will have far more mouths to supply than he can possibly find in foreign markets even though he were not losing his markets day by day as he now is under the operation of the so-called "reciprocal" trade policy.

We have had a lot of talk about the more abundant life for the masses. Economically speaking, abundant life is an abundant supply of the things we need and desire. Again, I say, Mr. Chairman, an abundant supply of the things we need and desire is not to be accomplished by the American farmers or the American workers being restricted in production or by forcing up prices to the point where the consumer, who is the American farmer and who is the American wage earner, and all others in this country, cannot purchase the things they need and they desire.

TEMPORARY SOLUTION

Agriculture's difficulty can be met if we will give to the American farmers an American price for that part of the crop consumed in this country, and for a few years at least, selling in foreign markets at the world price such surplus as may be from time to time produced.

The McNary-Haugen bill would accomplish exactly that. The cost to the taxpayers would be negligible. Controlled production under application of its principles would be much more certain than under any farm relief proposal of the present administration. Neither bureaucratic control nor coercion is involved. The American farmer would remain master of his own soul. Under this program he would have something to say about what he would raise and how much he would raise; which acres he would plant and which he would not. The Republican members of the committee have

endorsed the principles of the McNary-Haugen bill in their minority report. I have advocated it for the past 10 years. I shall continue to do so.

PERMANENT SOLUTION

Mr. Chairman, "Great oaks from little acorns grow." There is a chemical plant, located in Kansas, I believe, which presents the first step toward the permanent solution of the agricultural problem. Surplus products of the farm constitute its only raw material. Its finished product consists of ordinary commercial alcohol. This alcohol is, in a mixture of two parts alcohol to eight parts gasoline, being used as a motor fuel and a fuel for other internal-combustion engines. By use of this mixture, the efficiency of the motor is increased more than 25 percent. The octane content of the fuel is increased. As a result the motor is kept free of carbon. The cost of the fuel is not increased at the filling station. This alcohol can be manufactured from 60-cent corn and sold at a profit for this purpose. The Kansas farmer today is getting 35 cents for his corn. In 1935, had we used this mixture in our automobiles and other gasoline engines, there would have been a market for 100,000,000 barrels of alcohol manufactured from our surplus crops. Alcohol can be manufactured from practically every farm product, and had this been done, we would have found it necessary to greatly increase instead of reduce agricultural production. Our supply of crude oil, no matter how abundant, is exhaustible. Our farm production will continue so long as man sensibly cultivates the soil.

Little chemical plants located everywhere throughout the land, producing alcohol and other chemicals from our surplus crops, are for the farmer as well as for all others in this country the keys of the gates of tomorrow.

Mr. Chairman, we have wasted our substance. We have placed heretofore undreamed of burdens of debt and taxes upon our people. We are faced with economic disaster. If we do not immediately return to the practice of sound economics, I tremble for the future of my country.

MARION, MICH., *November 21, 1937.*

Hon. ROY WOODRUFF,
Washington, D. C.

DEAR SIR: I am past 70, and perhaps I am getting feeble-minded like the Justices of the Supreme Court, which may account for my queer ideas.

I do not believe in Government crop control. If one wishes to live the abundant life, he must produce in abundance. If I am in need of a new hay loader or manure spreader, or if my wife needs a new washboard, I must have something to exchange for them. Otherwise I must go without.

And again: This is a big country, and there is so much difference in climatic conditions and varieties and fertility of soils that no one man or group of men can formulate a control plan that would be fair to all.

And I am opposed to paying farmers benefits for soil conservation.

I was born in the team and wagon age. In those days we were taught that we should follow a system of crop rotation that would conserve the fertility of our soils. Many farmers followed that plan and not only conserved but built up the fertility of their farms.

We supposed soil conservation was part of the farmer's job but have learned we are mistaken. We are now told we should be paid for the work, and that the economic royalists, the business and professional men, the factory workers, the widows and orphans, and the forgotten man should foot the bill.

But why should a widow with a few thousand dollars of life insurance drawing a low rate of interest be taxed to pay benefits to a well-to-do farmer who owns a good farm and is free from debt?

Any legislation that takes money away from one class of people and hands it to another class regardless of their needs is out of joint and should be thrown on the scrap heap.

And when will all these different hand-outs cease? The longer a calf runs with the cow the harder it is to break it to drink alone, and if this administration doesn't begin to wean its calves before long the old cow will be dry.

I think our troubles are largely of our own making. We have been running after strange gods and neglected the moral and spiritual training of our children. As a result our crime bill is fifteen billions a year, our booze bill more than five billions, our gambling bill six billions, to say nothing of prize fights and other high-class entertainment.

We are paying entirely too much for our whistle and cannot expect real prosperity until we practice more thrift, and no legislative nostrums will remedy this condition.

Poor Richard says, "What it takes to maintain one vice will bring up two children." If some people would raise a little less hell and more children, or at least take better care of the ones they now have, there would be no need of crop control, and our welfare problem would be greatly simplified. And there would not be so many ill-housed, ill-clad, ill-nourished, and ill-natured people in the country.

Respectfully,

C. E. GERBERICH.

CANASTOTA, N. Y., *November 22, 1937.*

MY DEAR CONGRESSMAN: There is a big surplus of potatoes this season. The ever-normal-granary plan calls for a correction for next season, by reducing acreage 5 percent. This is absurd.

Farmers having 3 acres are to be exempt. There will be a big increase in 3-acre farms. Those affected by the plan will use more fertilizers, more spray, better care, and consequently may reasonably be expected to increase yields 10 or 20 percent, thus actually producing many more potatoes than this year.

A man now producing 30 acres of potatoes, 200 bushels to the acre, will be paid $171 for changing 1½ acres of ground to some other crop. Anyone producing 300 acres of potatoes, with a yield of 300 bushels to the acre, will be paid $2,700 for changing 15 acres to other crops. The plan will cost the taxpayers hundreds of thousands of dollars. Changing from potatoes to other crops will result in overproduction of other vegetables.

New York State farmers voted 14 to 9 in favor of the proposition, according to the Federal Government's report, but the fact is that probably not 3 percent of the farmers polled a vote; they were too much disgusted with the proposition to do so. In Madison County (my own county), out of more than 200 farmers eligible, only 7 cast a ballot, 6 being in favor.

The United States Agriculture Department's report shows that in crop production acreage is a 25-percent factor. Weather conditions, diseases, and pests are a 75-percent factor. Acreage control, then (a 25-percent factor), cannot regulate crops against the 75-percent factor (weather conditions, diseases, and pests). Every experiment in crop control so far has proven disastrous.

Farming is my business. I do not want to be humiliated by subsidy (a form of charity) nor by regimentation.

The administration seems to be determined in its program. Farmers generally are self-reliant and wish only to be left alone. They own their farms, they wish to control them, and they do not care to be serfs under the domination of experimenters.

Won't you please use your influence in every way in our behalf?

Respectfully yours,

J. FENN SMITH.

With the country practically "broke", how can we justify the proposed $500,000,000 expenditure for experimental crop control?

Mr. HOPE. Mr. Chairman, I yield now to the gentleman from Michigan [Mr. SHAFER].

Mr. SHAFER of Michigan. I ask unanimous consent, Mr. Chairman, to extend my remarks in the RECORD at this point.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SHAFER of Michigan. Mr. Chairman, economists who like figures, statisticians who lecture from charts, legislators who work themselves into a frenzy when speaking of the plight of agriculture, taxpayers in general, and most farmers will all no doubt be surprised to learn that for every $100 of agricultural production in the United States in 1935 the Department of Agriculture spent $18.73 of the public moneys for one purpose or another.

According to statistics compiled by the Bureau of Agricultural Economics of the Department, the cash farm income for 1935 was $6,507,000,000.

The Bureau of the Budget, which is very accurate when it comes to accounting for moneys spent, reports the expenditures of the Department of Agriculture for the fiscal year 1935 were $1,218,705,259.96.

Thus, the spending under the direction of his single Department of the Federal Government for the benefit of agriculture was at the rate of $18.73 for each $100 of the Nation's total agricultural income for 1935.

While the sum spent may seem to be a liberal expenditure for the benefit of agriculture, this was not all the Federal Government did for the farmer in 1935. He was also helped with emergency seed and feed loans and financial aid through the Farm Credit Administration. The Surplus Commodities Corporation bought large slices of his crops. The Commodity Credit Corporation advance huge sums as loans against cotton, and in addition more than 600,000 farmers were either the recipients of direct relief or were provided with part-time employment through the general public-works program.

This emergency relief in the form of grants from F. E. R. A., W. P. A., and R. A., together with seed and feed loans from the Farm Credit Administration, amounted to $225,000,000 in 1935.

These added helps to agriculture constitute an added charge against the economic balance if and when charges of that kind will become useful. However, it is not the purpose of this article to lead the reader into the field of speculative statistics, but rather to present a factual review of a past agricultural situation and the condition on which the Federal Government has spent more than $3,000,000,000 in the last 4 years.

HOW THE MONEY WAS SPENT

Of the more than $3,000,000,000 spent by the Roosevelt administration for the farmer in the 4 years ending June 30, 1937, the sum of $2,270,848,510 was expended through the Agricultural Adjustment Administration, a separate agency of the Government set up wholly within the Department of Agriculture.

Included in this sum are the payments for 1936 under the Soil Conservation Act, amounting to $399,721,104.94.

Aside from the moneys spent under the direction of the A. A. A., the Surplus Commodities Corporation has purchased for distribution to needy relief clients in the various States, beef, pork, and dairy products in the amount of $267,959,266. Through the Commodity Credit Corporation cotton farmers in the Southern States have been loaned more than $300,000,000 on 6,200,000 bales of cotton. Cash price adjustment subsidies approximating another $50,000,000 has been distributed to cotton farmers. The Government loan losses on cotton through price declines have aggregated $55,000,000 more, and on August 30, 1937, the Reconstruction Finance Corporation authorized a further loan of $150,000,000 to the Commodity Credit Corporation to make loans on the 1937 cotton crop. Besides this advance from the R. F. C., the Congress has made available from the regular funds of the Government $130,000,000 for cotton price adjustment payments. This appropriation was bitterly fought in the closing hours of the first session. Speaking against the appropriation, Congressman ANDRESEN of Minnesota said:

> If this proposal goes through, it will be the biggest steal that has ever been put over on American agriculture. It will segregate one crop of farmers in the United States and leave all the other farmers, the dairy farmers, rice farmers, grain farmers, and others out on a limb, with no chance to get legislation, because you are enacting farm legislation for one large group of farmers and taking $130,000,000 out of the Treasury to subsidize them, while not giving the other farmers who need help the proper consideration they should have at this or any other time.

Congressman ANDRESEN's sentiments were echoed by Congressman COFFEE of Nebraska, who introduced statistics compiled by the chairman of the Agricultural Committee showing the value of the leading farm commodities for the year were:

> First, dairy products, $1,796,000,000; second, corn, $1,556,000,000; third, hogs, $1,107,000,000; fourth, cottonseed and cotton lint, $979,000,000; fifth, hay, $870,000,000; sixth, cattle and calves, $868,000,000; seventh, wheat, $638,000,000.

TEN STATES GET BIG SHARE

Of all the moneys spent for agriculture, 10 States, namely, Texas, Iowa, Kansas, Illinois, Nebraska, North Dakota, Missouri, Oklahoma, Minnesota, and South Dakota, received more than one-third of the total.

MONEY FOR 1937 AND 1938

In addition to the more than $3,000,000,000 already spent, the Congress has made available for expenditure during the fiscal year ending June 30, 1938, approximately $830,000,000, part of which will be for loans only.

Department officials are quick to point out that prior to the Hoosac Mills decision of the Supreme Court invalidating the collection of processing taxes, the Government had been able to recoup nearly a billion dollars of the expenditures through the collection of the processing taxes.

These collections actually totaled $963,250,000 in the period from July 1, 1933, to March 31, 1936, when collections were discontinued.

With due consideration to the processing-tax collections, the net investment in agriculture remains at well over $2,000,000,000, most of which, as previously mentioned, was spent by A. A. A.

HISTORY OF A. A. A.

During the more than 4 years which has elapsed since the passage of the Agricultural Adjustment Act, May 12, 1933, and despite the findings of the Supreme Court of the United States, January 6, 1936, that the provisions relating to benefit payments and processing taxes were unconstitutional, the act as amended by subsequent Congresses has been the authority for distributing the more than $2,000,000,000 to the agricultural interests of the Nation. These interests include not only the small dirt farmer as we know him but the huge corporations engaged in quantity production of sugar, cotton, tobacco, rice, and wheat. Many of the "interests" who received the checks are banks and insurance companies, who have taken over ownership of large acreages through farm foreclosures. How the average farmer figures in the picture can best be visualized from a study of the following table which shows a break-down of A. A. A. disbursements from May 12, 1933, to December 31, 1935.

As will be noted from the table there is little of equity in any plan of distribution of public funds in which a wheat grower in Kansas is given an almost overwhelming preference to a potato grower in Maine.

In the distribution for the first period of A. A. A., the 10 central Western States which shared so generously are well on top with benefits, while the States along the Atlantic seaboard are for the most part at the bottom of the list.

TABLE I.—*Agricultural Adjustment Act distribution and administrative expenses per capita for the 3 years from May 12, 1933, to Dec. 31, 1935, inclusive, not including administrative expenses at Washington, D. C., which were $31,835,368.13 additional*

State	Farm population	Benefit payments	Local expense	Per capita benefits	Per capita expense
Kansas	707,196	$86,755,192.24	$767,924.20	$122.67	$1.08
North Dakota	397,294	41,270,711.28	571,342.91	103.87	1.44
Nebraska	585,701	57,634,849.86	934,736.15	98.40	1.59
Iowa	977,906	93,294,030.60	897,760.82	93.40	.92
Montana	204,594	18,733,470.82	569,254.55	91.55	2.80
South Dakota	390,205	31,831,366.56	780,176.73	86.70	2.80
Idaho	188,365	12,138,628.81	265,343.57	64.44	1.41
Illinois	999,249	56,868,049.18	869,600.19	56.93	.87
Texas	2,352,272	132,776,927.75	5,909,932.71	56.44	2.51
Colorado	282,827	15,526,943.68	584,162.16	54.88	2.06
Oklahoma	1,024,090	53,128,471.86	2,535,088.22	51.78	2.48
Washington	304,735	15,587,206.72	394,029.64	51.15	1.29
Indiana	813,007	36,126,463.50	517,991.31	44.45	.64
Wyoming	73,152	3,249,538.84	308 029.72	44.40	4.21
Minnesota	895,349	32,817,104.00	1,047,111.53	38.90	1.17
Missouri	1,114,484	42,522,601.29	1,481,603.98	38.15	1.33
Louisiana	830,656	29,549,383.54	1,757,582.63	35.57	2.11
Oregon	223,667	7,808,769.08	393,385.32	34.91	1.31
Utah	115,713	4,013,984.44	184,629.32	34.68	1.59
Arkansas	1,119,464	35,313,740.02	2,300,142.38	31.54	2.05
Ohio	1,013,229	27,885,711.07	939,914.54	27.53	.93
Mississippi	1,358,843	34,379,868.30	2,544,632.74	25.37	1.87
South Carolina	916,471	21,823,284.69	1,809,641.98	23.81	1.97
New Mexico	158,631	3,684,740.92	391,702.25	23.22	2.49
Arizona	98,995	2,273,696.31	125,574.95	22.96	1.22
Connecticut	96,770	1,994,539.54	150,206.34	22.49	1.73
Alabama	1,340,277	29,938,661.70	2,756,764.85	22.33	2.05
Georgia	1,418,514	30,947,145.52	2,701,284.96	21.81	1.90
California	620,506	13,104,109.10	1,088,244.55	21.11	1.75
North Carolina	1,599,918	30,731,379.44	2,458,702.52	19.20	1.57
Kentucky	1,176,524	20,631,910.04	783,727.53	17.55	.67
Tennessee	1,215,452	19,263,792.28	1,427,634.87	15.84	1.17
Wisconsin	881,054	12,127,606.29	879,869.05	13.75	.99
Maryland	237,456	2,905,039.76	362,294.53	12.23	1.11
Michigan	782,394	8,880,283.13	457,002.80	11.35	.58
Massachusetts	123,255	1,267,126.21	234,752.40	10.28	1.92
Florida	278,981	2,852,837.16	447,207.43	10.22	1.60
Nevada	16,441	153,735.98	100,351.54	9.35	6.10
Delaware	46,530	364,717.27	47,491.95	7.85	1.02
Virginia	950,757	7,074,492.76	837,456.81	7.44	.90
New Jersey	131,096	520,899.64	199,200.53	3.97	1.52
Pennsylvania	856,694	3,282,107.11	566,469.77	3.83	.67
West Virginia	499,114	793,705.06	263,530.97	1.76	.58
New Hampshire	62,850	63,027.45	51,265.38	1.00	.81
Vermont	112,904	103,851.60	109,847.45	.91	.97
New York	719,929	569,601.44	1,076,818.46	.79	1.49
Rhode Island	16,477	6,319.49	49,326.03	.38	3.00
Maine	170,995	6,065.00	81,593.43	.035	.47

Syndicate Trade Press, Paul O. Peters, Washington, Aug. 28, 1937.

In making a detailed study of the expenditures as evidenced by the table, it will be observed that the administrative cost of $81,593.43 in distributing but $6,065 to the 170,995 persons

comprising the rural population of Maine sets a precedent in supervisory extravagance.

To further enlighten the reader on the actual situation in agriculture in the various States, it may be mentioned that in a study of agricultural production for the year 1929, the Brookings Institution of Washington, D. C., made an exhaustive study of the per capita income of the farm population in each State. In this study Maine ranked 14 and Kansas 20 among the States in per capita income of the farm population.

More striking than these figures are those presented by a break-down of the $400,000,000 distributed in 1936 for compliance with the provisions of the soil conservation act of that year.

In a second table submitted herewith, comprising payments for 1936, we find that North Dakota tops the States with a per capita distribution to the farm population of $54.86 as compared with 99 cents for the farm population of Rhode Island. The table is self illustrating.

TABLE II.—*Per capita distribution of moneys paid out under the soil-conservation amendment to Agricultural Adjustment Act for 1936, not including administrative expenses at Washington, D. C.*

State	Farm population	Payments distributed	Per capita
North Dakota	397,294	$21,798,559.69	$54.86
South Dakota	390,205	16,348,525.36	41.89
Montana	204,594	7,236,334.70	35.37
Iowa	997,906	28,876,353.58	28.93
Kansas	707,196	19,743,014.01	27.91
Nebraska	585,701	15,053,701.35	27.40
Minnesota	895,349	18,858,678.35	21.06
New Mexico	158,631	3,158,484.39	19.91
Colorado	282,827	5,455,598.74	19.29
Wyoming	75,152	1,366,915.56	18.18
Illinois	999,249	17,397,012.17	17.31
Texas	2,352,272	38,242,684.89	16.25
Idaho	186,365	2,981,895.55	15.83
Oklahoma	1,024,090	15,234,118.25	14.87
Wisconsin	881,054	12,351,596.00	14.01
Indiana	813,007	11,096,417.12	13.64
Missouri	1,114,484	13,684,111.29	12.27
Arizona	98,995	1,190,544.24	12.03
Nevada	16,441	179,797.80	10.93
Utah	115,713	1,234,587.60	10.67
Ohio	1,013,229	10,355,978.82	10.22
Kentucky	1,176,524	11,698,491.84	9.94
Michigan	782,394	7,589,229.17	9.70
Louisiana	830,656	8,069,099.16	9.70
Oregon	223,667	2,087,715.98	9.33
Arkansas	1,119,464	11,078,720.17	9.18
South Carolina	916,471	8,253,557.07	9.00
Mississippi	1,358,843	12,044,652.63	8.86
Georgia	1,418,514	12,390,486.97	8.74
Washington	304,737	2,654,175.85	8.71
Alabama	1,340,277	11,648,823.55	8.69
North Carolina	1,599,918	12,932,333.06	8.08
Tennessee	1,215,452	9,066,180.97	7.45
Delaware	46,530	343,288.00	7.37
California	620,506	4,448,359.69	7.17
Maryland	237,456	1,502,835.99	6.34
Florida	278,981	1,588,026.93	5.69
New York	719,929	3,229,486.72	4.48
Connecticut	96,770	412,887.21	4.26
Virginia	950,757	3,517,093.90	3.69
Pennsylvania	856,694	3,122,755.28	3.64
Vermont	112,904	344,928.45	3.05
New Jersey	131,096	377,397.71	2.88
Maine	170,995	404,919.64	2.36
New Hampshire	62,850	124,484.74	1.98
Massachusetts	123,255	244,831.38	1.98
West Virginia	449,114	759,477.73	1.69
Rhode Island	16,477	16,464.09	.99

The two tables presented heretofore show in brief how the major part of $2,000,000,000 was distributed, but tables give no inkling of the political struggles behind the scenes which have caused many defections from the ranks of the New Deal.

At this point in our story it is fitting to mention that while the Agricultural Adjustment Act was ostensibly passed as a means to relieve an acute agricultural situation, by some mysterious means a rider was tacked on the act before its final passage in the Senate which gave the President authority to devalue the dollar, to issue $3,000,000,000 in greenbacks, to buy silver as a monetary reserve, and to otherwise change the whole monetary system of the Federal Government. This rider, more than the original act itself, has since 1933 been the controlling element in national financing, not only for the farmer but for the entire Nation.

GEORGE PEEK

With the passage of the act differences of opinion arose in the Department of Agriculture as to how the act should be administered.

George N. Peek, who became the first administrator, but resigned December 11, 1933, in a recent book said:

> There is no use in mincing words. The A. A. A. became a means of buying the farmer's birthright as a preliminary to breaking down the whole individualistic system of the country.

Peek also charged after his resignation that Secretary Wallace and his aides were about to make "remittance men" out of the farmers. He stated the principal reason for his resignation as follows:

> I could not then or now willingly be a party to seeing control of the land of the farmers taken from them and put at the disposal of a Washington bureaucracy.

Whether there is any merit to Mr. Peek's objections to the methods adopted in administering the A. A. A. during the last 4 years, sufficient to note at this time that through this activity the employees of the Department have grown in number until in July this year there were 101,551 employees on the active pay rolls of the Department.

MORE HISTORY OF A. A. A.

About a month before the Agricultural Adjustment Act was passed and became a law a group of the President's advisers in the Department of Agriculture began forming plans for the administration of the act.

Among these advisers were Frederick P. Lee, who actually drew the bill, and Mordecai Ezekiel, who assisted him. Ezekiel conceived the plan of getting up about 500,000,000 printed forms so as to secure information about the agricultural situation. These forms were to cost an estimated five or six hundred thousand dollars. This idea of printed forms seemed to be uppermost in the minds of some of those closely connected with A. A. A. policies, for in submitting, on June 19, 1936, a report to the Secretary of the Senate, Secretary Wallace included a letter of submittal from the Acting Administrator of A. A. A., J. B. Hutson, wherein it was revealed that—

> Since the Agricultural Adjustment program was first initiated a total of nearly 24,000,000 individual checks have been issued under the Agricultural Adjustment Act. The number of individual contracts on file in the rental and benefit audit section was 8,013,055 on May 15, 1936. About 60,000,000 individual tabulation cards are in the files, recording the information on contracts and payments.

The 60,000,000 cards casually mentioned were only a small part of the factory-like set-up which prevailed throughout the entire A. A. A. organization.

Early in the organization of the A. A. A. offices in Washington machines were substituted for men wherever possible. The machines, which could not be purchased outright, were rented on a monthly basis for $19,000 per month. Thus in 4 years nearly a million dollars was spent for mechanical devices in the A. A. A. statistical factory. This factory-like set-up is now gone and the work of assembling statistical information, together with the work of distributing checks is done in a routine fashion. Which is all a prelude to the facts that while $2,204,617,644 has been expended through the A. A. A. to April 30 this year, $120,000,000 went for administrative expenses, $50,000,000 having been spent in Washington alone.

In addition to the help extended to the farmers through A. A. A., it is mentionable that during the same period the Farm Credit Administration has made loans which are still outstanding amounting to over $3,000,000,000. Thus a large portion of farm credit has been shifted during the last 4 years from the small local banks to an auxiliary of the Federal Government.

REGULAR EXPENDITURES OF THE DEPARTMENT

While a large part of the money distributed to farmers under the Agricultural Adjustment Act may be classified as extraordinary expenses of the Department of Agriculture, it is almost an impossibility to separate certain items of expense from the whole in an intelligent manner. To present a clearer picture of the situation, we will return briefly to a

discussion of the regular activities of the Department and the relation as a whole to the economic production of agriculture.

A BIT OF HISTORY

In the early days of the Republic agriculture was not much of a political or national problem. Land was plentiful and cheap. As late as 1833 more than 3,856,000 acres of land in the States of Ohio, Indiana, Illinois, Missouri, Alabama, Mississippi, Louisiana, and the Territories of Florida, Michigan, and Arkansas were sold to settlers for $3,967,000, only slightly over $1 an acre. As the population was relatively agricultural in 1833, there was no great industrial demand for food products, consequently the Nation was able to export large quantities of meats, grains, tobacco, and cotton.

These agricultural products made up more than $55,000,000 of the total of $70,000,000 of exports in 1833.

In these early days the Agricultural Department of the Government functioned as a commission under the jurisdiction of the Commissioner of Patents. This status was maintained until shortly after the Civil War, when the Department achieved the status of a separate bureau.

It might have remained as such for many years were it not for the activities of the National Grange.

As late as 1876 the then Commissioner of Agriculture declared the principal function of the Department was to distribute seeds and literature, and he maintained that this distribution could well be handled by the Congressmen themselves. Thus it was that for many years each Congressman was allotted a generous quota of seeds for free distribution and also several hundred bound copies of the Department's annual report for mailing to selected constituents.

The seed distribution was dispensed with during the World War and has never since been revived, but the distribution of Agricultural Yearbooks is still the vogue and each Congressman is allowed an annual quota of 400 copies, wrapped, ready for mailing under his personal frank.

When the Congress met in special session November 15 few of the Members knew that it was through the persistent efforts of the Grange that the Department of Agriculture was elevated to Cabinet rank by Grover Cleveland in 1889. Norman J. Coleman, a native Missourian and former master of Potomac Union, No. 1, of Washington, D. C., of the Grange, was named the first Secretary in the President's Cabinet, February 13, 1889. Coleman served but 3 weeks, when he was succeeded by Jeremiah M. Rusk, of Wisconsin. Rusk was succeeded March 6, 1893, by J. Sterling Morton, of Nebraska. Morton was succeeded by James Wilson, of Iowa, who served 16 years, until March 5, 1913. Wilson was succeeded by David Houston, another Missourian, who served until January 31, 1920, when President Wilson named E. T. Meredith, of Iowa, agricultural publisher, to the post. Meredith served until March 5, 1921, when the office went to his neighbor and business rival, the late Henry Wallace, father of the present Secretary. Henry Wallace died October 25, 1924, and the post was temporarily filled by Howard Gore, of West Virginia, who had been Assistant Secretary. Gore gave way to William M. Jardine, of Kansas, March 5, 1925, and he was succeeded by Arthur M. Hyde, of Missouri, who served until succeeded by the present Secretary, Henry A. Wallace. This Henry Wallace is the eleventh Secretary of Agriculture to hold a position in the President's Cabinet.

Modern history in the Department of Agriculture begins with the year 1917, with David Houston in the Secretary's office. In that year the total agricultural production amounted to approximately $14.000,000,000.

By comparison, the total expenditures of the National Government were but slightly over $2,000,000,000. But this ratio was soon to be disrupted by American entrance into the World War. By 1919 agricultural production had increased in value to almost $18,000,000,000, but Government expenditures were greater by more than a billion.

The relation of agricultural production to Government expenditures during the last 20 years is graphically illustrated by a chart accompanying this article and the statistical table to go with chart No. 1.

Year	Estimated value farm production	Federal Government expenditures
1916	$10,369,000,000	$741,997,000
1917	13,949,000,000	2,086,042,000
1918	16,504,000,000	13,791,908,000
1919	17,677,000,000	18,952,141,000
1920	14,811,000,000	6,141,745,000
1921	10,268,000,000	4,468,713,000
1922	11,211,000,000	3,195,685,000
1923	12,382,000,000	3,244,717,000
1924	12,219,000,000	2,946,401,000
1925	13,034,000,000	2,464,169,000
1926	12,985,000,000	3,030,387,000
1927	10,016,000,000	3,001,837,000
1928	10,289,000,000	3,071,409,000
1929	10,479,000,000	3,322,619,000
1930	8,451,000,000	3,392,077,000
1931	5,899,000,000	[1] 3,987,434,521
1932	4,328,000,000	[1] 4,813,922,598
1933	4,955,000,000	[1] 3,804,425,295
1934	5,792,000,000	[1] 7,105,050,084
1935	6,507,000,000	[1] 7,375,825,165
1936	7,578,000,000	[1] 10,584,732,693
1937	8,575,000,000	[1] 9,118,399,223

[1] From table compiled by Representative TABER, of New York, a member of the House Appropriations Committee.

Crop values taken from Statistical Abstract, United States, 1931, table 612, p. 699, and from report of Department of Agriculture, Sept. 14, 1937.

Federal Government expenditures taken from Statistical Abstract of 1930 and from the Appendix of the CONGRESSIONAL RECORD, 75th Cong., 1st sess., p. 2408.

From the chart it will be noticed that only once in the last 5 years has agricultural production exceeded governmental spending. That was in 1933, the first year of the New Deal. Again, by referring to the chart, it will be seen that the slump in agricultural commodity prices which set in almost at the beginning of Herbert Hoover's administration was definitely halted during 1933. Whether or not this halting was due to natural circumstances or the plow-under-and-kill program instituted under the A. A. A. is a matter susceptible to various interpretations. It is an admitted fact that none of the backers of A. A. A. claimed that the enterprise would be either self-supporting or a sound business enterprise. It seems but little of business philosophy had entered into the early plans for A. A. A., for it cannot be maintained that it is good business to destroy food when millions are hungry, nor is it good business to borrow money from the bankers to pay farmers for not producing foods which later were imported in large quantities from foreign countries. However, regardless of either philosophy or business considerations, the A. A. A. paid to have the cotton plowed under without avail, and in 1933 they instituted the program under which 221,149 brood sows, 1,083,650 pigs, weighing from 70 to 100 pounds, were brought up and processed for relief distribution, and, in addition, 5,105,067 little pigs too small for food purposes were purchased and slaughtered. These little pigs were either converted into fertilizer or, as happened in East St. Louis, thrown bodily into the Mississippi River. This entire program of plowing under and killing cost the taxpayers directly more than $20,000,000 for the pigs alone. This program was put into effect just 1 year ahead of one of the worst droughts in the last 30 years. The consumers of pork and pork products are still paying for this economic mistake.

THE FIRST PROGRAM

From the preceding events it will be seen that the A. A. A. entered into its existence with a destructive program in hand. The first 3 years of A. A. A. might well be classed as the destructive years, for during this time the farmer was led into a program of crop restriction and food destruction which also almost destroyed his own economic independence, for as the Government grew more lavish in its expenditures, so, too, the farmer grew more expectant and more dependent on A. A. A. checks. The more recent program, based on the conservation of soil resources, is the constructive phase of A. A. A. to date.

BEFORE ROOSEVELT

Before President Roosevelt took office the Government had experimented with the agricultural problem in several ways, but no great sums of money were involved in these experi-

ments. The greatest sum heretofore spent by the Department was in 1932 when the expenditures totaled $318,000,000. The relation of expenditures by the Department of Agriculture to the total agricultural production in the decade from 1928 to 1937 is shown by chart No. 2 and the table accompanying it.

SPECIAL TABLE NO. 2—*Table showing Nation's agricultural income by years from 1928–37, with expenditures of the Department of Agriculture for each year, and reduced to a percentage of the agricultural income*

Year	National agricultural income	Departmental expense	Percent of income
1928	$10,289,000,000	$159,914,696.27	0.0155
1929	10,479,000,000	171,147,262.58	.0163
1930	8,451,000,000	177,580,581.10	.0210
1931	5,899,000,000	296,865,944.69	.0503
1932	4,328,000,000	318,975,817.05	.0737
1933	4,955,000,000	250,981,139.02	.0506
1934	5,792,000,000	629,496,822.13	.1086
1935	6,507,000,000	1,218,705,259.96	.1873
1936	7,578,000,000	891,305,607.03	.1176
1937 [1]	8,575,000,000	659,347,399.04	[2] .1000
		(1) 30,000,000.00	
		(2) 60,000,000.00	
		(3) 24,364,000.00	
		(4) 68,000,000.00	

[1] Preliminary estimate of agricultural income by Department of Agriculture news release 371-38-2 dated Sept. 14, 1937.

[2] Estimated.

NOTES

Add (1). Not to exceed $30,000,000 of the funds made avialable under the head "Payments for Agricultural Adjustment" in the Supplemental Appropriation Act, fiscal year 1937, also available for this purpose, for 1937.

Add (2). Not to exceed $10,000,000 of the funds made available by the act of Aug. 24, 1935, and $50,000,000 of the unexpended balances provided for by the act of May 12, 1933.

Add (3). Unobligated balances from 1936 available 1937, $24,364,000.

Add (4). Appropriation of $68,000,000 for public highways included in general public works program—allocated to Department of Agriculture.

All figures are taken from the Budget of the United States and from Department of Agriculture news releases.

SPECIAL NOTE

Appropriations of the first session of the Seventy-fifth Congress for agricultural purposes, according to a table prepared by Congressman JOHN TABER, of New York, amounted to $933,783,783.

The estimate of Congressman CANNON of Missouri, of the appropriations and reappropriations for the same period were $730,381,208.

From CONGRESSIONAL RECORD, Aug. 21, 1937.

From this chart and table it will be seen that where the Department had only $1.55 for each $100 in agricultural production to spend in 1928, it is now spending at a rate almost 600 percent greater.

WHAT HAS BEEN ACCOMPLISHED

While the farmers' income has undoubtedly been raised, both through crop-control methods and by the distribution of Government largesse in the form of benefit checks, the farm problem is today as acute as ever. Most of the gains to agriculture have again been absorbed in rising land values, with its attendant tax burden and the increasing costs of farm labor, machinery, and implements, as well as those articles of consumption which the farmer must buy in the market. The rising consumer goods cost are not confined alone to city folks. The farmer eventually pays in proportion to the increased costs of his commodities to the city consumers.

Besides costing the Federal Government more than $3,000,000,000 in the last 4 years, the program initiated under the A. A. A. has in all probability cost the domestic consumer an added $5,000,000,000 in increased food costs during the last 4 years. This increase is most notable in the cost of meats which have been increased as much as 100 percent in some communities. Meats and animal products, such as butter, milk, and cheese, make up a large part of the average meal in most of America. The production and processing of meats and dairy products constitute two of our largest industries as well as making up two of our major farm crops. The annual consumption of these two food commodities runs well over $4,000,000,000 annually. While the cost of our food has advanced approximately 28.7 percent in the past 5 years, rise in meats has been much greater than the average, the estimated increase to consumers amounting to more than a billion and a half a year.

BREAD

Bread, which also makes up a part of the average family's staple diet, has taken a slow upturn which has increased the Nation's bread bill by more than $100,000,000 a year. Practically every product which the A. A. A. attempted to control, with the exception of sugar, is costing the consumer more, although in many instances, the supply far exceeds all normal demands.

WHERE PART OF THE MONEY WENT

While the moneys appropriated by the last three Congresses have for the most part been spent and the agricultural problem is still unsolved, it is appropriate at this time to mention a few of the specific expenditures which it seems might normally have been curtailed.

Permit me to refer first to the enormous sums which have been spent by the Department of Agriculture for "travel expense."

In 1936 this sum amounted to $7,702,141.

The distribution is shown by a special table which also accounts for an additional $1,104,133 spent by the Department in the same year for the "transportation of things."

Table showing expenditures of the Department of Agriculture for travel expense in the fiscal year 1936, distributed by offices and bureaus

Distribution:	
Secretary's office and departmental	$375,711
Weather Bureau	26,138
Bureau of Animal Industry	2,223,564
Bureau of Dairy Industry	10,094
Bureau of Plant Industry	198,150
Forest Service	951,489
Bureau of Chemistry and Soil	85,265
Bureau of Entomology, etc	664,393
Bureau of Biological Survey	297,387
Bureau of Public Roads	320,944
Bureau of Agricultural Engineering	29,502
Bureau of Agricultural Economics	388,702
Bureau of Home Economics	2,531
Enforcement of Commodity Exchange Act	4,659
Food and Drug Administration	115,314
Soil Conservation Service	911,103
Miscellaneous travel expenses	1,097,165
Total for all bureaus, 1936	7,702,141

Table showing expenditures of Department of Agriculture for transportation of things in the fiscal year 1936, distributed by offices and bureaus

Distribution:	
Secretary's office and departmental	$55,486
Weather Bureau	29,682
Bureau of Animal Industry	45,698
Bureau of Dairy Industry	4,009
Bureau of Plant Industry	40,152
Forest Service	290,925
Bureau of Chemistry and Soil	3,866
Bureau of Entomology, etc	183,563
Bureau of Public Roads	30,229
Bureau of Agricultural Engineering	4,356
Bureau of Agricultural Economics	44,483
Bureau of Home Economics	373
Enforcement of Commodities Exchange Act	470
Soil Conservation Service	170,751
Miscellaneous expenditures; transportation of things	1,654
Agricultural Adjustment Administration	68,533
Total for transportation of things	1,104,133

Besides this huge sum spent for travel and transportation, the Department of Agriculture own and operate an undetermined number of motor-driven vehicles.

FIFTY THOUSAND MOTOR VEHICLES

While there are motor vehicles with Department of Agriculture identification plates on them numbered at more than 56,000, no accurate figures are available at the Department as to the total number of motor-driven vehicles now in operation. The publicity staff at the Department recently issued the following tentative count as of December 31, 1936:

4,167 passenger-carrying vehicles.
84 station wagons.
4 busses.
35,000 motor trucks, tractor trucks, tractors, etc.
626 trailers and semitrailers.
25 motorcycles.

39,963 admitted motor vehicles.

New motor cars and motor vehicles purchased from appropriations during 1937 are not included in this figure.

It is conceivable that economies might have been effected in both the purchase and operation of motor vehicles without seriously impairing the welfare of the average farmer.

LAND PURCHASE

Up to June 30, 1937, approximately 9,100,000 acres of submarginal and forest lands have been purchased by various agencies of the Department at an average cost of $4.85 per acre. The land cost roughly approximated $50,000,000. As a second phase in this land acquisition and use program, the Department embarked on a development program which from November 15, 1935, to April 10, 1937, furnished employment to as many as 51,000 relief workers who built roads, planted trees, constructed water-impounding dams, and performed other work. This development program cost the Government more than $39,000,000, or at the rate of $658 per man-year of employment.

RESETTLEMENT PROJECTS

The Department of Agriculture during 1936 was given complete jurisdiction over the Resettlement Administration which started up as an independent establishment under the direction of Rexford G. Tugwell, who had been Under Secretary of Agriculture.

The Resettlement Administration, which has recently become the Farm Security Administration, has been for several years the target of Senator BYRD, of Virginia, who has charged gross waste and extravagance in the construction of homes, both on the subsistence homestead projects and in the suburban resettlement projects at Greenbelt, near Washington, D. C.; Greenfields, near Milwaukee, Wis., and Greenhills, near Cincinnati, Ohio.

Senator BYRD made a thorough check of the moneys spent on all the projects and placed figures in the CONGRESSIONAL RECORD showing the average unit cost of housing a family at Greenbelt, Md., was well over $16,000.

As a striking example of how money was poured into the homestead projects, Penderlea Homesteads, N. C., will serve as an illustration.

PENDERLEA HOMESTEADS, N. C.

Penderlea Homesteads consists of an original tract of 4,550 acres in Pender County, which is situated in the southern part of the State on the Atlantic coast. The land was purchased at a cost of $7.10 an acre. On this land 142 houses for farm homesteaders have been erected. The average farmstead consists of a 20-acre tract, improved with a four- to six-room frame house, a chicken house with fenced-in chicken run, a barn, a movable hog house, and a pump house.

Each house is equipped with a complete built-in bath, kitchen cabinet, sewerage system with septic tank, a water system with electric pump, pressure tank, and hot-water facilities.

All the farmsteads are thoroughly modern and well above the average accommodations of the farmers of North Carolina or any of the neighboring Southern States. The particular feature of this activity is the fact that these expensive improvements are being placed on land costing only $7.10 an acre, when, by contrast, the Department is engaged in buying up land in this price class in all parts of the Nation as part of the land-retirement program.

MONEY SPENT IN ADVANCE OF LAND ACQUISITION

Quite frequently in the Resettlement Administration large sums were spent in land-use improvements prior to the Government acquiring title to the lands. As an example of this policy it is appropriate to mention the Shelby Forest project in the State of Tennessee.

On June 30, 1936, the Resettlement Administration reported they had accepted options on 9,688 acres of land for the project at an estimated cost of $141,874. Prior to this date 444 relief clients had been employed on the project at a total cost of $142,878, although the Federal Government had not taken title to one single acre of the tract.

BIG CHECKS, LITTLE CHECKS

A special phase of the spending of the A. A. A. which is worthy of special mention before passing to a further discussion of the future possibilities of legislation and spendings is the manner in which rental and benefit checks were distributed. As previously told, more than 24,000,000 checks were distributed during the first 3 years of the program. These checks went to approximately 3,000,000 farmers and 1,000,000 tenants and sharecroppers. Included in the 3,000,000 farmers are certain groups mentioned as "agricultural interests." These groups include, besides the ordinary dirt farmer operating an individual farm, corporate farmers, banks, trust companies, insurance companies, and even State governments.

In the wide distribution of the moneys paid out under the direction of A. A. A. many large checks, varying in amount from $10,000 to upward of a million dollars, have found their way into the coffers of large plantation owners, corporate producers of beet and cane sugar, producers of cotton and tobacco, and also to the tills of insurance companies and banks with large real-estate holdings.

The small checks, incidentally, went to the tenant farmers and the sharecroppers. Many checks issued were for amounts well under a single dollar.

As a striking illustration of the careless system under which payments were distributed, regardless of all the millions of cards on file, there is the case of B. F. Abbott, of Granite City, Ill., who owns a small farm in Stoddard County, Mo. In 1936 Abbott received a check for $4.18 as his share for cooperating in the crop-restriction program of 1935.

In 1936, in accordance with the soil-conservation practice, Mr. Abbott planted 8 acres of his farm in Missouri to lespedeza and 4 acres to red top. On August 9, 1937, Mr. Abbott received check No. 214,923 in the amount of 20 cents in payment for his soil-building practice, as evidenced by schedule 44, 103–16a. The check was mailed from the Stoddard County Agricultural Conservation Association, was signed by Cecil Thorn, treasurer, A. C. A., and mailed from Bloomfield, Mo.

On receipt of the check for 20 cents Mr. Abbott promptly wrote a St. Louis newspaper, requesting:

> Will you kindly find out where this money is going, and why?

Another incident concerning the distribution of checks was related by a man who owns an island in the Tennessee River. This man reports that quite unexpectedly and without any solicitation whatsoever, a check for more than $80 was received last year.

As no arrangements had been made, no soil-conservation or crop-control methods put in practice, the propriety of accepting the check was debated. He finally deposited it in a Tennessee bank with the consoling thought that everyone else was doing it.

Among the recipients of large checks in 1937 was the Delta Pine & Land Co., operators of plantations in Bolivar County, Miss. The check for 1937 amounted to $60,388. In 1936 this company received checks totaling $114,840. The Delta Pine & Land Co. is a British syndicate. The manager of the company is Oscar Johnston, former finance director of the original A. A. A. and later manager of the Government Cotton Producers Pool, which has been liquidated. It seems quite ironical that Mr. Johnston is still listed as one of the directors of the Commodity Credit Corporation and also vice president of this independent establishment of which Henry A. Wallace is also a director.

To list all of the large checks that have gone to banks and insurance companies would require too much space, but these instances are given to remind the reader that millions of taxpaying Americans will be interested in the answer to Mr. Abbott's question, "Will you kindly find out where this money is going, and why?"

WHAT IN THE FUTURE FOR AGRICULTURE?

> The kind of prosperity we want is the sound and permanent kind which is not built up temporarily at the expense of any section or group. (F. D. R., fireside chat, October 12, 1937.)

The only commitment which binds Congress to a consideration of farm legislation is a joint resolution passed during the closing hours of the last session.

According to Secretary Henry A. Wallace, this joint resolution pledges the Congress to legislation which will—

> Protect the food supplies of the consumer against drought by an ever-normal granary, and to bring greater stability to farm

income by commodity loans, and when the ever-normal granary overflows, by "control of surpluses."

In the discussions in the House of Representatives before the passage of the joint resolution, Congressman MARVIN JONES, of Texas, chairman of the House Agricultural Committee, denied the resolution would pledge the Members to any specific program.

Minority Leader SNELL expressed the opinion in the resolution—

Is nothing but an alibi for the purpose of soft-soaping the farmers to make them think that sometime they are going to get something, and an excuse of the present administration for not doing anything for the American farmer.

Among others in the House who opposed the resolution was Congressman GERALD BOILEAU, of Wisconsin, who said of the resolution:

I submit to you—it is a new low in legislation.

In the Senate the resolution was the subject of an interesting discussion during which Senator BENNETT C. CLARK, of Missouri, inquired whether or not the Commodity Credit Corporation could not be used to perform all the functions envisioned in the resolution. However, Senator CLARK also said:

So far as I am concerned from my experience with the Commodity Credit Corporation and from the experience of other Senators, I would not trust the Commodity Credit Corporation as far as I can throw this desk to carry out the purposes of the act. The fact is that the Commodity Credit Corporation has deliberately violated the purposes for which it was created.

With all the discussions the joint resolution finally passed both Houses of Congress and is the tie which binds the Members to action at the special session. What this action will be can be further visualized from the remarks of Secretary Wallace in his radio forum speech at New York, October 5, 1937. In this address Wallace said:

* * * On the other hand, use of voluntary control costs the United States Treasury more money than the use of compulsory control. The plan which will give the maximum of income to farmers at the least cost to the Federal Treasury is one which involves high loan values and frequent use of compulsory control.

We can get a better idea of what Mr. Wallace has in mind for agriculture from another pronouncement in the same address. He said:

It might be well worth while for both farm and city people to debate during the months immediately ahead as to whether the maximum national welfare can be attained year after year by the use of the ever-normal granary built largely on moderate loans and voluntary control through the incentive of conservation and adjustment payments or, in an ever-normal granary built largely on higher loans and compulsory control of the surplus, but requiring less expenditure of Government funds. With the world situation as it is today, I think we shall have to choose one or the other.

This indicates that above all things Mr. Wallace is committed to an ever-normal granary under any circumstances and that his view of agriculture, like other views of leaders in the administration, is conditioned not entirely upon national affairs, but rather upon international economics. Mr. Wallace's plan, either way, is but another step toward the full regimentation of the farmer.

The present bill is very complicated, and its passage would further complicate the agricultural situation by injecting new regimentary and supervisory features. The basic weakness of the Jones bill is in the attempt to set, first, "parity" prices for agricultural products equivalent to the purchasing power of such agricultural products as obtained between August 1909 and July 1914; and, second, to establish "parity" of income for the farmer based on net income during the same period of time.

This feature of the act could only work were we living in a static world, and were the people of the United States able to control the habits and production of agricultural commodities in other countries. However, the regimentary features of the bill may run afoul of the Supreme Court were the bill made law. The Supreme Court in the Hoosac Mills decision January 6, 1936, held that benefit payments and processing-tax provisions of the A. A. A. invaded the rights reserved to the States and were unconstitutional. The Court declared:

The act invades the reserved rights of States. It is a statutory plan to regulate and control agricultural production, a matter beyond the power delegated to the Federal Government. The tax, the appropriation of funds raised, and the direction for their disbursement, are parts of the plan. They are but means to an unconstitutional end.

The Court further declared:

The same proposition otherwise stated is that powers not granted are prohibited. None to regulate agricultural production is given, and therefore legislation by Congress for that purpose is forbidden.

A study of both the bill and Secretary Wallace's plans for an ever-normal granary indicate that neither present any situation which would materially differ from that which was declared impossible of control by Federal legislation under the Constitution.

In fact, it is plain that any form of compulsory control, with or without loans, if enacted into law, will be certain to find stiff resistance in the courts.

RESISTANCE AND OPPOSITION

Wheeler McMillan, editor of an agricultural journal, sounded the keynote of the opposition as he followed Secretary Wallace on the radio forum, October 5, 1937. McMillan summarized his view in the following words:

The ever-normal granary appears to propose a compound that includes the worst blunders of the Federal Farm Board (1929–33) and the primary fallacies of the A. A. A.

There are too many sound construction policies, measures that would unquestionably benefit both American consumers and American farmers, to justify venturing further into courses such as the ever-normal granary.

One of the principal groups of organized farmers who oppose the ever-normal-granary plan and regimentation is the National Grange.

In a radio address at Columbus, Ohio, October 16, the national master of the Grange, L. J. Taber, said:

We all can now agree that it is fortunate that the proposed bills introduced in the last session of Congress, with their regimentation and their penalties, were not adopted.

That the Grange proposes to proceed strictly under the Constitution can be understood from another declaration by Mr. Taber:

The Grange will ever support cooperation and ever fight unnecessary regimentation.

The Grange has declared also for "an economics for agriculture of balanced abundance rather than balanced scarcity."

Along with the Grange in opposing Mr. Wallace's plans will be found the members and representatives of the Farmers' Educational and Cooperative Union of America, known as the Farmers' Union. Practically every member of this organization is a real dirt farmer, acquainted through first-hand contact with all the problems of mortgages, tenantry, and droughts.

The Farmers' Union has recently charged the Department of Agriculture with issuing crop and income forecasts that are "misleading and deceptive", in that they do not reflect actual farm conditions but give the public the impression the farmers are better off than they really are. The Farmer's Union claim the huge drop in farm mortgages is due in fact and to the fact that many farmers have given up their homes and land, and not because they paid up their old obligations. Under new ownership, the Farmers' Union points out, the land became free of mortgage indebtedness in many instances simply by the process of the mortgage holder taking title.

A third group expected to present considerable opposition to any regimentary form of agricultural bill is the newly formed National Process Tax Recovery Association.

NATIONAL PROCESS TAX RECOVERY ASSOCIATION

The members of the National Process Tax Recovery Association are interested in the passage of a joint resolution introduced at the last session of Congress by Senator FRAZIER and Representative WILLIAM LEMKE, both of North

Dakota. This resolution (H. J. Res. 474) would give all farmers who did not receive rental or benefit checks under the corn-hog program of the outlawed section of A. A. A., an opportunity, within the next 5 years, of filing and perfecting claims for an amount equal to the differential paid to those who benefited from the program.

The members of the recovery association claim that fully one-half of all corn and hog producers received no benefits. They take the position that while those who received checks were but a party to an unconstitutional and therefore unlawful arrangement, all farmers were equally entitled to a share in the benefits accruing from the processing-tax collection, for they claim all farmers received equal prices in the markets for corn and hogs.

As before mentioned, the total amount of processing taxes collected was about a billion dollars. Should the Frazier-Lemke joint resolution be enacted into law, there remains the possibility of many millions of dollars being paid out to wipe the slate clean of a situation which was not forseen at the time A. A. A. was planned.

In the face of estimated annual costs for the ever-normal-granary plan, the President has let it be known that he will not support any plan which will greatly exceed in cost the present Soil Conservation Act, which has been under $500,000,000 a year.

BEFORE THE CONGRESS MET

George N. Peek in a recent book said of the original Agricultural Adjustment Act:

> The farm organizations had very little to do with the bill, and it involved some new principles which they knew nothing about

It was under this act that billions have been spent in a series of sweeping innovations intended to control conditions in agriculture which for the most part are beyond human regulation.

Authorities are agreed the principal factors determining just what the quantity and quality of agricultural production for any one year will be are the weather and insect pests.

Needless to say, the Government can exercise no control over one of these factors. They may combat the insects, they may rehabilitate and conserve the soil resources, but even in this work there is a limit beyond which it is both uneconomical and futile to go.

FOOD HABITS CHANGING

Agriculture, like other industries, in recent years has had to make various adjustments to conform to changing food habits on the part of the population. The farmer's food habits have also changed greatly in the last 20 years. Notwithstanding the efforts of the Department of Agriculture to help the farmer to become more self-sufficient, there is in many sections of the country an appreciable trend toward one-crop farming and a dependence on others for a sizeable portion of the farm food supply.

The farmer has become a buying consumer in the Nation's food market. Huge piles of tin cans "behind the barn" on many farms bear mute evidence of a practice which apparently is a growing one.

In a recent survey conducted jointly by several Washington agencies of the Government it was found that among selected farm families in eight counties of Kansas and North Dakota that from 21 to 31 percent of the total cash outlay during 1935 and 1936 was spent for food. Only native white farm families, both husband and wife, were included in the survey which was a Works Progress Administration project done in cooperation with the Bureau of Labor Statistics, the National Resources Committee, and the Central Statistical Board. This means the farmers are gradually departing from the old customs so well described by David Harum when, in answer to the question, "How do you manage to live in the country?" he replied, "We raise what we eat and we eat what we raise."

Besides buying part of the food they consume, many farmers now spend at least a sizeable portion of their annual income for automobile maintenance.

In many sections of the country the traveler will frequently see a shiny new automobile beside a farm house that seems almost unfit for human habitation. This is additional evidence of the changing customs of the countryside.

CONCLUSIONS—THE PROBLEMS OF AGRICULTURE

Excepting for four or five times in the last 150 years the United States has been able to produce all of its necessary food requirements, with the possible exception of sugar. In practically every year the Nation has produced an exportable surplus of food and of fiber products used in the manufacture of cloth. So America's capacity to produce her present food requirements is not an immediate problem.

It has been observed that in the early days land values and commodity prices were relatively low. They remained low until shortly after the Civil War, when the Nation entered into a period of industrial expansion which was closely followed by the rush of immigrants to America to settle the remaining available public lands.

With the coming of the automobile age and the increased population due to immigration and natural causes the problems of agriculture became more intricate and difficult to solve, for transportation entered as a vital factor. While improved methods on the farm lowered the unit cost of agricultural production, these reductions and more were absorbed in increased land values with the attendant tax and labor burdens and increased prices paid by farmers.

Farming gradually assumed the status of a business rather than a vocation. Like other business it was hardly out of its growing pains when it began to feel the pinch of its own competition.

This self-competition is what Secretary Wallace seeks to regulate in his ever-normal-granary plan.

Concededly the real problem of agriculture today is to devise some plan which enables the producer to make at least a nominal profit without sacrificing his personal liberties or initiative.

When in the attempt to solve the farmers' problem the Government proposes either export subsidies or loans, dependent upon compulsory crop reductions to limit surpluses, either of which are payable from public moneys raised by any method which increases prices to the consumer, the farmers' problem then becomes a consumer-taxpayer problem, in which everyone has a vital interest. Whether or not the Department of Agriculture, with its mounting expenditures and increasing activities, can or will render any substantial contribution to the solution of these problems of agriculture is a question which remains unanswered.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. BURDICK]

Mr. BURDICK. Mr. Chairman, whenever the railroad companies cannot pay their executives 50 to 150 thousand dollars annually as salary and service charges in other corporations they put up a howl to the Government that they are operating at a loss and that many companies are in the hands of receivers. They demand cost of production based upon a salary-to-executives basis that is nothing short of scandalous. They ask the Interstate Commerce Commission to allow them to boost their rates 15 percent so that they can filch another billion dollars out of the public in 1 year.

The funny part of this whole situation is that the railroads will get what they go after. The President, himself, who has posed as the people's champion for several years, has weakened in the face of this railroad demand and he now says that we must rescue the railroads. The railroads will get the authority to increase their rates.

When the farmer asks for cost of production what happens? Every daily newspaper goes into convulsions over such a fool program; Members of Congress dig into the records of the proceedings of mankind 3,000 years before Christ to find an example of fixed prices for agricultural products that failed at that time; the President himself pays no attention to the cost of production but says we must curtail production and if the farmers will do that they will receive benefit payments. That is what this bill is intending

to do. Instead of curtailing the amount raised, the bill curtails the number of acres that an individual farmer may sow to crops, but in any event, it is a limiting of production.

If and when the farmers do this limiting, they are to receive benefit payments, the amount of which cannot be divulged at this time.

There is nothing in sight that resembles money from which these farmers can be paid except what has already been made available under the soil-conservation program, namely, $500,000,000. If we enacted no legislation at this time, this $500,000,000 will be available to farmers under the soil-conservation program. Are we adding any funds to this amount? We are not. The bill says:

SEC. 421. (a) Beginning with the fiscal year ending June 30, 1938, there is hereby authorized to be appropriated, for each fiscal year, for the administration of this act and for the making of soil-conservation and other payments, such sums as Congress may determine, in addition to any amount made available pursuant to section 15 of the Soil Conservation and Domestic Allotment Act, as amended.

Such sums as Congress may appropriate! How much will we appropriate? The chairman of the Ways and Means Committee is quoted in the newspapers as saying no new taxes will be added. The President says and has only said two things since this session convened that seem outstanding: First, no one shall starve, and second, the Budget must be balanced. If we are to balance the Budget, then the chairman of the Ways and Means Committee is right when he says no new taxes must be added. If we are to follow this program, will someone rise in his place in this House and say what additional money the farmer is to receive that he is not now receiving? This time Congressman RICH may well ask, "Where are we going to get the money?" The committee has decided against a processing tax, and I think rightly so. The process tax always did come out of the farmers themselves. The farmers know that now and we cannot fool them by talking "processing taxes." We are not going to tax anything else now that we have decided to balance the Budget, so what kind of an excuse can we give the farmers for leaving them right where they were before this extra session convened?

If the farmers could share the same privileges as the railroads, they could save their homes. They could ask for and receive higher prices; if they could not pay their debts, they could go into receivership and give their creditors the "grand go-by"; and when everything was quiet again and the creditors had been bunkoed out of their claims, the court could, and usually does, lift the receivership, and the railroads go right on as before. Can a farmer do that? Not at all—the courts will not permit him to have a breathing spell as provided in the Frazier-Lemke refinance bill. The Supreme Court has held the act constitutional but many district courts throughout the country arbitrarily refuse to let the farmer into court with his petition. If the farmer goes into receivership the same as the railroads do, the farmer gives up everything and has no interest in the property. He is all through, while the railroads clean out their creditors and start all over again.

I have said before on this floor, and I repeat it now, that we have no right to interfere with production. This Government can well afford to assist the producers in the distribution and orderly marketing of crops, but to interfere with production, unless it be to assist in producing more, is a philosophy that cannot stand. We never have produced too much—we cannot produce enough. Our trouble has always been, and is now, that we permit conditions to exist where there is widespread underconsumption.

Everyone seems excited about the overproduction of cotton in the South this year. It is claimed that they have raised 13,000,000 bales too much. They have not. They have not raised enough. If the people who need clothing could buy it, there would be no surplus in the South. In the county in which I live a survey showed a great percentage of the farmers who did not have mattresses to sleep on; their children were too ragged to go to school; the parents were in rags. Could these people use any of your cotton?

The very Negroes in the South who labor to produce this great surplus of cotton do not sleep on mattresses made of cotton. No. There are thousands and thousands of them, right down in the cotton fields, with cotton bales piled all around them, that are sleeping on mattresses stuffed with hay and shucks. The trouble is the people in the South have not received money enough for their crop to enable them to purchase the cotton they need themselves. The people of the North have no money with which to purchase the cotton that they direly need. People all over this country—over 50,000,000 of them—have no money with which to purchase clothing. That is the trouble, and it is not and never has been overproduction.

The question before us now is, What can we do now to change this situation? The situation is an emergency situation now, for we have delayed long-range action, which is most desirable, until a great emergency is upon us. Will we sit here and see the South sold out in its cotton crop for half the cost of production, forcing at least a half million people on relief, when we assert that relief is all through? Will we sit here and see the northern farmers' products go for half the cost of production, increasing foreclosures, dispossessions, and general ruin? We cannot do that if we are to respond to the pleas of the tillers of the soil. We must act now to stem this tide. We must, for the emergency period, fix a minimum price on our principal agricultural products and then arrange our economic system so that this emergency will not happen again.

How can permanency in agricultural life be maintained and the tillers of the soil guaranteed life, liberty, and the pursuit of happiness? It is the easiest thing in the world to do if we had the courage to do it. Stop issuing bonds; stop paying interest to idlers who perform no worthy service and remove this huge annual interest charge from the back of the American people. Today one-third of every dollar spent for goods must go to pay interest. That leaves our dollar, no matter who spends it, actually 66 cents. We do not get a dollar's worth of goods. Issue the greenbacks and call in these bonds and pay them. What good will it do as a permanent policy to fix the price of agricultural products if we do not stop the interest leak?

No one will receive any of this new money who does not hold an obligation of the Government or who does not work for the money or exchange something equivalent to work. House bill 3297 as a permanent policy lights the way.

There are two fundamental elements of prosperity—land and labor. There would be no millions idle in this country if the idle were allowed to use the millions and millions of idle acres in this country. They cannot use this land for the same reason they cannot buy the cotton of the South, the corn of Iowa and Illinois, the wheat of Kansas and the Dakotas. They have no money; their purchasing power is gone. They used up their substance in paying interest. Interest has sapped their resources until they have nothing.

H. R. 3297 will solve this problem and idle millions can be connected with the soil and become self-sustaining, with enough buying power to maintain a decent standard of living.

I refer the Members of the House and the public generally to the speeches I made on the floor of this House on June 29 and again on August 17, which fully and completely set forth a plan by which we could have planned for permanency in our whole social life.

The gist of the financial operations under H. R. 3297 will result in two necessary factors in a balanced social life. Higher prices must be received for raw materials and better prices paid for labor, and at the same time fabricated merchandise must be reduced in price. This must happen if we ever do recover. We cannot take more away from the farmer, which increased railroad rates will do; we cannot reduce the price paid to labor; we must increase both if we are to allow the farmer and the laborer to buy back what he has produced. Fabricated merchandise must be bought if factories are to operate, and the price must be reduced to enable the purchasing power of the people to consume the goods. Can this be done? Yes; it can. How can it? It can be done by permitting a dollar to buy a dollar's worth

of merchandise. Today that dollar does not buy more than 50 cents worth of merchandise, because one-third of the dollar goes to interest and one-sixth for taxes, or a trifle more than that.

Any plan of action which Congress can take that does not seek to take care of the underdog, the man at the bottom, will result in failure.

I have confidence in the farmers of this country. I do not believe in shackeling them with rules and regulations until they are not managers of their own business. They will work out of a bad situation if we permit them to without sending oily haired experts out to the farm to tell them what they must do. Let us start work on the job of cleaning out the leeches and bloodsuckers that have impeded the progress of the farmer and brought on a situation where the farmer is financially helpless. Let us clear out the interest barrier, the tax barrier, and free the farmer. If we do that the farmer will take care of himself and do it well.

Just as long as we permit the few to use the money and credit of this Government for their own profit we can expect that the time is not far distant when this financial structure will sink the people in a sea of debt and, through their impulse to live, they will rise up in their mights and probably destroy the good with the bad.

If we really and sincerely desire to perpetuate this Government and make it respond in fact to the Declaration of Independence, we must act now and give the people of the United States a chance to help themselves. We cannot do it by increasing railroad rates while farm products sell far below the cost of production; we cannot do it by allowing labor to work for wages that will not give laborers purchasing power enough to assist in buying back what they themselves have produced.

We have the greatest opportunity today to do something for the distressed of this Nation that any Congress ever had the chance to do. Are we equal to the job? Will we do it? [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 7 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, like a number of the rest of us this afternoon, I had one of those prepared speeches to deliver to this House, but at this late hour I am going to forget all about that speech. I simply want to tell you a story of what is going on in the South, that you may more clearly decide for yourselves whether this Congress should do something of benefit to agriculture or not.

Ever since I have been in Washington this session, and quite a bit of the time during the last session, I have heard a great deal of talk about wages, and about what men should get for their work. I want to call your attention to what a laborer gets when he labors in the cotton fields, the man who drags the sack down the long, long rows. It is a well accepted fact, known to all of those who study agricultural economics, that the price per pound of lint cotton almost exactly measures the wage per hour of the agricultural laborers who produce that crop. We arrive at that through the simple formula of considering the way we handle the cotton crop. Throughout all the South it is customary, where a man rents cotton land on halves, that he gets one-half of the gross production and supplies the labor for the production. The landlord furnishes the teams, the tools, and the land, but the laborer gets one-half, whether it be in kind or whether it be in wages, one-half of the gross production, or 250 pounds out of each bale.

According to all of the agricultural colleges and all those who have studied it, it takes 250 man-hours to produce a bale of cotton. That means that for every hour that man works he gets just what 1 pound of cotton brings on the market. Cotton selling at 7.90 in Waco, Tex., now, less than 8 cents a pound, means that the man who made that cotton crop got less than 8 cents an hour for his work, and they do not work all the time, because the average cotton farmer and the average cotton hand only puts in a few weeks in the spring, rides a cultivator a few days in the summer, and picks for a few weeks in the fall. The average income of the citizens of one of my counties in the Cotton Belt in Texas this last year was 13 cents per day. You talk to me about what people should earn in wages! We are making 13 cents per day in the cotton fields. We are making less than 8 cents per hour for the wage of those who toil and produce that crop. Think of it. I just want you to think of it as man to man. What are you going to do about it? Are you going to sit idly by here and say, "We are not concerned with the problems of the cotton farmer"? Are you going to say that because, perchance, he lives only in one section of this Nation that you cannot be concerned about him?

My friends, these cotton farmers make up 25 percent of the population of this Nation—30,000,000 people. What purchasing power can there be in those 30,000,000 people to buy your fabricated articles, to buy your dairy products, and to buy your machinery? How can we purchase on an income of 13 cents a day? Remember that 8-cent cotton means 8 cents an hour wages. You cannot get away from it. What are you going to do about it? Are you going to say, "We are not interested in that man?" There have been those who said it on this floor. Go back and think what that will do in your district. Do you want to open the markets of the South to sell your manufactured articles? Do you want to pass a bill that will give to 30,000,000 people buying power? This agricultural bill is the only possibility of giving the buying power.

Frankly, I have to confess that I do not know that the bill which we have before us will give us the buying power that is necessary to furnish a market for your products, but we must make an effort at this Congress to secure an agricultural bill that will give to the farmer not simply a living, but we have to go farther than that. We have to go far enough to say that we will increase the income of the agricultural regions of this Nation. Until we have increased the income of the agricultural regions of this Nation, you will not have any lasting prosperity in any section of this Nation. There is no way under heaven whereby you can sell your manufactured articles to a man who is making 13 cents a day. You might as well talk about selling goods on the pauper markets of Asia. Yet, bear in mind that the cotton South is within the United States.

Of course, I cannot tell how the parliamentary situation will develop, but I hope it may become possible to offer a complete substitute for the cotton section of this bill so that we may have a measure that will definitely guarantee an increased income to our cotton farmers and so that we may at the same time make provision to give advantage to that farm operator who farms his land with tenant families rather than to the landlord who forces his tenants on relief. If the Nation is to have buying power, the farm bill must guarantee a much higher price for a substantial portion of our cotton crop than we received this year. If the Government is to assist in bringing about this increased income it should be distributed to the largest possible number of family units.

Think it over, my friends, and see if we cannot arrive at some measure whereby we can be sure that with the passage of this bill our farmers will get an increased income. When we have done that we will have rendered the greatest service that we can, not only to the South, not only to agriculture, but to the United States. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Arizona [Mr. MURDOCK] such time as he may desire.

Mr. MURDOCK of Arizona. Mr. Chairman, I have listened with great interest to the impassioned speeches of the gentleman from North Dakota [Mr. BURDICK] and the gentleman from Texas [Mr. POAGE]. I realize the perplexities of our situation now that we are attempting to better the lot of the dirt farmers, representing as they do so many millions of our people, and at the same time at this special session to better the lot of the great mass of unorganized labor, which is the hope of Members from the industrial sections.

My far-away Southwestern State of Arizona is, after all, only a drop in the bucket in its productive capacity in farm output and is not highly industrialized, either; but I sincerely entertain a double hope that we can plan to do something by

way of wage and hour legislation that will increase the purchasing power, as my friend from North Dakota would have it, on the part of those unorganized in labor, and at the same time better the lot of the farming class, as my friend from Texas has just indicated.

A witty Frenchman one time said, "All generalities are untrue, including this one." Somebody else said that you cannot indict a nation. I think we might also say of a bill so complex as this measure—touching all the agricultural interests of the Nation—that we cannot accurately say it is perfect or even that it is entirely good. I feel that there are some rank discriminations in this bill. I am inclined to favor it rather than something we might get in lieu of it, not being sure what we might get in lieu of it. However, I want to add my small voice to what has already been said in one respect by way of criticism, namely, the unfairness of this restrictive measure to irrigated areas in the West recently devoted to cotton. The State of New Mexico, a new, developing region, would suffer a 25-percent reduction under this measure; which is much more than the average reduction for the entire Cotton Belt, according to the bill. The State of Arizona will receive, under this bill, twice the reduction contemplated for the entire cotton area. The State of California will receive three times the reduction contemplated for the entire cotton area.

So, Mr. Chairman, speaking for the whole Southwest in regard to the cotton farmers, I ask that this inequality be recognized and some remedy offered. We are willing to take the same average reduction that all other cotton lands must suffer, but two or three times the average reduction for us will be a death-dealing blow.

These new lands in the far Southwest have been wrested from the desert at great sacrifice and cost to courageous individuals. In much of this new land the Federal Government has a stake. It will not pay the Government, any more than it would be justice to the individuals, to throw these acres back into the desert. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 20 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, my friend from North Dakota [Mr. BURDICK] told the brethren present that there were 25 of them. I question his statistics. The last time I counted there were 32, but some have gone out since, which reminds me of the story of the Southern darkey who was sent out to count the chickens. He came back and said: "Massa, there's 29 of 'em. There's one other that runs 'round so fast I couldn't count him." So many Members have been running around since the figures were given by the gentleman from North Dakota that I cannot seriously question him; but there are other of his statistics I want to question, and I may take the opportunity in the course of the reading of the bill and the 5-minute debate to make you the speech that seems to be required. It will be a tandem speech, so to speak, parts of it tacked on sections as opportunity permits. I am telling you this so you can tell the rest of the Congress in order that they may be in attendance and hear these gems as they come along.

In the course of them I may elaborate on some more of the statistics of my friend from North Dakota who tells us that there are 50,000,000 people in this country who are ill-fed, ill-clothed, and ill-housed. I thought that nobody could exaggerate more in this particular than the gentleman who originally gave out the statement that one-third of the American people are ill-clothed, ill-housed, and ill-fed. Now that our colleague gets it up to 50,000,000, I am wondering whether I may not outdo him by saying that 125,000,000 people in this country are ill-clothed, ill-housed, and ill-fed. There are those who possibly might say that we are all ill-fed down in the House Restaurant. [Laughter and applause.] I may be able to bring forward some evidence to that effect.

I also want to call attention to the statistics of the gentleman from Alabama who, if I understood him right, said there never was a time when the farmers of our country were prosperous. Now, there was a time when all the people of the country were farmers; so he too may be indulging in hyperbole. I think that is the word for it, hyperbole. So, I do not know just where to stop. I may even agree that there has not for 900 or even 9,000 years been a time when anybody in the world was prosperous.

These things, gentlemen, may intimate to you what is to follow. In the movies nowadays in between the more important films there is shown a list of attractions to come, a tiresome list but doubtless good publicity; and so, even though I bore you with my announcement of things that are to come, yet as a matter of publicity, I ask you to tell other Members that somebody in the course of this prolonged discussion will speak for 125,000,000 people, the consumers of the United States of America.

They have had no defense. At least one word should be said in their behalf.

Mr. Chairman, I yield back the balance of my time.

Mr. DOXEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8505) to provide for the conservation of national soil resources, and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. BACON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein the text of a short bill I have introduced, as well as a letter from the National Civil Service Reform League addressed to me.

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

There was no objection.

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the undistributed-profits tax.

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

There was no objection.

ADJOURNMENT

Mr. DOXEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 42 minutes p. m.) the House adjourned until tomorrow, Thursday, December 2, 1937, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold a public hearing on H. R. 8532, to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes, in room 219, House Office Building, on Thursday, December 2, 1937, at 10 a. m.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization in room 445, House Office Building, at 10:30 a. m., on Thursday, December 2, 1937, for hearing on H. R. 8349, for executive consideration of cancelation of citizenship of certain naturalized persons.

EXECUTIVE COMMUNICATIONS, ETC.

861. Under clause 2 of rule XXIV a letter from the Secretary of War, transmitting a letter from the Chief of Ordnance, United States Army, dated November 27, 1937, forwarding statements of the cost of manufactures at the armory and arsenals named therein, for the fiscal year ended June 30, 1937, was taken from the Speaker's table and referred to the Committee on Expenditures in the Executive Departments.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CROWE: Committee on the Territories. H. R. 7259. A bill to authorize the conveyance by the United States to the city of Ketchikan, Alaska, of a certain tract of land in the town site of Ketchikan; with amendment (Rept. No. 1647). Referred to the Committee of the Whole House on the state of the Union.

Mr. BINDERUP: Committee on the Territories. H. R. 7778. A bill to amend section 26, title I, chapter 1, of the act entitled "An act making further provision for a civil government for Alaska, and for other purposes," approved June 6, 1900; with amendment (Rept. No. 1648). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLS: Committee on the Territories. H. R. 7827. A bill to authorize public-utility districts in the Territory of Alaska to incur bonded indebtedness, and for other purposes; without amendment (Rept. No. 1649). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CASE of South Dakota: A bill (H. R. 8561) to make crop, feed, and seed loans from the Farm Credit Administration refundable by 10-year installment contracts; to the Committee on Agriculture.

By Mr. LEA: A bill (H. R. 8562) to clarify the act approved February 18, 1931 (46 Stat. 1171), entitled "An act to provide for the deportation of aliens convicted and sentenced for violation of any law regulating traffic in narcotics"; to the Committee on Immigration and Naturalization.

By Mr. WALLGREN: A bill (H. R. 8563) to amend section 13 of the act of March 4, 1915, as amended on June 25, 1936, 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"; to maintain discipline on shipboard; and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. TOWEY: A bill (H. R. 8564) to establish a national foundation for the purpose of promoting research into the cause, prevention, methods of diagnosis and treatment of cancer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HILL of Washington: A bill (H. R. 8565) defining the compensation of persons holding positions as deputy clerks and commissioners of United States district courts, and for other purposes; to the Committee on the Judiciary.

By Mr. BACON: Resolution (H. Res. 365) authorizing an investigation and study of the broadcasting industry, of broadcasting in the United States, and of interstate and foreign communication by radio; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of Illinois: A bill (H. R. 8566) granting an increase of pension to Mary R. Schreiber; to the Committee on Invalid Pensions.

By Mr. EBERHARTER: A bill (H. R. 8567) for the relief of Margaret B. Nonnenberg; to the Committee on Claims.

By Mr. GRAY of Pennsylvania: A bill (H. R. 8568) granting an increase of pension to Ida A. Shaffer; to the Committee on Invalid Pensions.

By Mr. LEA: A bill (H. R. 8569) for the relief of Filiberto A. Bonaventura; to the Committee on Immigration and Naturalization.

By Mr. McFARLANE: A bill (H. R. 8570) for the relief of Friend John Root; to the Committee on Naval Affairs.

Also, a bill (H. R. 8571) granting 6 months' pay to Mrs. Vallie M. Current; to the Committee on Naval Affairs.

By Mr. PATTON: A bill (H. R. 8572) for the relief of W. O. West; to the Committee on Claims.

By Mr. PETERSON of Georgia (by request): A bill (H. R. 8573) for the relief of the Georgia Marble Co.; to the Committee on Claims.

By Mr. SOMERS of New York: A bill (H. R. 8574) to correct the military record of Edward Lasky; 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:

3472. By Mr. LUTHER A. JOHNSON: Petition of J. P. Montgomery, chief conductor, and C. W. McCaskill, secretary, Division No. 88, O. R. C., Ennis, Tex., favoring the wage and hour bill and also the farm bill; to the Committee on Labor.

3473. By Mr. LESINSKI: Resolution of the Michigan State Poultry Improvement Association, opposing regulation of hours and wages in hatchery operation except under that classification which shall apply to all agricultural labor; to the Committee on Labor.

3474. Also, resolution of National Association of Letter Carriers, Branch No. 1, Detroit, Mich., protesting against the passage of House bill 8065 and Senate bill 2875; to the Committee on the Civil Service.

3475. By Mr. WOLFENDEN: Petition of Matthew C. Hayes and others, of Chester, Pa., concerning House bill 2257; to the Committee on Ways and Means.

SENATE

THURSDAY, DECEMBER 2, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE JOURNAL

On request of Mr. POPE, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, December 1, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Davis	King	Pepper
Ashurst	Dieterich	La Follette	Pittman
Austin	Donahey	Lee	Pope
Bailey	Duffy	Lodge	Radcliffe
Bankhead	Ellender	Logan	Russell
Berry	Frazier	Lonergan	Schwartz
Bilbo	George	Lundeen	Schwellenbach
Borah	Gerry	McAdoo	Sheppard
Bridges	Gibson	McCarran	Shipstead
Brown, Mich.	Gillette	McGill	Smathers
Brown, N. H.	Glass	McKellar	Smith
Bulkley	Graves	McNary	Thomas, Okla.
Bulow	Green	Maloney	Thomas, Utah
Burke	Guffey	Miller	Townsend
Byrd	Hale	Minton	Truman
Byrnes	Harrison	Moore	Tydings
Capper	Hatch	Murray	Vandenberg
Caraway	Hayden	Neely	Van Nuys
Chavez	Herring	Norris	Wagner
Clark	Hitchcock	Nye	Walsh
Connally	Johnson, Calif.	O'Mahoney	Wheeler
Copeland	Johnson, Colo.	Overton	White

Mr. MINTON. I announce that the Senator from West Virginia [Mr. HOLT], the Senator from Delaware [Mr. HUGHES], and the Senator from North Carolina [Mr. REYNOLDS] are absent from the Senate because of illness.

The Senator from Kentucky [Mr. BARKLEY] is absent on important public business.

The Senator from Florida [Mr. ANDREWS], the Senator from Washington [Mr. BONE], and the Senator from Illinois [Mr. LEWIS] are unavoidably detained.