By Mr. SMITH of Washington: A bill (H. R. 10107) conferring jurisdiction upon the United States District Court for the Western District of Washington to hear, determine, and render judgment on the claim of John Gasser; to the Committee on Claims.

By Mr. BEVERLY M. VINCENT: A bill (H. R. 10108) for the relief of Carl Hurt; to the Committee on Claims.

Also, a bill (H. R. 10109) for the relief of Gertrude Hancock, administratrix of the estate of Arch F. Hancock; to the Committee on Claims.

Also, a bill (H. R. 10110) for the relief of Ruth Steward, administratrix of the estate of Luther F. Steward; to the Committee on Claims.

PETITIONS, ETC.

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

4695. By Mr. COLLINS: Memorial of the House of Representatives of the State of Mississippi, relative to retaining the existing Civilian Conservation Corps camps in Mississippi for their designated purposes and that funds necessary for the continuation of these camps be made available; to the Committee on Appropriations.

4696. By Mr. FORAND: Resolution adopted at a mass meeting of the citizens of Providence, R. I., protesting against Poland's threat to the peace of Lithuania; to the Committee on Foreign Affairs.

4697. By Mr. FORD of California: Resolution of the faculty of Los Angeles High School, petitioning the Secretary of State, the Secretary of the Interior, and the President of the United States to rescind the agreement to send helium gas to foreign powers and also that helium be withheld at all times from all foreign powers; to the Committee on Foreign Affairs.

4699. By Mr. FULLER: Petition of the House of Representatives of the General Assembly of Arkansas, approving House bill 9047, by Representative BULWINKLE, for control of syphilis; to the Committee on Education.

4700. By Mr. HART: Petition of the United Office and Professional Workers Union, Local No. 7, Newark, N. J., urging immediate action to repeal the Woodrum amendment and make a deficiency appropriation of $1,000,000,000 to provide adequate Works Progress Administration work for 3,000,000 workers, to meet the present emergency, favoring immediate passage of the Schwellenbach-Allen resolution; to the Committee on Appropriations.

4701. By Mr. HAVENNER: Petition of the American Radio Telegraphers Association, Local 30, San Francisco, Calif., to set up a congressional committee to investigate the communications industry; to the Committee on Rules.

4702. By Mr. KEOGH: Petition of the Fred Goat Co., Inc., Brooklyn, N. Y., concerning House bill 9259, to provide for compulsory licensing of patents; to the Committee on Patents.

4703. By Mr. RICH: Petition of citizens of Kane, Pa., protesting against the passage of Senate bill 3331, known as the reorganization bill; to the Select Committee on Government Organization.

4704. Also, petition of the Women's Study Club of Kane, Pa., protesting against the passage of Senate bill 3331, known as the reorganization bill; to the Select Committee on Government Organization.

4705. By Mr. TERRY: Memorial of the house cf representatives of the first extraordinary session of the Fifty-first General Assembly of the State of Arkansas, requesting Congress to favorably consider House bill 9047, by Representative BULWINKLE, providing a large fund for the control of syphilis in the United States; to the Committee on Education.

4706. By the SPEAKER: Petition of certain citizens of Finland, urging the lifting of the immigration quota temporarily; to the Committee on Immigration and Naturalization.

SENATE

THURSDAY, MARCH 31, 1938

(Legislative day of Wednesday, January 5, 1938)

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

THE JOURNAL

As in legislative session,

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, March 30, 1938, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the joint resolution (S. J. Res. 277) creating a special joint congressional committee to make an investigation of the Tennessee Valley Authority, with amendments, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, it is evident that a quorum is not present, and, as the Senate is meeting in executive session to consider an important matter, 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	Pope
Andrews	Donahey	La Follette	Radcliffe
Ashurst	Duffy	Lewis	Reames
Austin	Ellender	Lodge	Reynolds
Bailey	Frazier	Logan	Russell
Bankhead	George	Lonergan	Schwartz
Barkley	Gerry	Lundeen	Schwellenbach
Bilbo	Gibson	McAdoo	Sheppard
Bone	Gillette	McCarran	Shipstead
Borah	Glass	McGill	Smathers
Brown, Mich.	Green	McKellar	Smith
Brown, N. H.	Guffey	McNary	Thomas, Okla.
Bulkley	Harrison	Maloney	Thomas, Utah
Bulow	Hatch	Miller	Townsend
Burke	Hayden	Milton	Truman
Byrd	Herring	Minton	Tydings
Byrnes	Hill	Murray	Vandenberg
Capper	Hitchcock	Neely	Wagner
Caraway	Holt	Norris	Walsh
Clark	Hughes	O'Mahoney	Wheeler
Connally	Johnson, Calif.	Overton	
Copeland	Johnson, Colo.	Pittman	

Mr. LEWIS. I announce that the Senator from Tennessee [Mr. BERRY] is detained from the Senate because of illness in his family.

The Senator from New Mexico [Mr. CHAVEZ], my colleague the junior Senator from Illinois [Mr. DIETERICH], the Senator from Oklahoma [Mr. LEE], the Senator from Florida [Mr PEPPER], and the Senator from Indiana [Mr. VAN NUYS] are detained on important public business.

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

INVESTIGATION OF TENNESSEE VALLEY AUTHORITY

Mr. BARKLEY. As in legislative session, I ask the Chair to lay before the Senate the amendments of the House to Senate Joint Resolution 277.

The VICE PRESIDENT. Is there objection? The Chair hears none and, as in legislative session, lays before the Senate the amendments of the House of Representatives to the Senate joint resolution.

The amendments to the joint resolution (S. J. Res. 277) creating a special joint congressional committee to make an investigation of the Tennessee Valley Authority were, on page 1, line 3, after "That", to insert "for the purpose of obtaining information as a basis for legislation"; on page 2, line 4, after "including", to insert "the following, but not excluding any other matters pertaining to the administration and policies'"; on page 2, line 10, to strike out "Authority. Also" and insert "Authority, and also"; on page 3, line 14, to strike out "Any" and insert "Whether any"; on page 3, line 14, after "loss",

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to insert "has been caused"; on page 3, line 15, to strike out "caused"; on page 3, line 23, to strike out "Any" and insert "What"; on page 3, line 23, after "activities", to insert "there have been"; on page 4, line 6, to strike out "Any" and insert "What"; on page 4, line 6, after "any", to insert "have been"; on page 4, line 7, to strike out "affecting" and insert "to affect"; on page 4, line 11, to strike out "The facts as to whether" and insert "Whether"; on page 6, after line 17, to insert:

(s) Whether sodium nitrate could not be produced by the air reduction method by all Tennessee Valley Authority power plants, and sold to the farmers of the Nation at a cost less than the present domestic market prices of imported sodium nitrate.

On page 6, line 19, after "practicable" to insert "but not later than January 3, 1939,"; on page 6, line 21, after "legislation", to insert "If Congress shall not be in session at the time such report shall be made, the report shall be filed with the Secretary of the Senate and the Clerk of the House of Representatives"; on page 6, line 25, after "duties", to insert "and during recesses and adjournments of Congress, or either House"; and on page 7, line 16, after "law", to insert "The provisions of sections 102 to 104, inclusive, of the Revised Statutes (relating to examination and testimony of witnesses) shall apply with respect to any person who is summoned as a witness under authority of this joint resolution."

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

The motion was agreed to.

EBERT K. BURLEW

The VICE PRESIDENT. The Senate is in executive session. When the Senate took a recess in executive session yesterday afternoon the Senator from Nevada [Mr. PITTMAN] had the floor and stated that he could not conclude his remarks then, but would continue today. So the Chair recognizes the Senator from Nevada.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Tennessee?

Mr. PITTMAN. I yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, I arise to make a short statement concerning the nomination of Mr. Burlew because of a sense of public duty.

My only knowledge of him comes from my contact with him as a Senator with a public official in an important department, and I am compelled to say, after a number of years of experience, that he is one of the most courteous, most obliging, most efficient, and most capable officers in this Government. When inquiry for information is made, if he has it—and he very frequently does—he furnishes it immediately without equivocation and without delay. If he does not have the exact information desired, he states that he will look it up and get it, and he always does that very thing. There is no one in the Interior Department who knows more about the workings of that Department than he does. Naturally, not being a westerner, I came in contact with him principally about Public Works Administration matters, and he has uniformly been informative, helpful, and efficient. I have been here a long time; I have known many departmental officials, and I can say truthfully that there is no better and more competent and efficient official in the Government at Washington.

I am told that Mr. Burlew is a Republican, and everybody knows that I am a partisan Democrat; but Mr. Burlew has never exhibited any partisanship in my dealings with him. If he is a partisan Republican, he does not have much time to apply his politics, because he is about the busiest individual whom I know.

Again it is claimed that his nomination should not be confirmed because he let a man in his Department by the name of Reno Stitely steal some $85,000 in the setting up of a fictitious or "phony" C. C. C. camp. I took the trouble to take to my home and read the hearings on that subject, and I came to the conclusion from the testimony that Mr. Burlew was not responsible for the theft. It is true it occurred in Mr. Burlew's Department, but in the same manner it occurred in Mr. Ickes' Department, and Mr. Ickes might as well be charged with dereliction as Mr. Burlew; and yet I am sure that Mr. Ickes would not be charged with that particular defalcation. I have found that when a man who handles money for other people is a thief, it is next to impossible to prevent his stealing, whether the business be public or private.

I have great admiration and affection for the distinguished Senator from Nevada [Mr. PITTMAN], but I cannot agree with him that Mr. Burlew was in the slightest degree responsible for the defalcation of Mr. Stitely.

Mr. Burlew is an honest man. He is an indefatigable worker. He is on the job all the time. He is obliging and helpful. He knows the workings of that Department as no other man in that Department knows them. He is not afflicted with a "swelled head," but, in my judgment, he is a faithful, vigilant, active, and efficient public servant; and he is one who, as very few have done, has earned by hard work and attention to his duties and faithfulness to his Government the promotion that the President has given him; and, although I am a partisan Democrat, I shall cast my vote for the confirmation of Mr. Burlew's nomination with great satisfaction and pleasure.

I thank the Senator from Nevada for yielding to me.

Mr. PITTMAN. Mr. President, when a nomination is sent to the Senate, it is referred to a committee for investigation of the qualifications of the nominee. I have always felt that that was a serious duty, and that it was an obligation placed upon the Senate in the first place and upon the committee in the second place.

As I said yesterday, in this instance I took four cases for special investigation. I could have taken a hundred cases. As a matter of fact, I do not think it would be injurious to the Government service if the whole P. W. A. and the Interior Department were examined by a special committee that could have assistance. I received no assistance, however, in the effort I made to perform my duty.

The Senator from Wyoming [Mr. O'MAHONEY] yesterday said that he joined nearly all the other members of the Public Lands Committee in asking that a western man be appointed as First Assistant Secretary of the Interior, the office vacated by the death of Mr. Walters, from Idaho, but that during the course of the hearings he ascertained that Mr. Burlew knew so much about western matters that he was perfectly satisfied with Mr. Burlew's nomination. If there is anything in this evidence except the testimony of Secretary Ickes which discloses that Mr. Burlew knows anything about western matters, I have failed to find it.

I think it would be a very good thing for the West if this nomination were rejected and a western man were appointed. I know it is said that this is the President's appointment and that we should stand by the President's appointment. I do not believe the President wanted to appoint this man. The testimony shows that Secretary Ickes went down on the trip to the Gulf with the President and talked with him on that trip about this appointment. We know exactly how Secretary Ickes would talk to the President about anything. He talks with both hands and a loud voice. Any man who is weary with overwork would probably yield rather than go on any further. I am afraid that is what the President is going to do also with regard to grazing under the bill we recently passed.

This has been the most discouraging investigation in which I ever participated. I would enjoy terminating my relations with the Public Lands Committee as long as Secretary Ickes is in office, but it is my duty to watch his Department. I do not like to be persuaded against my will. I do not like to be threatened with regard to projects in my State, nor with regard to patronage in my State, because I believe the people in my State are entitled to projects of a meritorious kind, just as are the people of every other State. I believe that the people of my State, when qualified, are entitled to Government positions in the State, although the record in connection with this nomination will show that that rule has not always been observed.

Fortunately, however, while I may have forfeited my right to be considered for patronage or even for projects, the interests of the State will be still taken care of by the junior Senator from Nevada and by the Representative from the State, both of whom I believe are on very friendly terms with the Secretary; at least, I hope they are. I should very much dislike to have all the Representatives of the State disregarded on questions of patronage and projects.

I desire to say that I have never known so much lobbying as has taken place in this case to be carried on for the confirmation of any other man. I do not have to prove it. Every Member of the Senate knows it. Mr. Burlew was running around here like a man fleeing from a riot. He was up and down the Halls everywhere, paying his respects to Senators. I do not think that will be denied. That was before the hearings started—days before they started. He came to my office twice and sat in it for a long, long time, trying to see me. I had nothing to see Mr. Burlew about. I was going to sit in a quasi-judicial capacity to determine his qualifications. I venture to say he saw every member of the committee before the hearings took place. That is merely a guess, and nothing but a guess.

So far as I am concerned, an unprecedented effort was made through all kinds of influential sources to dissuade me from conducting any investigation whatever of this matter. Here, for example, is a telegram I received from the Governor of my State. I showed this telegram to the committee, and read it to them, though I did not put it in the record of the hearings:

RENO, *December 20, 1937.*

Senator KEY PITTMAN,
Washington, D. C.:

Mr. Scattergood by telephone tonight urges appointment of Mr. Burlew as Assistant Secretary of the Interior. I deem this information important to you.

With kind regards,

RICHARD KIRMAN.

Mr. Kirman is our Governor.

Who is Mr. Scattergood? Mr. Scattergood now is, and for a long time has been, the manager and chief consulting engineer of the Los Angeles Light & Power Co. What business has the Los Angeles Light & Power Co. before the Department of the Interior? I think it is a matter of official record that Mr. Scattergood has appeared before committees of Congress.

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

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from California?

Mr. PITTMAN. I yield.

Mr. McADOO. Will the Senator be good enough to state that the Los Angeles Light & Power Co. is a municipally owned utility in the thriving city of Los Angeles?

Mr. PITTMAN. Yes; and one of the most selfish and domineering that ever existed. But this Mr. Scattergood came here at the last regular session of Congress. He came here for the purpose of inducing the Secretary of the Interior to sponsor a bill by which the power rates now being charged to Los Angeles could be reduced. Nevada contended before a committee of the Interior Department, headed by Dr. Merriam, at which this insistence was made, that to reduce the power rates would leave no surplus over and above the cost of amortization of the dam and powerhouse, and therefore that the surplus out of which amounts were to be allotted to Nevada and Arizona in lieu of the loss of taxation would cease to exist. The representatives of the four upper States of the Colorado River Basin—Utah, Colorado, New Mexico, and Wyoming—opposed the reduction of rates to Los Angeles for the same reason; that is, that while it would benefit Los Angeles, it would destroy the surplus that is provided for in the present contract, and nothing would go to the four upper States for the future development of the Colorado River; nothing would go into the fund established in the Boulder Canyon Act for that very purpose.

Mr. McADOO. Mr. President, will the Senator yield to me for a moment?

The VICE PRESIDENT. Does the Senator from Nevada further yield to the Senator from California?

Mr. PITTMAN. I yield.

Mr. McADOO. I do not think the Senator means to attribute Mr. Burlew's appointment to the fact that an effort was made, which has not yet been concluded, by the city of Los Angeles in conjunction with the Senators from Nevada and the other Colorado Basin States, upper and lower, to readjust that contract upon an equitable basis which, in the opinion of a great many of us, would have been more advantageous to the signatory States to the Colorado River pact than the agreement which now exists.

Nor do I think the Senator means to imply—at least I hope not—that the city of Los Angeles was trying to get any advantage of the other States involved. It was just a friendly effort to see if we could not readjust the matter so that a larger award would come to the States of the Colorado Basin than would otherwise be possible.

Mr. PITTMAN. Of course, it is hardly possible to conceive that Los Angeles would try to take advantage of any State. I realize how absurd it would be even to intimate such a thing. But, as a matter of fact, the beneficence of Los Angeles was not recognized by Arizona and Nevada when they were presenting this matter. Nor did the other States appreciate the kindness and charity of Los Angeles. In fact, some of us were instrumental in getting a provision placed in the Bonneville bill by the committee. It came to the floor of the Senate, and when it was apparent that even that provision did not satisfy the four upper States, it was necessary to withdraw it to prevent a filibuster against the Bonneville bill.

Mr. President, that is not all. I called attention to the matter in the hearings, when I asked to be excused, that I might have a week or 10 days to go to Nevada on this power matter. I discovered accidentally along in January that the representatives of the Los Angeles Light & Power Co. were in secret session in the Department of the Interior, with a draft bill to reduce the rates without consideration of Arizona or Nevada or Colorado or Utah or New Mexico or Wyoming, in a star-chamber proceeding in the Department of the Interior. They had been working there for weeks, and when that came out a violent protest went up in all the Colorado River States, and they commenced to have meetings in those States, and I went out West to attend one of those meetings. We had the representatives called there from Los Angeles to see what kind of a bill they had, and they had a bill that was totally unacceptable to any one of the other States.

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

Mr. PITTMAN. I yield.

Mr. McADOO. That is the first I have heard of any star-chamber proceedings about the Colorado River business.

Mr. PITTMAN. They sometimes do not notify the Senator.

Mr. McADOO. I had no part in the meetings. But I do not think they were star-chamber proceedings, in any event; I suppose it was a perfectly rational effort on the part of gentlemen who were concerned in this problem to try to arrive at some basis which could be submitted, of course, to the Senators from the other States. That would be necessary in any event, because nothing can be done unless the representatives of the other States agree. I presume the proceedings to which the Senator is referring were for the purpose of finding some tentative basis of discussion, and nothing else, because it would have to be submitted and approved by the Congress in any event.

Mr. PITTMAN. Nearly a year ago they were having ex parte proceedings in the Department, and when the other six States found it out they demanded a public hearing, and we had the public hearing. Dr. Merriam was asked to sit at that hearing. At that time all of the six States protested against what California was attempting to obtain, and, as far as I know, there has never been any report of that meeting.

Following that we had other hearings in which some of the representatives of the other States were allowed to be present, in an effort to agree on legislation. No legislation was agreed on. Nevertheless, an amendment was proposed, suggested in the House bill, an amendment to take care of the situation.

As I have said, that failed. It was distinctly understood by California and her representatives that the other States were entitled to be represented in any conference with the Department of the Interior looking to a bill to be sponsored by them, and in spite of that understanding——

Mr. McADOO. Mr. President, I may say to the Senator that, as one of the Senators from California, I certainly had no notice of any such arrangement. I have assumed that in all the somewhat protracted negotiations last year and the year before, in the attempt to arrive at some basis which would be an improvement upon the present status, everyone was kept informed, and eventually anything that was proposed would be submitted, necessarily, to the Congress for its approval.

Mr. PITTMAN. I understand the Senator is not to blame in this matter at all. Nevertheless, we discovered accidentally what was going on, and, having discovered it, we started to protest and hold meetings out in the States about it. Of course, I understand that they said they had no intention of finally settling the matter. Nevertheless, we got information that Mr. Margold, conducting the examination, was about to report to the Secretary of the Interior.

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

Mr. PITTMAN. I yield.

Mr. McADOO. I think the Senator will probably concede if such secret negotiations had been undertaken they could not possibly have succeeded until they had been ratified.

Mr. PITTMAN. Yes; but unfortunately Los Angeles does not know that.

Mr. McADOO. Does not know it? I think California realizes it perfectly, because it has never been able to get any agreement about this matter, and has always attempted at least to effect by friendly negotiations some alteration of the present status, and that is all it has ever done.

Mr. PITTMAN. Mr. Scattergood has time and time again endeavored to force this thing through, and he and his attorneys have been told by me, and others, that they did not have any chance to shove anything through Congress.

Mr. McADOO. They could not put anything through without the Senator's consent, and the consent of the Congress.

Mr. PITTMAN. Yes; but it is getting now so that whenever the Secretary of the Interior recommends something there are not enough courageous men to turn it down. That is what I am getting at. There was a time when a piece of legislation that was prejudicial to six States could not pass Congress, but I have a doubt in my mind now about that. I do not ever want to take a chance on it again, and I think we have a right to that position.

This man Scattergood, seeking favors at the hands of the Interior Department at the expense of six other States equally interested, is the man who telephoned to the Governor of my State to wire me to support Burlew's appointment, knowing well enough that I was against it. That is not all. They go further. They take it up with Mr. Ed W. Clark, State chairman of the Democratic Party in Nevada, to have him wire me to support Mr. Burlew's nomination.

Mr. President, persuasive arguments have been made with me by my friends, all of them coming from headquarters. My friends could not help being telephoned to, and my friends could not help telling me what they had heard. It has had no effect on me so far; and I do not think it will have any effect on me.

Right in the midst of the proceedings the Secretary telephoned to the chairman of the committee. The committee was considering the nomination of a man who was appointed by the President at the request of the Secretary, and in the hearing we find this:

The CHAIRMAN. I really think, in view of the length of time that we have taken, we ought to reach a conclusion as soon as we can. The Secretary informed me this morning that he was being very much handicapped in his office by the lack of a First Assistant and the fact that Mr. Burlew was putting in a portion of his time over here, and he was hoping that we would expedite the hearings.

Senator LEE. Senator PITTMAN, I wonder how much longer it will take, with the material that you have there?

Senator PITTMAN. Well, certainly as long as if not longer than I have taken on it so far.

Senator LEE. Probably one more sitting of the hearing would give Senator PITTMAN sufficient time; and then might we have an executive meeting?

Senator PITTMAN. Let me say something more. The Senator has not been present——

Senator LEE. I have been following the hearings, Senator.

Secretary Ickes is so certain of his power of domination and of intimidation—and he certainly never hesitates to use it—that he makes this public statement in a speech here in Washington. This is under date of January 22, just after the hearings started:

"It is inevitable that in the end any logical and sensible government will establish a department of conservation," Secretary Ickes last night predicted before an audience of 300 at a banquet concluding the 2-day conference on national parks, sponsored by the American Planning and Civic Association.

Paying tribute to the personnel of the Park Service, Ickes remarked, "Some of you may have noticed an effort now being made to dig up something to the discredit of the Service. Don't let it worry you. It takes more than one man to make an elephant out of a fly speck."

The papers friendly to Mr. Ickes and Mr. Burlew time and time again published that a one-man filibuster was being carried on in the committee. Here are 615 pages of the hearings. There were probably 50 times as many records necessary to be examined to weed out these 615 pages, and I had no assistance in the matter. I did the work as fast as I could, and there was no unnecessary delay about it. Yet the press favorable to the Secretary were constantly stating that a one-man filibuster was going on.

There is a columnist in Washington whose articles are syndicated. He is under obligations to the Secretary of the Interior, and rightfully so, because the Secretary had proven his friendship to him. The articles in this column have ridiculed me, they have charged that I was prejudiced against Mr. Burlew because his name was on a bronze tablet on the Boulder Dam, together with that of Mr. Ickes' name, and my name was not there.

That has been charged. It is charged in that column that my fight here was based purely on personal animosity. The columnist has charged in a series of articles that I was instigated to go on with the investigation by some lobbyist from California, some man who was opposed to the transfer of the Forest Service to the Department of the Interior. That, of course, is untrue.

In connection with these hearings let me call the attention of the Senate to one of the most extraordinary things that has ever come to my knowledge. Something was done that so far as I know was never done before. The occurrence to which I refer took place while I was in the middle of my conduct of this investigation. A release was issued to the press blackening the name of two officers in the State of Nevada, two head men in the C. C. C. service under the Department of the Interior. Why was this release given to the press at the time? It is perfectly evident why it was done. It was done to create the impression that these men were Nevada citizens, that they were endorsees of mine although they knew that to be untrue. That is the reason for that release. Did Senators ever hear of such a thing as this in their lives?—

UNITED STATES DEPARTMENT OF THE INTERIOR,
February 9, 1938.

Memorandum for the press, immediate release.

Two employees of the Division of Grazing, Department of the Interior, have been suspended from duty pending their answer to charges covering alleged violation of regulations for the repair of automotive equipment, it was announced today. Those suspended are Chester R. Hunt, regional supervisor at the Reno, Nev.,

headquarters of the Division of Grazing, and Darryl Dan Clifford, regional supervising mechanic of the Reno office, which serves as administrative center for grazing work in Nevada, California, and Oregon.

Listen to this:

Final action will not be taken until the employees have had an opportunity to answer the charges.

Briefly, the facts submitted to Secretary Ickes by the Division of Investigation for review are these:

Chester R. Hunt had a brother who was in the garage business in Oakland, Calif.

Early in the summer of 1937 it was discovered that Chester Hunt had ordered the repair of certain automotive equipment at the garage owned by his brother at Oakland, 260 miles away from Reno. The equipment was returned to service in a defective condition. It is also alleged that Hunt attempted to hush up reports of defective repairs, and that he failed to advertise for bids for repairs on the equipment, as required by regulations of the Department of the Interior.

Darryl Dan Clifford is alleged to have been involved in collusion in connection with the repair of equipment in the garage of Hunt's brother in Oakland.

Bills for these repairs amounted to $849.15, which, with cost of transportation of the motors from Reno to Oakland and return, aggregating $422, made a total cost to the Government of $1,271 for work which might have been done for less in Reno or Bakersfield.

Sevent trucks were first taken from Reno for overhauling to Oakland by Clifford, it is alleged, and no bids were sought for their repair and no record of the shipment made in the Reno office. In another instance two trucks and seven motors were transferred in the same manner, with no records and no advertisement of bids, and the inferior quality of the repair work resulted in the total loss of two motors.

It is alleged that avoidance of necessity to advertise for bids for repairs was undertaken through preparation of several invoices, involving small amounts, to cover the work.

John C. Fales, assistant engineer at the Reno office, also was suspended for alleged improper conduct and negligence of the performance of his official duties through efforts to suppress items in reports to his superiors.

The investigation was directed by Secretary Ickes sometime ago at the request of the Division of Grazing.

In this connection, I quote a brief extract from the testimony of Mr. Burlew:

Senator PITTMAN. * * * Mr. Hunt was appointed from Oakland, Calif.?

Mr. BURLEW. Yes. Reno is the regional office for three States.

Senator PITTMAN. He had been residing there right along?

Mr. BURLEW. I assume so; yes.

Senator PITTMAN. I met him once in my life. I did not know who recommended him or where he came from. Have you his personnel file?

Mr. BURLEW. Oh, yes; I have, but not here.

Senator PITTMAN. I would like to see the personnel file.

Mr. BURLEW. All right, Senator.

Senator PITTMAN. I do not think he was recommended by anybody in Nevada.

Mr. BURLEW. Oh, I am sure of that.

After reading the release I asked Mr. Burlew:

What I want to ask you about is this sentence:

"Final action will not be taken until the employees have had an opportunity to answer the charges."

Does it not occur to you that the publication and broadcasting of a charge of that kind, which carries with it the natural inference of a criminal act, is very unfair until those concerned have had an opportunity to controvert the charge?

Mr. BURLEW. I agree with you, Senator, entirely. I may say this, that the first reports of this action came to us from the newspapers. They originated in Reno. I told the press section that we would refuse to give out these charges. We never do; it is unfair to the men, who have not had a chance to answer them.

However, a rifle club in Reno wired in and insisted that the charges be made public. There was a lady in Reno—I have forgotten her name—who wrote in in the same way. The newspapers were alive with the thing. I think it was due to this hearing. I think the newspapers and the people out there pressed this, due to the fact that I was present at these hearings. We had to get this out due to the demand.

Never before was such a thing as that done. Charges at this time were being made of conspiracy and corruption in the hot-oil case against two of the investigators of the hot-oil cases? The two investigators admitted that they owned interests in the wells which were the subject of the fake. Not only did the Department not publish the charges against those two investigators but it turned down all of the charges made by the Bureau of Investigation of the Department of the Interior, which recommended the dismissal of the two men, and the Secretary employed a special counsel from Chicago to whitewash them. Nothing was ever published about those matters. Charges were made against Watson over the missing of $895. Watson was a pay clerk in Yellowstone Park. The investigating committee found that there was no one on earth by whom the money could be taken except by this man. However, no recommendation for dismissal was made. Those charges were never published before or even after the money was paid back by Watson. Mr. President, that is simply another illustration of the methods of intimidation employed in this whole process we have been investigating.

It is discouraging to have Senators rise on the floor of the Senate and endorse a man when a report is being made to the Senate with regard to the investigation of his fitness. They do not seem to care what the evidence is. That is not the question. If the man gives them what they want, he is a good man, no matter what may be shown against him.

Mr. LEWIS. Mr. President——

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

Mr. PITTMAN. I yield.

Mr. LEWIS. Will the able Senator from Nevada tell me who was the Chicago lawyer to whom he referred?

Mr. PITTMAN. A gentleman named Latimer. Has the Senator ever heard of him?

Mr. LEWIS. I have heard the name, but I do not place that name in connection with the bar at this time.

Mr. PITTMAN. I have stated practically what I expect will result in connection with this matter, but I am going on with a statement of the case just the same.

The Senator from Colorado [Mr. ADAMS] stated that the occurrence with regard to the deleted report to the House of Representatives and to the Senator from Wisconsin [Mr. LA FOLLETTE] occurred a long time ago, about 8 or 10 years ago. That is true. The power situation in this country was acute then, and the power situation is just as acute today, and it may be acute for a long time. It is true that the Supreme Court has decided that the holding companies must register, but it is a very narrow decision, and will probably not prevent hundreds of other suits on other questions being raised. But I said to the Senate that I believe the record in this case will disclose squarely that Mr. Burlew was attempting to conceal that undeleted report. I think the evidence in this matter will show clearly that Mr. Burlew was attempting later on to aid Bonner and Griffith in their libel suit. I think his testimony in 1932 and his testimony in 1933 will show that he is cunning and deceptive and untrustworthy. I will proceed with a discussion of that matter right now. If his character was of that kind then, I do not think he has changed his spots.

First, I wish to turn to Mr. Bonner's testimony given in the court, and which is now in the record of the committee hearings. Let us remember that in January 1928, the Committee on Interstate and Foreign Commerce of the House had insisted on a report from the Federal Power Commission. That Commission then consisted of the Secretary of the Interior, the Secretary of War, and the Secretary of Commerce. I believe that was the membership. The committee had been trying to get a report from the Power Commission for a long time, because the Interstate Commerce Commission had been having great trouble in getting the accounts and the records of the Niagara Power Co., and other great institutions of that kind, and getting the basis upon which to determine what the rate base should be. A report was sent to the House committee on January 12, 1928. That report contained pages of criticisms and charges against some of the great power companies of this country. It was released subject to announcement later on by the Federal Power Commission. A copy of it was smuggled out of a pocket in some way and got into the hands of the McGraw Co., and finally into the hands of the big power companies.

The Power Commission was induced to withdraw the report from the House committee. It was withdrawn, and on

February 12 they reported back to the House committee deleting all the criticisms, charges, and suggestions with regard to the control of such power companies.

The Senator from Wisconsin [Mr. LA FOLLETTE] in January 1929 wrote to Mr. Bonner, secretary of the Power Commission, asking him to send the Senator a copy of the original report. The Senator was sent a copy of the deleted report in a letter which indicated that it was the original. Let me read from Mr. Bonner's testimony on that subject. It is said that Burlew had nothing to do with that. I shall read Mr. Bonner's testimony first, and Mr. Burlew's testimony afterward.

I read from the testimony given in court in 1933 by Mr. Bonner, who was being examined by Mr. Leahy. This testimony was given in one of the libel suits by Bonner and Griffith against Hearst:

Q. You mean you did not have the right to destroy those in your capacity as executive secretary?
A. I probably would have; yes, sir.
Q. But you were acting under Mr. Burlew's order?
A. Yes; or the chairman's.
Q. Secretary Wilbur?
A. Yes.
Q. Now, can you tell us what it was that Secretary Wilbur said to you that indicated the necessity of bundling these undeleted reports up and putting them in a drawer in a safe and then locking that, and he, the Secretary retaining the key?
A. I did not know that.
Q. He told you he was going to do it?
A. No.
Q. Did he tell you he was going to put them in a confidential file?
A. I believe so.
Q. Did he tell you why?
A. I was told to send them up to the chairman's office, and I understood they were to be put in a confidential file.
Q. Who told you that?
A. Mr. Burlew.
Q. You just concluded, from the fact that Mr. Burlew told you to send them up to the Secretary's office, that when they got there they would go in a confidential file?
A. Yes.

I am reading this testimony because it will be followed later by the testimony from Mr. Burlew's deposition. I read from Mr. Bonner's testimony:

Q. Now, I show you this package, or what was a package before we unwrapped it, which has been marked "Defendant's Exhibit No. 31" with these papers having been enclosures therein. Did you ever see that package before?
A. Yes; I am pretty sure I did. I did not remember all the papers there were in it.
Q. Did you ever take that package up to Mr. Burlew's office?
A. I took it or sent it. I cannot tell you now which.
Q. If you sent it, do you remember by whom you sent it up?
A. If I did send it I would have sent it by my clerk or by one of the messengers.
Q. Now, can you give us the date on which this package was transferred to the chairman's office?
A. My only recollection on that would be guided by this reply to the La Follette letter, and it would have been within a day or two of that, probably about November 15, 1930.
Q. 1930?
A. Well, 1929. That is right.
Q. At whose suggestion were those papers sent to the chairman's office?
Mr. LAMBERT. I object. There is no evidence here of any suggestion. Before his mind was blank on it.
Mr. GUIDER. No; this witness' mind was never blank about it.

* * * * * * *

Q. Did you receive instructions from anyone respecting this package of papers?
A. Yes; I would consider them that.
Q. Yes, sir. Is that your answer?
A. Yes, sir.

* * * * * * *

Q. Were they written or oral?
A. Oral.
Q. From whom were they received?
A. Mr. Burlew.
Q. Who is Mr. Burlew?
A. Assistant to the Secretary of the Interior.
Q. Following the receipt of such instructions, what did you do?
A. I either sent them up or took them up. I do not recall now.
Q. Did you ever make any suggestion yourself that these papers should be kept up there?
A. I do not recall any suggestions I made. I recall that I did talk it over with Mr. Burlew, and there might have been some conversation with the Secretary, but I do not recall that specifially; but I do remember a conversation with Mr. Burlew at which this was discussed and the La Follette letter was discussed.
Q. Did you thereafter have any occasion to see these papers?
A. Yes; I did.
Q. When and what was the occasion of that?
A. I cannot recall now, Mr. Guider, whether it was on one or two occasions, but at least on one. I know after these papers were discussed at the Senate hearing on the reorganization bill I did go up and examine some of those reports. I had not looked into the thing in detail before that to know exactly what was in the report, and after that I did go up and got Mr. Burlew to dig out the package and I examined it then.

* * * * * * *

That was in 1930. The papers were still subject to Burlew's handling in 1930.

Going on with the testimony:

Q. So the only suggestion you made as to where this bundle might be found was in the suggestions which you made to your own attorney?
A. That is correct.
Q. From whom did you learn that that bundle was in a confidential file?
A. Mr. Burlew.
Q. He told you?
A. Yes, sir.
Q. Did he tell you what kind of a confidential file it was?
A. Yes, sir.
Q. Did he tell you it was in a box or drawer in the Secretary's safe, to which the Secretary alone had the key?
A. That is correct.
Q. Did he tell you he had made a search for that bundle and had opened that safe and could not see or find the bundle?
A. He told me they had made a thorough search before several times looking for that bundle.

I desire to read now what Mr. Bonner testified with regard to the La Follette letter. I consider this transaction a piece of deception which has not been equaled at any time that I know of.

Under date of November 8, 1929, Senator ROBERT M. LA FOLLETTE wrote the following letter:

Hon. F. E. BONNER,
Executive Secretary, Federal Power Commission,
Washington, D. C.

MY DEAR MR. BONNER: As you no doubt know, I am much interested in the power situation in connection with my studies concerning proposed legislation.

I am anxious to obtain a copy of the first and original memorandum on organization, duties, and status of the Federal Power Commission, which was sent to the House Committee on Interstate and Foreign Commerce in relation to H. R. 8141 and S. 1606 in 1928.

Will you please direct that I be furnished a copy of this memorandum?

Sincerely yours,

ROBERT M. LA FOLLETTE.

And under date of November 14—

I assume that is 1929. Mr. Bonner replied as follows:

Hon. ROBERT M. LA FOLLETTE,
United States Senate.

DEAR SENATOR LA FOLLETTE: Agreeable with the request in your letter of November 3, there is enclosed a copy of the report made by this Commission to the House Committee on Interstate and Foreign Commerce in relation to H. R. 8141 and S. 1606 in 1928.

Very truly yours,

F. E. BONNER, *Executive Secretary.*

I quote further from Mr. Bonner's testimony:

Q. Did you send a first and original memorandum to Senator La Follette?
A. No.
Q. Why did you not?
A. I was told not to.
Q. By whom?
A. Mr. Burlew.
Q. And Mr. Burlew was then in what office?
A. He was assistant to the Secretary and Chairman of the Commission.
Q. And the chairman's name was what?
A. Dr. Wilbur.
Q. The same Dr. Wilbur whose deposition was read in this case by the plaintiff? Is that true?
A. Yes.
Q. Why did you think it was necessary for you to inquire of Mr. Burlew as to whether or not you could supply Senator LA FOLLETTE with a copy of the first and original memorandum when you had several before you?
A. I found there was one that had been canceled entirely by the Commission and a later report substituted. I talked with Mr. Burlew, who was with the Secretary of the Interior at the time that report had been made several years before.

Q. Do you now say that before you opened that bundle you had learned that the undeleted report had been canceled by the Commission?

Mr. HOGAN. He did not say that.

Mr. LEAHY. I am asking him.

The WITNESS. I understood it had been revised; yes, sir.

By Mr. LEAHY:

Q. Before that time?

A. I would not say that.

Q. I want you to search your recollection on that.

A. I do not believe I could tell you that, Mr. Leahy. It was all at the same time and I cannot remember the details of what happened when this was done.

There he testifies positively that at about the same time he took this report up there he asked the advice of Mr. Burlew, and Mr. Burlew advised him not to send the undeleted report.

Going on further with the testimony:

Q. Mr. Bonner, I will show you your reply to that letter and ask you if that is a photostatic copy of it? Is it?

A. Yes.

Q. You wrote that?

A. Yes, sir.

Q. Look it over.

A. Yes.

Q. You think that was after you talked to Mr. Burlew?

A. Yes.

Q. On November 14—

Hon. ROBERT M. LA FOLLETTE,
United States Senator.

DEAR SENATOR LA FOLLETTE: Agreeable with the request in your letter of November 8 there is enclosed a copy of the report made by this Commission to the House Committee on Interstate and Foreign Commerce in relation to House Report 8141 and Senate 1606 in 1928.

Very truly yours,

F. E. BONNER.

Now, you knew, did you not, Mr. Bonner, that that report that you were sending to Senator LA FOLLETTE was not the report he had requested in his letter of November 1928?

A. I don't know but what that final report was one that would suit him as well or better, because that was the final report of the Commission.

Q. You knew there was a distinct difference between that one and the one you sent to Senator LA FOLLETTE?

A. I did; yes, sir.

Q. You knew you were sending to Senator LA FOLLETTE the report that he was not calling for?

A. Not exactly.

Q. What do you mean?

A. We sent a report that was the final report of the one that he described.

Q. Did you send him, in accordance with his request, the first and original memorandum?

A. Not if by that he meant the one that was canceled.

Q. Did you have any doubt as to what he meant by that language, Mr. Bonner?

A. Probably not.

Q. Of course not. When you got the letter you went up to Mr. Burlew and asked him if you should send it?

A. Yes.

Q. Then you knew what he was calling for?

A. We suspected.

Q. Then you sent him the report which was revised with the deleted portions?

A. That is right.

Q. I am going to ask you if Judge Lowell did not ask these questions from the bench in your trial in Boston?

These are questions asked by the judge:

Q. Did you have his letter calling for the first and original memorandum? Did you have that or what he wanted?

A. I don't know whether I could answer that. I don't know that he had that at the time.

Judge LOWELL. No; answer the question. LA FOLLETTE asked you for the first and original report, and you sent him the second, knowing it was not the first. Why did you do it?

The WITNESS. It was probably done, Your Honor, because Mr. Burlew said there was only one final report.

The COURT. The one you sent LA FOLLETTE was not the one he asked you for?

The WITNESS. Probably so; yes.

The examining lawyer then said:

It took seven questions to get you to say "probably so; yes" there, did it not?

I think I have read enough of the testimony of Mr. Bonner to show the relation of Mr. Burlew to this transaction as testified to by Mr. Bonner.

Now, I desire to turn to the deposition of Mr. Burlew in 1932. I am calling particular attention to this because the testimony of Bonner is perfectly clear. It is clear that Burlew sent for these undeleted reports; it is perfectly clear that they were in his possession in 1930, and that they were brought up there in 1928; it is perfectly clear that Burlew showed the papers to Bonner in 1930. The testimony is perfectly clear that Bonner deceived Senator LA FOLLETTE, by the instructions of Mr. Burlew, and that the deceit continued until the hearings before the Committee on Interstate and Foreign Commerce in 1930 at the time Merrill, former secretary of the Power Commission, came before the committee.

Now, let us see what Mr. Burlew has to say about that in his deposition. Mind you, Mr. President, this deposition was in 1932, in the Bonner-Hearst suit, and it will be found when he was cross-examined in the other suit in 1933 that he more or less changed his deposition, in that he said, "If I did do it, it was by the instruction of Dr. Wilbur."

Now, let us see as to this. I quote from Mr. Burlew's deposition of March 23, 1932. This was before they had been able to find these undeleted reports in the office of the Secretary of the Interior, although they were placed there in 1928:

Q. Mr. Burlew, how long have you been in that position?

That is the position he now holds.

A. Since March 5, 1923.

Q. I show you a photostat of a letter dated November 8, 1929, and addressed to F. E. Bonner, executive secretary, Federal Power Commission, and bearing the signature of ROBERT M. LA FOLLETTE, and ask you whether you ever saw that letter.

A. I have no recollection of seeing it until I looked up the Power Commission records for Secretary Wilbur when he was subpenaed in this same case.

Mr. SMITH. I would like to have it marked for identification. I offer it in evidence, and inasmuch as it is short, will ask to have it copied in the record.

The letter was then read into the record.

Q. Did Mr. Bonner ever consult you with reference to that letter?

A. Not that I recall.

Q. Have you any recollection of advising Mr. Bonner as to how he should reply to that letter?

A. I have not.

Q. What is your best recollection one way or the other as to whether you did or not?—

The answer to the question is a very important answer; it is so different from the answer of 1933—

A. Of course, in my position there are many thousands of matters go across my desk during the course of a year. It has been approximately 3 years since the incident is supposed to have occurred. It may be possible Mr. Bonner spoke to me regarding this memorandum report which the Senator mentions in his letter. I should not be surprised if he did, because he brought to me many small questions of that sort which I attempted to decide sometimes without consulting the Secretary when I knew what his policy would be. In other cases I would consult the Secretary and then give Mr. Bonner the answer. So that it is possible he spoke to me about this report. Of that, I have no recollection.

Q. Do you know what this report was?

A. I do not. I wish to amend that by saying that since the Secretary was subpenaed in this case I have looked at the report and have secured that copy.

Q. Where did you secure the copy?

A. From the Federal Power Commission's files.

Q. Was there any copy in the files of the Interior Department?

A. None whatever that I have been able to find. I have searched the files for it.

Q. From whom in the Federal Power Commission did you get the copy?

A. Mr. Sechrest. I am speaking now of the report as amended. I have not yet seen a copy other than this printed in the Senate hearings of the original draft. I have made a notation here as to the mimeographing of this report. I got that from the mimeograph division downstairs.

Q. What did you ascertain from the mimeograph division?

A. I found it was received in the mimeograph and service division of the Department of the Interior on January 12, 1928; rewritten report, or amended report was run February 10, 1928.

Q. And it is a copy of the report which was run on February 10, 1928, that you have produced?

A. That I have produced here; yes, sir.

Q. Have you searched the files of the Interior Department to ascertain whether any copies of the original report are still in the files?

A. I have made a thorough search.

Q. Did you find any such copy?

A. I did not.

Q. Did you ever tell Mr. Bonner to collect the so-called original reports and have them sent up to the Interior Department?

A. I have no recollection of it, but it is very possible that I did. If he had approached me on the subject, I probably would have suggested to him that he collect these reports, since they were not authentic copies, and let us have them here.

Q. But they are not here now?

A. They are not here now.

Q. Do you know what happened to them?

A. I haven't any idea. I do not know even that they were delivered here. I am speaking now of what our practice would be in dealing with Federal Power Commission matters.

Q. Do you know whether any records of the Federal Power Commission have been destroyed that have been delivered to this Department?

A. No, sir; they have not that I know of—not with my knowledge. We never had many records of the Power Commission here. The only things we have kept in the Secretary's office have been miscellaneous papers. In many instances copies of those are already in the Power Commission files. We have never kept any of the Federal Power Commission files in our office. We have always been careful to segregate such files and file them, even when Secretary Wilbur was chairman, in the office of the Power Commission itself.

Q. And have you still got the Federal Power Commission's records which were filed in this Department which you have referred to?

A. No, sir; we have not.

Q. What was done with those records?

A. They were returned to the Federal Power Commission.

Q. Do you know when that was done?

A. No, sir; except that it was done at various times, and probably after the present Commission was organized.

Q. But you have no such records here at the present time?

A. We have no such records here at the present time.

Q. Were any of them ever destroyed in this Department?

A. No, sir. A great deal of red tape must be gone through with * * *.

Q. Did you consult with Mr. Bonner on matters relating to the Federal Power Commission from time to time?

A. Many times.

Q. Can you state what kind of matters you consulted with him upon?

A. No; my recollection would not go back to that. Those matters were mainly matters of routine which he felt it was necessary to bring to the Secretary's attention as chairman. He had access at all times to the Secretary. Many times it was not necessary that he consult the Secretary directly and I would handle it for him as I handled many other matters in the Interior Department.

Q. Would you consider the collection of these reports and having them all brought to the Interior Department a matter of routine?

A. I certainly should.

I read further from the testimony of Mr. Burlew:

Q. I understood you to testify—and I made a note of your testimony as follows: "I think we would be inclined to do the same thing now in any Interior Department matter." By that did you mean that if a report had been filed and then withdrawn and a supplemental report drafted and filed in place of the first one that you would collect up any copies of the original one which might be in circulation?

A. We most certainly would. In a department of this size we have to be very careful in handling rewritten reports and letters to be sure that the final copy is the one of record. Quite frequently reports must go through many hands and they are rewritten two or three times, perhaps, before they finally reach the Secretary. Maybe he rewrites it after he gets it. So you can see a great deal of confusion might arise if we were not careful in gathering in the preliminary copies and destroying them, or, at least, making sure that all corrections and changes had been transferred to them.

Q. You say you have no recollection of the matter of Mr. Bonner speaking to you about it. However, you would not say that he did not speak to you about it?

A. No; I would not say that. If he recollects the incident, I would take his word for it, because we were constantly in touch with each other on all matters of this sort.

Q. And you think it was the same way about collecting the copies?

A. I do.

Q. How long have you been in the Interior Department, Mr. Burlew?

A. Since March 5, 1923.

Q. What was your post or position in 1925?

A. The same position I have now, except that since Secretary Wilbur has been here I have been made budget officer in addition to my other duties.

Q. Was it part of your duty in 1925 to have direct supervision over the incoming mail to the Secretary?

A. It was.

Q. And all letters which were addressed to the Secretary at that time came across your desk; is that correct?

A. They came across my desk.

Q. You were familiar with their contents?

A. I was if I was on duty at the time. Of course, that is understood.

These undeleted reports were supposed to be found by the Secretary of the Interior, Dr. Wilbur, just before he went out of office in the latter part of February 1933, and the report of the investigation made in the Interior Department reads as follows:

Undeleted report: In examining the package of files just referred to I saw two copies of the undeleted report on H. R. 8141, a bill authorizing additional employees for the Federal Power Commission. These two copies were produced in court by Mr. Sechrest. Later a package containing nine copies of the undeleted report was brought to court by Mr. Burlew. The ones produced in court from the Interior Department were sent to the Federal Power Commission for their files by Mr. Burlew's letter of September 13, 1933 (exhibit FF). I found no other copies of this report.

Now, I desire to call attention to the significance of these matters.

Bonner testifies on several different occasions to the same thing—that Burlew sent for the undeleted reports; that Burlew directed him to bring them from the Power Commission up to the Interior Department, and he either brought them or sent them up there. Bonner testifies that he took this letter of Senator LA FOLLETTE's up to ask Burlew's advice about whether or not he should send Senator LA FOLLETTE a copy of the undeleted reports, and that at that time the undeleted reports were in the hands of Burlew under the other order. He testifies positively on two or three occasions that Burlew told him not to send the undeleted reports. The testimony is undenied also that Bonner went to Burlew and got the undeleted reports and examined them at the time of the hearing before the Senate committee in 1930. He knew where they were in 1930, and at that time they had been for 2 years in Burlew's possession.

Burlew does not deny any of that. In his examination in the suit here in 1932, while he denies that he remembers it, he states positively that he frequently discussed different matters of this kind with Bonner. Bonner asked his advice many times about routine matters, and he testifies that he gave the advice without speaking to the Secretary about the matter if it was one in which he knew the policy of the Secretary, and that this kind of thing was a routine matter. It is absolutely admitted.

Was there any deceit in that matter? Did not Burlew advise that Bonner should deceive Senator LA FOLLETTE with regard to the final report? Undoubtedly so. There is no question about it.

Burlew testified in 1932, in the deposition, that he had made a thorough search for those undeleted reports in the Interior Department, and could not find them; and yet Bonner testifies that Burlew told him in 1930 where they were kept, and got them and showed them to him in 1930. Yet in 1932 Burlew testified before the court that they had made a thorough search and could not find them, and in 1933 he transmitted the undeleted reports from the Interior Department to the Power Commission!

Oh, yes; Burlew testifies that Secretary Wilbur found them in the safe there one day just before he got ready to leave the Department, and said, "Here are the Power Commission reports you have been looking for so long." The whole thing is tainted, as Senators will understand, with deception, with fraud, and with concealment. No honest, intelligent man can read the testimony and the depositions and come to any other conclusion whatever. Burlew was trying to protect the big power companies of the country from 1928 on until the time he testified in 1932. He was subpenaed in 1932 to bring in the undeleted reports, and he said he could not find them; and yet in February he said that Secretary Wilbur did find them, and told him to put them in a storage room. Burlew had possession of them in February, but never did he tell the court from which he had been under subpena that he had found them—never at all.

The record discloses another thing—that when the trial was to come up here in 1933 Burlew asked the attorneys in the case to allow him to substitute his deposition of 1932, although the papers had been found at the time he asked them to substitute it, and if they had substituted it, even then there would have been no response to the subpena duces tecum. Senators will find in the evidence that Mr. Margold, the Solicitor, and Mr. Glavis, the head of the investigation department, asked Burlew, he having obtained possession of those papers which were required under a subpena duces tecum the latter part of February 1933, why it was that he never told the court or the attorneys on either side of the case that he had the papers, and asked him if he did not consider that that was a concealment of fact required by a court. His answer was:

I did not find them. The Secretary of the Interior found them, and it was his duty to produce those papers if they were produced at all.

It might be well just to place the testimony in the RECORD. I read from an examination of Mr. Burlew by Mr. Margold and Mr. Glavis in the Department of the Interior in 1933.

With regard to finding those papers, as alleged, by Dr. Wilbur in the safe in the latter part of February, Mr. Glavis asked:

Did you notify anybody about Bonner?

Mr. BURLEW. I did not. Until about 10 days before I was called on in the court Mr. Bonner came in my office and said—by the way, he opened his conversation this way, "By the way, when the Secretary cleared out his papers did he ever find those reports?" I think that is what he called them. I said, "Yes." I had no reason to hide it. "Where did he find them?" "In the safe." He said, "That is funny. I was up here some time after I gave them to him and told him I wanted to see them, and he took me out and unlocked the drawer and showed me the papers in the safe."

Mr. MARGOLD. When was this?

Mr. BURLEW. He said some time after he had delivered the papers to our office.

Mr. MARGOLD. Was it before or after the time when that request was being made from Congress—the congressional committee—for them?

Mr. BURLEW. I don't know that, but it seems that that was almost simultaneous. That was away back in 1929. This was some time after that.

* * * * *

Mr. GLAVIS. On page 1564 of the testimony of Mr. Bonner given in the trial of the case in the District of Columbia last month he was asked concerning this undeleted report, and I will just quote several questions:

"Q. Did you thereafter have any occasion to see these papers?

"A. Yes; I did.

"Q. When and what was the occasion of that?

"A. I cannot recall now, Mr. Guider, whether it was on one or two occasions, but at least on one. I know after these papers were discussed at the Senate hearing on the reorganization bill I did go up and examine some of those reports. I had not looked into the thing in detail before that to know exactly what was in the report, and after that I did go up and got Mr. Burlew to dig out the package, and I examined it then."

It will be noted that Burlew in his testimony which was quoted, while being examined by Margold and Glavis, stated that Bonner came up and got the papers from Wilbur. Bonner testified he got them from Burlew.

I proceed to read further from the questioning by Mr. Margold:

Mr. BURLEW. I guess it was in May this year.

The day after I testified in court I called up Mr. Guider, the attorney for Griffith, and told him that I felt my testimony had been deficient in that I was not given the opportunity to say that Dr. Wilbur expressed surprise when he turned over these papers to me after he had found them in the safe. I said I wished I had an opportunity to supplement my statement. I also told Mr. Ramsay, who saw me a day or so later, something to the same effect. Both of them said they would speak to their chiefs about it, meaning Lambert in one case and Hogan in the other. I never heard from it since. When I was talking to Mr. Guider, he told me that my testimony and the production of these papers had ruined Griffith's case.

I want Senators to remember his statement, "The production of these papers had ruined Griffith's case." I think some other testimony, which I will read in a little while, will show that Mr. Burlew was very much interested in the case of Mr. Bonner and Mr. Griffith against the Hearst papers, that he knew the value of that deleted report. I read:

You mean the undeleted report?

Mr. BURLEW. Undeleted report which I produced in court under the subpena.

He produced that in 1933. I read:

Mr. MARGOLD. Those are the ones that were found by Secretary Wilbur in the safe?

Mr. BURLEW. That is right.

Mr. Guider stated that Mr. Griffith—and these are his own words—that "poor Griffith" was the victim of a faulty memory; that he had testified in Boston and in Washington in the present trial that he knew nothing about these reports, whereas my production of them showed a memorandum signed by him where he had listed each one of the papers in the package. The significance of this never occurred to me until I testified in court, because I did not know until I opened the papers in court that Mr. Griffith had signed such a memorandum. I did not know that he even signed such a memorandum.

Mr. GLAVIS. You were subpenaed in this case down where you testified in May?

Mr. BURLEW. I was.

Mr. GLAVIS. And when were you subpenaed? About the 1st of May?

Mr. BURLEW (after referring to papers). May 4, 1933.

I call attention to the fact that Burlew never did produce those papers, nor did anyone ever hear about them until copies of them were discovered first in the Power Commission office. Having been discovered in the Power Commission office, the concealment of them was no longer of any importance whatever. Burlew said he was told that the presentation of this undeleted report was very severe on Mr. Griffith.

Mr. President, let us see something about the ethics of this gentleman. In the same examination by Mr. Margold, the Solicitor of the Department, and Mr. Glavis, the investigator, the following occurred:

Mr. GLAVIS. Your subpena was a subpena duces tecum, calling for you to produce the same documents that you had previously been asked to produce?

Mr. BURLEW. Yes, sir.

Mr. GLAVIS. And among those documents was the undeleted report in the papers you found in the safe?

Mr. BURLEW. That is right.

Mr. GLAVIS. Did you speak to Mr. Guider about your being excused at that time?

Mr. BURLEW. I spoke to both of them.

Mr. GLAVIS. Not both at the same time?

Mr. BURLEW. The same day—individually.

Mr. GLAVIS. They were not together?

Mr. BURLEW. That is right.

Mr. GLAVIS. And you said that you were busy and it would be a convenience to you if that was done, and that your testimony given in the former case in March 1932 be used in this case?

Mr. BURLEW. That is right; and that I would be glad to supplement my deposition. I told them that. If they have not told you that, they have not told you the whole story.

Mr. GLAVIS. That you would be glad to do what?

Mr. BURLEW. Supplement my deposition. Those are my words. I did not tell either side that the papers had been found by Dr. Wilbur.

Mr. GLAVIS. You did not tell that?

Mr. BURLEW. I did not, and I don't consider that I found the papers. There was a confidential relationship between Dr. Wilbur and myself which I was maintaining and I would maintain it for any Secretary with whom I am associated. It was Dr. Wilbur's function and not mine.

Mr. GLAVIS. And to let that stand?

Mr. BURLEW. And to let that stand. Unless they wanted me I would supplement it. I made that statement.

Mr. GLAVIS. Did you tell him how you would supplement it?

Mr. BURLEW. I did not. I did not consider it any of their business.

Mr. GLAVIS. That is the point. Would not the substitution of that deposition made a year before deceive the court if you had let it stand in that way?

Mr. BURLEW. I don't consider so; I considered that if any deposition were to be changed by finding papers it was Dr. Wilbur's deposition.

Mr. MARGOLD. Did your deposition have a statement that you had made the record after the Commission found the papers?

Mr. BURLEW. Yes.

Mr. MARGOLD. That was the one you wanted to substitute?

Mr. BURLEW. I don't like that word "substitution."

Mr. MARGOLD. That was the one in which you said, "You can use my deposition?"

Mr. BURLEW. That is right.

Mr. MARGOLD. Didn't it strike you that you ought to tell them that these things had been found?

Mr. BURLEW. Yes, it did—after a while. It was not agreed that I was not to go in. This whole thing was held open for a number of days. I was still expecting a call and it was not a closed matter.

Mr. MARGOLD. You did not ask them to use——

Mr. BURLEW. I told them that I did not want to appear; that I was too busy; that I had too many things on my mind. It was while I was working on this budget set-up for the next year. I would have had to familiarize myself with my own deposition. I tried to get out of it.

Mr. MARGOLD. The thing I am interested in is why you did not tell them that these papers had been found.

Mr. BURLEW. The first inquiry made about the papers I told both parties that the papers had been found.

Mr. GLAVIS. Why did you not tell them as soon as Wilbur said, "Here are the Bonner papers; here are these papers?" That is what they do not understand.

Mr. BURLEW. Here is what they do not understand, probably, and that is that I did not find the papers; they were not my responsibility. Dr. Wilbur here was the one that found them.

Mr. MARGOLD. Isn't that rather technical? After all, you knew that they had been found.

Mr. BURLEW. I produced the papers. I would have taken them to court as I did.

Mr. MARGOLD. I don't suppose there is anything to be gained by asking further questions. Have you got anything else?

After the papers had been found, either by Burlew or by the Secretary—they were both in the room—they were found in the safe where they were supposed to be kept, and that was in the latter part of February 1933; Burlew was subpenaed again to testify in a case in 1933 several months after the papers were found. He asked the attorneys to use his deposition of 1932, in which he had testified that he had made a thorough search for these papers and could not find them, and he wanted them to accept and use that deposition. When Mr. Margold and Mr. Glavis called his attention to the fact that it would be a deception on the court to file a deposition given in 1932 in which he testified that he could not find the papers, when at the same time he knew where they were; that in fact they were in his possession at that time; and his answer was that he had not found them; that if they were found they were found by the Secretary, and that it was the Secretary's business to go into court and testify about it. Yet he was under subpena at that time to produce these very papers.

Following that what does Dr. Wilbur say about this matter? In 1933, when these suits were brought, the attorneys for the Hearst newspapers wanted these undeleted reports. They wanted them for defense purposes. They understood the reports had been found and they wanted them. Following is a message sent by John Francis Neylan from San Francisco, Calif., in May 1933 to Wilton J. Lambert, Munsey Building, Washington, D. C.:

SAN FRANCISCO, CALIF., *May 18, 1933.*

WILTON J. LAMBERT,
Munsey Building, Washington, D. C.:

Costello, of my office, talked to Wilbur by telephone today. Wilbur says in cleaning up preparatory to leaving Washington shortly before March 4 he found package in his safe marked "Power Commission" and that upon examining same found it to be copies of undeleted report that he has no recollection of having put them there; that Burlew very likely did; that it is his, Wilbur's, guess that Burlew did; that Burlew had access to safe and was only person who did other than himself, and that he, Wilbur, gave the copies to Burlew who undoubtedly still has them, and that Burlew can give us any additional information we desire. You will recall statements made in depositions of Wilbur and Burlew as well as latter's statement to Department of Justice agent to effect that complete search of office and files failed to reveal any copies of this report. Ramsay familiar with this.

JOHN FRANCIS NEYLAN.

I call the Senate's attention to the fact of that memorandum which shows that Dr. Wilbur knew nothing about the report, but that it was in the possession of Mr. Burlew.

I have here a letter from Senator JOHNSON to Mr. Ickes, Secretary of the Interior, calling attention to a telegram which he, Senator JOHNSON, received from Neylan asking Burlew to please present these papers.

Secretary Wilbur in his deposition in 1932, at the same time that the deposition was given by Mr. Burlew, testified with regard to these lost papers as follows:

Q. Have you ever heard of what has been referred to as the original memorandum of the Power Commission to the House Interstate Commerce Committee in January 1928?

A. I heard of it when I began to make inquiry after I got this summons here; that was the first time I ever heard of it.

Q. Have you produced, pursuant to subpena, copy of that memorandum?

A. No; I have no relation to it; I have not anything to do with the Federal Power Commission files.

Q. Have you had an examination made and found that there are no such copies in the files of the Interior Department?

A. We have none at all; I asked for that here.

Q. I show you a photostat of a letter dated November 8, 1929, purporting to come from Senator LA FOLLETTE to Secretary Bonner, and ask you whether that was ever called to your attention, so far as you can recollect.

A. No; I never saw it.

Q. Will you state for the record who Mr. Burlew is?

A. Mr. Burlew is the Administrative Assistant to the Secretary of the Interior.

Q. Did you at any time delegate to Mr. Burlew the right to perform any of your duties or powers as Chairman of the Federal Power Commission?

A. Not to my knowledge. He is Administrative Assistant. He often carries out whatever orders I may give.

Q. Did Mr. Burlew ever take up with you the question of what reply should be made to the letter of Senator LA FOLLETTE that I have just shown you?

A. Not that I know of; I do not remember the letter.

Q. Did you ever direct Mr. Burlew or Mr. Bonner to take up all the copies of the report referred to which might be in the offices of the Power Commission and have them sent to this office, or to Mr. Burlew's office?

A. The report mentioned here?

Q. The report that is referred to in that letter.

A. What is the report referred to?

Q. The report in the subpena.

A. I have no recollection of it at all.

Q. Do you think you would recollect it if you had had those taken from the files of the Department here?

Mr. GUIDER. We object to the form of the question.

A. I think so.

Remember that this was in 1932, and the new trial was had in 1933 of Bonner and Griffith against the Hearst newspapers. Bonner testified at that time that it was Burlew who directed him to bring from the Power Commission office these undeleted reports up to the Interior Department office and that he brought them up to Burlew's office. It is Bonner's testimony that in 1929 when Senator LA FOLLETTE'S letter was received—and that was after the papers were brought up to the office, he went up to the office of Burlew to advise with him as to whether he could comply with Senator LA FOLLETTE'S request and send the undeleted report, and Burlew advised him not to, and according to that advice he sent the Senator the deleted report within a letter of transmission that might indicate it was the undeleted report.

Later on in the testimony given in 1933 it will be found that Mr. Burlew is not so certain. He says "If I did direct those papers to be brought up here it was by the direction of Wilbur." He did not say that in 1932. On the contrary, in 1932 he said he handled these routine matters himself without going to the Secretary. In 1933 he said, "If I did direct Bonner to send the false and deleted reports it was by direction of the Secretary of the Interior." He did not say that in 1932. In 1932 he said that that was a routine matter that he attended to without disturbing the Secretary about it at all. And in 1932 and also in 1933 he testified that whatever Bonner testified to in the matter was true.

So, we have the deposition of Dr. Wilbur in 1932 given at the same time that the deposition of Burlew was given, in which Dr. Wilbur sustains Burlew's testimony because he testified that he knew nothing about sending down to the Power Commission for these undeleted reports. He never saw or heard of the La Follette letter and had nothing to do with the keeping of these papers.

The whole thing showed that it was Burlew who was concealing the papers. It was Burlew who was deceiving the Senator from Wisconsin [Mr. LA FOLLETTE] and the committee. It was Burlew who kept the papers hidden until an investigator of the Department of the Interior in 1933 found some copies in the Power Commission's office. Burlew never once disclosed the fact that there were any papers in the Interior Department until they were uncovered by the investigator in the Power Commission's office.

There is just one other circumstance in connection with this transaction which, in my opinion, justifies the suspicion of collusion with Bonner and Griffith in this matter, and that is Burlew's efforts to get certain papers from the Department of Justice. This fact came out while Margold and Glavis were examining Burlew. It never came out before. It shows the interest of Mr. Burlew in the Bonner and Griffith suits.

I read from the examination of Mr. Burlew by Mr. Glavis in 1933:

Mr. GLAVIS. It appears on May 28, 1930, you went over to the Department of Justice and saw Mr. W. A. McSwain, of the Bureau of Investigation, and he makes a memorandum which I would like to ask you about.

The McSwain memorandum is as follows:

Mr. Ebert K. Burlew, Administrative Assistant to the Secretary of the Interior, called at the Bureau this afternoon in connection with the investigation relative to alleged misconduct on the part of certain officials of the Federal Power Commission. He particularly desired information regarding two letters alleged to have been written by Mr. Charles Keller and Mr. George H. Harries, of the Byllesby Corporation of Chicago, Ill., endorsing Mr. Bonner for the position of executive secretary of the Federal Power Commission. He was advised that these two matters were fully covered in the report of Special Agent R. P. Burrus, dated May 20, 1930, a copy of which report was transmitted to the Secretary of the Interior under date of May 23, 1930. Upon examining the reports in his brief bag he found that he had a copy of this report, and that same fully answered his inquiry.

Mr. Burlew also advised that Messrs. Bonner and Griffith are contemplating instituting a civil suit of libel against the Hearst Publishing Co. and desired to know whether the contents of the reports of the Bureau might be made available to the attorneys representing Messrs. Bonner and Griffith in connection with the civil suit. He was informed that so far as the Bureau itself is concerned, all reports are considered strictly confidential, but that reports relating to the matter in question had been transmitted to the Attorney General, who forwarded same to the Secretary of the Interior, and in view of this, any inquiry regarding the divulgence of the contents of said reports would have to be made direct to the Attorney General. He stated that to date, reports have been perused only by himself, the Secretary of the Interior, and an attorney in the Interior Department, and that prior to affording either Bonner or Griffith or their attorneys access to the same, he would take the matter up with the Attorney General.

To continue the examination of Mr. Burlew by Mr. Glavis:

That reference to someone outside of yourself and the Secretary——

Mr. BURLEW. I do not know who that attorney would be.

Mr. MARGOLD. Who would it necessarily be?

Mr. BURLEW. It would probably be the Solicitor. Yes; it was Mr. Ely. Ely was the attorney. He went over all of them. Let me say that up to this moment I do not think Bonner has ever seen our copies of the reports, nor has Griffith. They came in to me many times to get copies of them and to read them. I did not let them do it.

Mr. GLAVIS. You mean the Department of Justice reports?

Mr. BURLEW. Yes; Department of Justice reports. They never saw the copies I had in my possession, but the attorneys I understood secured copies from some other source, so that the attorneys for both sides had copies of those reports.

Mr. MARGOLD. Do you remember anything about these?

Mr. BURLEW. No; I dont, except it was nothing unusual. Bonner was after me to read these reports.

Mr. MARGOLD. You don't remember Dr. Wilbur asking you?

Mr. BURLEW. No; I don't.

It will be found from the record that in 1933, prior to the institution of the suits by Bonner and Griffith, Burlew was not only personally collecting these undeleted reports from the Power Commission, he was not only concealing them, but he was going to the investigating bureau of the Department of Justice for the purpose of getting directly from them reports from the Department of Justice which he thought were favorable to Bonner and Griffith. He was turned down by the investigators, and told that if he obtained them at all it would have to be from the Attorney General himself.

I contend that the evidence which I have read conclusively proves that it was Burlew, and not Wilbur, who from the very start was prepared to conceal the papers by having them taken out of the Power Commission's office, and did conceal them, and withheld them from the public until other copies of them had actually been discovered in 1933 in the Power Commission's office.

Burlew has admitted that the testimony of Bonner was correct. Bonner testified that when he received the letter from the Senator from Wisconsin [Mr. LA FOLLETTE] asking for the undeleted original report which was first sent to the House Committee on Interstate and Foreign Commerce, he asked Burlew, who then had the papers, whether he should send the Senator the undeleted report or send him the deleted report, and Burlew advised him to send the deleted report. Bonner sent the deleted report in a letter which indicated that he was sending the Senator the undeleted report. The whole thing is backed up by the testimony of Mr. Wilbur. Everything in the record later will show an attempt to avoid, hide, conceal, and deceive. Burlew was seeking a foundation for the Bonner and Griffith suits before the suits were filed, because he went to the head investigator of the Department of Justice and told him that Bonner and Griffith were going to bring libel suits, and he wanted to know whether or not they could use the reports of the Bureau of Investigation of the Department of Justice. Of course, Burlew was assisting Bonner and Griffith all the way through. He first started out in the matter to protect the Power Commission. Later, he got ready to aid Bonner and Griffith before they had brought their libel suits and while they were preparing to bring the libel suits. In that matter the case against Burlew is as clear as any case of cunning and deception I have ever seen. The deception amounts almost to perjury. The man says, "I don't remember anything about it I don't remember. I don't remember. I don't remember." In a matter of such vast importance that attention has been called to it so often in committees, it is unreasonable to assume that a bright man of that type could say truthfully, "I don't remember." Everybody remembered it except him. I say that when a man does remember something, and says he does not remember it, he is guilty of fraud, whether his action be called perjury or not.

I think it is a terrible thing for Senators to confirm the nomination of a man before they read the testimony with regard to him and render their decision before actually reading or analyzing the report of the committee, being actuated by consideration of favorable treatment in relation to projects or patronage. I know some Senators who are now supporting Burlew who were damning him unmercifully 2 years ago and threatening to try to have him removed because he was attempting to place at the head of the P. W. A., in States not far from here, men who were not acceptable to those Senators. But when Burlew yielded, and the Secretary yielded, the Senators said, "All right; take whomever you want." From that time on he is a great character. Such is the urge which marks the action of a great many of us.

Mr. President, I have finished one case, the power case. There are three other cases. I do not feel like speaking any longer than 2 hours today, and I am going to ask that this matter be postponed until tomorrow. I ask unanimous consent that that be done.

The PRESIDING OFFICER (Mr. HILL in the chair). Is there objection to the request of the Senator from Nevada that the further consideration of the nomination of Ebert K. Burlew be postponed until tomorrow?

Mr. McNARY. Mr. President, I have no objection, so far as I am concerned. Representing the minority, I would be very glad to yield to the request of the Senator from Nevada; but I inquire if the majority leader has been advised?

Mr. PITTMAN. Not so far as I know. I am not, however, asking that the Senate take a recess.

The PRESIDING OFFICER. The Chair is informed that the majority leader will be in the Chamber in a moment.

Mr. McNARY. I understand that the request is not to take a recess. It is my desire that the Senate at this time defer further consideration of the pending nomination and proceed to the consideration of bills on the calendar. I think I advised the majority leader this morning that I would like to have that done. So far as I am concerned, representing the minority, I am perfectly willing to accommodate the Senator from Nevada and yield to his request.

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

Mr. PITTMAN. I yield.

Mr. ADAMS. I think some of the Members of the Senate had rather anticipated that the Senator from Nevada would take a little more time today. As the Senator will recall, it was thought yesterday that perhaps he might continue until about 3 o'clock.

Mr. PITTMAN. I will say to the Senator that I have been speaking for 2 hours; I am getting hoarse, and should like to be released until tomorrow morning.

Mr. ADAMS. Would it be agreeable to the Senator to have the absence of a quorum suggested?

Mr. PITTMAN. Certainly.

Mr. ADAMS. 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	Davis	King	Pope
Andrews	Donahey	La Follette	Radcliffe
Ashurst	Duffy	Lewis	Reames
Austin	Ellender	Lodge	Reynolds
Bailey	Frazier	Logan	Russell
Bankhead	George	Lonergan	Schwartz
Barkley	Gerry	Lundeen	Schwellenbach
Bilbo	Gibson	McAdoo	Sheppard
Bone	Gillette	McCarran	Shipstead
Borah	Glass	McGill	Smathers
Brown, Mich.	Green	McKellar	Smith
Brown, N. H.	Guffey	McNary	Thomas, Okla.
Bulkley	Harrison	Maloney	Thomas, Utah
Bulow	Hatch	Miller	Townsend
Burke	Hayden	Milton	Truman
Byrd	Herring	Minton	Tydings
Byrnes	Hill	Murray	Vandenberg
Capper	Hitchcock	Neely	Wagner
Caraway	Holt	Norris	Walsh
Clark	Hughes	O'Mahoney	Wheeler
Connally	Johnson, Calif.	Overton	
Copeland	Johnson, Colo.	Pittman	

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

Mr. BARKLEY. Mr. President, I understand the Senator from Nevada desires to suspend at this time and proceed tomorrow.

Mr. PITTMAN. I should be glad to do so.

Mr. BARKLEY. That is agreeable to me.

EXECUTIVE REPORTS OF COMMITTEES

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

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nomination of Capt. Kenneth Campbell McGregor as a major, for appointment to temporary rank in the Air Corps of the Regular Army.

He also, from the same committee, reported favorably the nomination of Capt. Roland Birnn, as a major, for appointment to temporary rank in the Air Corps of the Regular Army, vice Maj. Romeyn B. Hough, Jr.

He also, from the same committee, reported favorably the nominations of sundry officers for appointment, by transfer or promotion, in the Regular Army.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

DIPLOMATIC AND FOREIGN SERVICE—POSTMASTERS

Mr. BARKLEY. Mr. President, I ask unanimous consent that the nominations on the calendar in the Diplomatic and Foreign Service and the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations referred to by the Senator from Kentucky are confirmed en bloc.

LEGISLATIVE SESSION

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

The motion was agreed to; and (at 2 o'clock and 10 minutes p. m.) the Senate resumed legislative session.

REPORT OF NEAR EAST RELIEF

The VICE PRESIDENT laid before the Senate a letter from the comptroller of the Near East Relief, transmitting, pursuant to law, the report of the Near East Relief for the year ended December 31, 1937, which, with the accompanying report, was referred to the Committee on Printing.

PETITIONS AND MEMORIALS

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

Concurrent resolution requesting Federal aid for airports

Whereas the need for adequate airports and facilities is universally considered as vital a necessity for the national defense, interstate transportation, and industrial and commercial progress as are highways, railways, waterways, seaports, and similar well-established facilities; and

Whereas the tremendous strides being made in the manufacture of heavier and speedier aircraft makes imperative the establishment of adequate airports and approaches thereto if the national defense is to be safeguarded and if the record of safety and rapid civil aviation progress is to be improved and continued; and

Whereas the existence of a comprehensive national airport system is mandatory not only in the national defense for the expeditious movement of aircraft, men, and material in time of war or other emergency, but is also necessary for civil and commercial progress as well; and

Whereas the continued cost of construction, maintenance, and operation of such airports and facilities is prohibitive for individual municipalities and private concerns to bear alone, and is in large part a national responsibility; and

Whereas the Chief of the Air Corps, United States Army, has stated publicly that "there are about 76 additional airports which should be brought up to the prescribed level of development in these 7 geographic areas before we could feel reasonably sure that there have been provided in this country the number of airports of proper size and facility to permit the rapid concentration in time of war of the general headquarters air force with all its auxiliaries in any particular defensive area that the situation may require"; and

Whereas the Assistant Secretary of Commerce has stated publicly: "We must be realistic about this matter. And the cold fact staring us in the face is the realization that within the next 12 months there will be mammoth transport planes in the air which, in all probability, cannot satisfactorily use more than five or six, at most, of the airports in this country in their present condition"; and

Whereas the Assistant Secretary of Commerce has further stated publicly: "The problem of finance is of vital concern to communities. Many cities have reached their financial limit with respect to the construction and improvement of airports. The Department of Commerce will look with favor upon some form of governmental participation in relieving the financial burden": Therefore be it

Resolved by the Senate and General Assembly of the State of New Jersey, That the Congress of the United States be memorialized to provide for Federal aid for airports similar to that granted harbors and highways in any aviation legislation adopted, in the vital interest of the national defense and the sound and safe progress of civil aviation; and be it further

Resolved, That copies of this resolution be sent to the President of the United States, the Vice President, the Speaker of the House of Representatives, the Director of the Budget, the members of the Committees on Military and Naval Affairs and Foreign and Interstate Commerce of the Senate and House of Representatives, and the members of the New Jersey delegations in the Senate and House of Representatives.

Mr. CAPPER presented a petition signed by Mrs. Mark Adams and sundry other citizens of Sedgwick County, Kans., praying for the enactment of legislation to repeal or modify the undistributed-profits and capital-gains taxes, and also praying for an impartial investigation of all phases of the administration of the Tennessee Valley Authority by a joint committee of Congress, which was referred to the Committee on Finance.

REPORTS OF COMMITTEES

Mr. SHIPSTEAD, from the Committee on Indian Affairs, to which was referred the bill (H. R. 4544) to divide the funds of the Chippewa Indians of Minnesota between the Red Lake Band and the remainder of the Chippewa Indians of Minnesota, organized as the Minnesota Chippewa Tribe, reported it with amendments and submitted a report (No. 1552) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H. R. 9764) to authorize an appropriation for reconstruction at Fort Niagara, N. Y., to replace loss by fire, reported it without amendment and submitted a report (No. 1553) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, March 31, 1938, that committee pre-

sented to the President of the United States the enrolled bill (S. 711) to amend an act entitled "An act to establish a Code of Law for the District of Columbia," approved March 3, 1901, as amended, and particularly sections 863, 911, and 914 of the said code.

PRINTING OF ADDITIONAL COPIES OF HEARINGS BEFORE SPECIAL COMMITTEE TO INVESTIGATE UNEMPLOYMENT AND RELIEF

Mr. HAYDEN, from the Committee on Printing, to which was referred the concurrent resolution (S. Con. Res. 28), reported it without amendment, and it was considered by unanimous consent and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Special Committee to Investigate Unemployment and Relief of the Senate be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies of the hearings held before said committee during the current session on the resolution (S. Res. 36) creating a special committee to investigate unemployment and relief.

PRINTING OF ADDITIONAL COPIES OF HEARINGS ON REVENUE BILL, H. R. 9682

Mr. HAYDEN, from the Committee on Printing, reported a resolution (S. Res. 259), which was considered by unanimous consent and agreed to, as follows:

Resolved, That, in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on Finance of the Senate be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies of the hearings held before said committee during the current session on the bill (H. R. 9682) to provide revenue, equalize taxation, and for other purposes.

BILLS INTRODUCED

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

By Mr. NEELY:

A bill (S. 3761) granting a pension to Charles Lycans; to the Committee on Pensions.

By Mr. WAGNER:

A bill (S. 3762) to provide for the employment of art craftsmen on public buildings, public works, or monumental structures of the United States and the District of Columbia, and for other purposes; to the Committee on Education and Labor.

By Mr. WHEELER:

A bill (S. 3763) to increase the period for which leases may be made for grazing and agricultural purposes of public lands donated to the States of North Dakota, South Dakota, Montana, and Washington by the act of February 22, 1889, as amended; to the Committee on Agriculture and Forestry.

By Mr. SHIPSTEAD:

A bill (S. 3764) to provide funds for construction and equipment of a day school building at Ponemah on the Red Lake Indian Reservation, Minn.; and

(By request.) A bill (S. 3765) to amend the Wisconsin Chippewa Jurisdictional Act of August 30, 1935 (49 Stat. 1049); to clarify the act, to make it more equitable, and to extend the time for filing; to the Committee on Indian Affairs.

By Mr. BONE:

A bill (S. 3766) authorizing the construction of flood-control works on Yakima River for local flood protection in the vicinity of the city of Yakima Wash.; to the Committee on Commerce.

By Mr. THOMAS of Utah:

A bill (S. 3767) to amend the Naturalization Act of June 29, 1906, and for other purposes; to the Committee on Immigration.

By Mr. BROWN of New Hampshire:

A bill (S. 3768) to amend subsection (a) of section 203 of the Motor Carrier Act, 1935, by defining the term "agricultural commodities" as used in such act; to the Committee on Interstate Commerce.

By Mr. COPELAND:

A bill (S. 3769) granting the consent of Congress to construct, maintain, and operate a toll bridge, known as the Smith Point Bridge, across navigable waters at or near Mastic, southerly to Fire Island, Suffolk County, N. Y.; and

A bill (S. 3770) granting the consent of Congress to construct, maintain, and operate toll bridges, known as the Long Island Loop Bridges, across navigable waters at or near East Marion to Shelter Island, and Shelter Island to North Haven, Suffolk County, N. Y.

AMENDMENT TO RECONSTRUCTION FINANCE CORPORATION ACT

Mr. WAGNER submitted an amendment intended to be proposed by him to the bill (S. 3735) to amend section 5d of the Reconstruction Finance Corporation Act, as amended, to authorize loans to public agencies, to provide credit facilities for business enterprises, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT TO WAR DEPARTMENT APPROPRIATION BILL

Mr. WHEELER submitted an amendment intended to be proposed by him to the bill (H. R. 9995) making appropriations for the Military Establishment for the fiscal year ending June 30, 1939, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

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

"For reimbursement to Hardin Post No. 8, American Legion, of Hardin, Mont., of expenses incurred by such post in connection with the rendering of military honors to soldiers and veterans buried at Custer Battlefield National Cemetery, $125, which sum shall be immediately available."

AMENDMENT TO MOTOR CARRIER ACT

Mr. ANDREWS submitted an amendment intended to be proposed by him to the bill (S. 3606) to amend the Interstate Commerce Act, as amended, by amending certain provisions of part II of said act, otherwise known as the Motor Carrier Act, 1935, which was referred to the Committee on Interstate Commerce and ordered to be printed.

CONTINUATION OF INVESTIGATION OF SURVEY OF INDIAN CONDITIONS

Mr. THOMAS of Oklahoma submitted the following resolution (S. Res. 258), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That Senate Resolution 79, agreed to February 2, 1928, and continued by subsequent resolutions, authorizing the Committee on Indian Affairs, or any subcommittee thereof, to make a general survey of the condition of the Indians in the United States, hereby is continued in full force and effect during the Seventy-sixth and succeeding Congresses.

CARE OF DELINQUENT AND DEPENDENT CHILDREN IN THE DISTRICT OF COLUMBIA

Mr. COPELAND submitted the following resolution (S. Res. 260), which was referred to the Committee on the District of Columbia:

Resolved, That the Committee on the District of Columbia, or any duly authorized subcommittee thereof, is authorized and directed to examine plans and surveys made by the Board of Public Welfare of the District of Columbia, the Children's Bureau in the Department of Labor, and the Child Welfare League of America with respect to the formulation of an adequate plan for the care of delinquent and dependent children in institutions in the District of Columbia. Such examination shall be made with a view to the formulation of legislation designed to make adequate provision for the care of such children. The committee shall make such examination as soon as possible and shall, not later than May 1, 1938, make a report to the Senate of its conclusions with respect to the adequacy of such plans, together with such recommendations for legislation as it may deem appropriate.

AMENDMENT OF FEDERAL RESERVE ACT—RESTORATION AND MAINTENANCE OF STABLE PRICE LEVEL

Mr. LOGAN. Mr. President, I desire to submit a few remarks in connection with the draft of a bill which I expect to introduce within the next few days.

Mr. President, three times in 18 years we have had ruinous commercial and financial convulsions, as in 1921, 1929–32, and 1937.

In each case we saw the purchasing power of the dollar violently increased in terms of property, and the value of property violently contracted in terms of money. Since the convulsions of 1929 all civilized nations have been struggling to establish a price level of merchantable commodities by regulating the value of money.

It should be obvious that the exchange value of money, or the debt-paying and purchasing power of money, must depend upon the regulation of the supply of money.

Our forefathers well understood this when they framed the Constitution of the United States. The Supreme Court of the United States has interpreted the Constitution in numerous cases, beginning with the *Legal Tender cases*. The Supreme Court has held in its decisions that the Constitution of the United States gave and was intended to give to the Government of the United States the exclusive right to create money and regulate its value; that the right to issue legal-tender money was exclusively vested in the Congress of the United States as a legislative power; and that the power to create legal-tender money was denied to the individual States.

Many steps which have proven to be ineffective have been taken by Congress to regulate the value of money.

The Vreeland-Aldrich Act of 1908 authorized the banks, through regional associations, to issue money against bank assets.

The Federal Reserve Act of 1913 establishing supervisory control over the banking system of the United States, put vast powers in the hands of the Government through the Federal Reserve Board, and directed such powers to be employed in the interests of commerce and industry. This act gave power to the Federal Reserve Board which might have been employed to regulate the value of money and to establish a money of uniform debt-paying and purchasing power. By this act the powers of the Congress were transferred to the Federal Reserve Board; but the act contained a defect which since the World War has been clearly demonstrated. That defect was transferring the powers of Congress to regulate the value of money to an executive board without making such board the agency of the Congress of the United States and directing such agency to regulate the value of money at a reasonable and just standard of debt-paying and purchasing power. The act failed to direct the Federal Reserve Board, as an agency of Congress, as to the means which they should employ to regulate the value of money, and failed to hold the agency responsible to the Congress, subject to dismissal, in the event of failure to carry out the will of the Congress of the United States in regulating the value of money.

During the last half-century, through modern invention and the skilled industry of the American people, we have developed an enormous volume of mass production, until the American people have achieved the highest standard of living in the world. We have developed out of necessity the use of the check on demand bank deposits, which transacts 95 percent and more of our national business. These checks are convertible on demand into legal tender. The legal tender and the checks may be employed in buying gold at a fixed price. These checks, therefore, represent not only legal-tender money, but they are subject to conversion into gold if desired. The check is the the best money in the world, because of its convenience in putting any amount, large or small or subdivided, on a single small piece of paper which is safeguarded against counterfeiting, and responsible banks verify and guarantee the payment of the money represented from one citizen to another citizen. These checks in 1929 reached a volume of $1,227,000,000,000, a hundred times all the monetary gold in the world at that time. These checks now are transacting over 95 percent of our business. These checks are drawn on demand bank deposits, and the demand bank deposits comprise a reservoir of money on which the checks are drawn, on which the volume of our money supply depends. If these checks are hoarded through fear or other motive, it is equivalent to a contraction of our money supply, and results in a violent change in the value of property, particularly in the value of securities traded in on the security exchanges; so in the last year we have seen the best of our stocks fall to one-third of their previous market price. We have seen the dollar increase in the last year to three times its purchasing power in terms of so-called gilt-edged stocks.

It is obvious that the Congress is not regulating the value of money. It is obvious that the laws heretofore written have proven to be ineffective in regulating the value of money. It is obvious that the Congress must use its powers to correct this condition by regulating the value of money through regulating the supply of money, and thus putting an end to the fear of men as to fluctuations in the purchasing and debt-paying power of money. This fear can be ended only by the Congress of the United States exercising its Constitutional power and duty to regulate the value of money by regulating the supply of money through an agency obedient to the Congress, and subject to removal by the Congress in default of the performance of their duties in a manner satisfactory to the Congress itself.

I therefore propose to submit to the Congress a bill, of which I now submit a preliminary draft, and request that it be printed in the RECORD for the consideration and suggestions of my colleagues.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The draft of the bill is as follows:

A bill to amend the Federal Reserve Act, to restore and maintain a stable price level, and for other purposes

Be it enacted, etc.,

SECTION 1. The Board of Governors of the Federal Reserve System is hereby declared to be the agency of the Congress to create money and regulate the value thereof, as authorized by the Constitution of the United States. The individual members of such Board shall hold office subject to the will of the Congress of the United States. Either the Senate or the House by resolution may authorize and request the President of the United States to nominate a successor to a member of the Board from any Federal Reserve district regardless of the term for which he was appointed, whereupon the office of such member, upon the passage of such resolution, shall be automatically vacated.

The Secretary of the Treasury is hereby instructed to cooperate with the Board of Governors of the Federal Reserve System in making effective the policies of this act.

It is the purpose of this act, after achieving maximum employment and production, to establish a dollar of stable, permanent, debt-paying purchasing power.

SEC. 2. It shall be the duty of the Board of Governors of the Federal Reserve System to raise the all-commodity index, or the so-called price level, until full employment of all persons able and willing to work shall have been achieved, and until the price level shall at least reach the all-commodity index of 100 as established by the Department of Labor for the year 1926, which is approximately the same as the average for the years 1914–30. Thenceforth such price level shall be standardized and maintained at a variation not to exceed 2 percent above or below the standard reached as aforesaid. It shall be the duty of the Board of Governors of the Federal Reserve System in accomplishing these ends to expand demand bank deposits by the purchase, through the Federal Reserve banks, of United States bonds and notes, or bonds secured by the United States, or bonds of States and subdivisions thereof, or other sound bankable assets, and to contract demand bank deposits by the sale of the securities aforesaid.

The Board of Governors of the Federal Reserve System shall have complete control over the Federal Reserve banks, with the right to remove officers or employees, and shall cause said banks to be operated as one institution in carrying out the purposes of this act.

The Board of Governors of the Federal Reserve System shall exclusively control all open market operations.

SEC. 3. In order to keep the money supply in proportion to the expansion of physical production, the Board of Governors is hereby authorized and directed to expand demand bank deposits and/or currency in an amount not to exceed 4 percent per annum of the total demand bank deposits and currency estimated as outstanding during the last day of the preceding year.

The Board of Governors is directed, in the annual expansion of the money supply above provided, to issue the credit through the payment of social payments to the Nation's dependent old people, the blind, the crippled, dependent children, and other beneficiaries provided for in the Social Security Act, through the social security organization; and any additional expansion of money, whether of demand bank deposits or currency, necessary to maintain the price level above referred to, and as contemplated in this act, shall be put into circulation through the financing of farms and homes for the lower-income groups through such governmental agencies as are now or hereafter may be organized.

THE EUROPEAN SITUATION—ADDRESS BY SENATOR DUFFY

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD a radio address delivered on March 14 instant by Senator DUFFY on the subject An American Veteran's View on the European Situation, which appears in the Appendix.]

THREE-HUNDREDTH ANNIVERSARY OF PENNSYLVANIA—ADDRESS BY SENATOR GUFFEY

[Mr. DUFFY asked and obtained leave to have printed in the RECORD a radio address on the early history of Pennsylvania, delivered by Senator GUFFEY on March 30, 1938, which appears in the Appendix.]

ST. PATRICK'S DAY ADDRESS AT BOSTON BY HON. JOSEPH B. KEENAN

[Mr. MCADOO asked and obtained leave to have printed in the RECORD an address entitled "Liberty Marches Onward With Roosevelt," delivered by Hon. Joseph B. Keenan, the assistant to the Attorney General, at the two hundred and first annual dinner of the Charitable Irish Society, Boston, Mass., March 17, 1938, which appears in the Appendix.]

ATTACKS UPON ORGANIZED LABOR—LETTER FROM BROTHERHOOD OF RAILROAD TRAINMEN

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD a letter from A. F. Whitney, president of the Ohio, and an accompanying editorial from the Cleveland (Ohio) Press, which appear in the Appendix.]

grand lodge, Brotherhood of Railroad Trainmen, Cleveland,

AMENDMENT TO AGRICULTURAL ADJUSTMENT ACT OF 1938—CONFERENCE REPORT

Mr. BANKHEAD. Mr. President, I ask unanimous consent that the Senate at this time proceed to the consideration of the conference report on House bill 9915, which was submitted last evening by the Senator from South Carolina [Mr. SMITH].

Mr. MCNARY. Mr. President, of course, the conference report is a privileged matter. May I ask the Senator if the House conferees made any change in the bill as it was passed by the Senate sometime ago?

Mr. BANKHEAD. There are no additions to the bill, but some provisions adopted by the Senate have been eliminated. So far as I know, I will say to the Senator, all Senators who have manifested any special interest in the matter are satisfied. I think the report is agreeable to those who are interested in this liberalization program.

Mr. MCNARY. I have no objection.

The PRESIDING OFFICER (Mr. HILL in the chair). Is there objection to the present consideration of the conference report?

There being no objection, the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9915) to amend the Agricultural Adjustment Act of 1938, and for other purposes, was considered and agreed to.

The conference report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9915) to amend the Agricultural Adjustment Act of 1938, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That section 105 of the Agricultural Adjustment Act of 1938 is amended by inserting after the first sentence the following: 'Notwithstanding such amendments, payments with respect to farming operations carried out in the calendar year 1938 and based upon any soil-depleting crop for which special acreage allotments are established shall be made at not less than 90 per centum of the rates announced by the Secretary prior to the enactment of this Act.'.

"SEC. 2. Section 301 (b) (13) (A) of the Agricultural Adjustment Act of 1938 is hereby amended by striking out the word 'farm' in the expressions 'of any farm' and 'for the farm', respectively, and inserting in lieu thereof 'county'.

"SEC. 3. Section 301 (b) (13) (B) of the Agricultural Adjustment Act of 1938 is hereby amended by striking out the word 'farm' in the expressions 'for any farm' and 'for the farm', respectively, and inserting in lieu thereof 'county'.

"SEC. 4. Section 301 (b) (13) of the Agricultural Adjustment Act of 1938 is hereby amended by adding the following new subparagraph:

"'(E) "Normal yield" for any farm, in the case of corn, wheat, or cotton, shall be the average yield per acre of corn, wheat, or cotton, as the case may be, for the farm, adjusted for abnormal weather conditions and, in the case of corn and wheat, but not in the case of cotton, for trends in yields, during the ten calendar years in the case of corn and wheat, and five calendar years in the case of cotton, immediately preceding the year with respect to which such normal yield is used in any computation authorized under this title. If for any such year the data are not available or there is no actual yield, then the normal yield for the farm shall be appraised in accordance with regulations of the Secretary, taking into consideration abnormal weather conditions, the normal yield for the county, and the yield in years for which data are available.'

"SEC. 5. (a) Section 313 (a) of the Agricultural Adjustment Act of 1938 is amended by striking out the word 'net.'

"(b) Section 313 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof the following:

"'(e) In case of flue-cured tobacco, the national quota for 1938 is increased by a number of pounds required to provide for each State in addition to the State poundage allotment a poundage not in excess of 2 per centum of the allotment which shall be apportioned in amounts which the Secretary determines to be fair and reasonable to farms in the State receiving allotments under the Agricultural Adjustment Act of 1938 which the Secretary determines are inadequate in view of past production of tobacco, and for each year by a number of pounds sufficient to assure that any State receiving a State poundage allotment of flue-cured tobacco shall receive a minimum State poundage allotment of flue-cured tobacco equal to the average national yield for the preceding five years of five hundred acres of such tobacco.'

"SEC. 6. Section 328 of the Agricultural Adjustment Act of 1938 is amended by inserting after the words 'during the ten calendar years immediately preceding such calendar year' a comma and the following: 'adjusted for abnormal weather conditions and trends in yield,'.

"SEC. 7. Section 334 (b) of the Agricultural Adjustment Act of 1938 is amended by striking out the word 'net.'

"SEC. 8. Section 343 (c) of the Agricultural Adjustment Act of 1938 is amended by striking out 'for 1938 and for 1939' and inserting in lieu thereof 'for any year.'

"SEC. 9. (a) The second sentence of section 344 (b) of the Agricultural Adjustment Act of 1938 is amended to read as follows: 'Such number of acres plus the number of acres allotted to the State pursuant to subsection (e) (2) is referred to as the "State acreage allotment".'.

"(b) Section 344 (d) (3) of the Agricultural Adjustment Act of 1938 is amended by inserting after 'excluding from such acreage the acres devoted to the production of' the following: 'sugarcane for sugar,'; and by inserting after 'rice for market or' the following: 'wheat or rice'.

"(c) Section 344 (e) of the Agricultural Adjustment Act of 1938 is amended by inserting after '(e)' at the beginning of such subsection '(1)', and by adding at the end thereof the following:

"'(2) The Secretary shall allot to each State to which an allotment is made under subsection (b), and in which at least three thousand five hundred bales were produced in any of the five years immediately preceding the year for which the allotment is made, a number of acres sufficient to provide a total State acreage allotment for such State of not less than five thousand acres.'

"(d) Section 344 of the Agricultural Adjustment Act of 1938 is amended by inserting at the end thereof the following:

"'(g) For each of the years 1938 and 1939 an acreage equal to 4 per centum of the State acreage allotment shall be apportioned by the Secretary, to counties and farms in the State receiving allotments under this Part, in the following manner:

"'(1) An amount of the additional allotment provided for in this subsection sufficient to allot to each farm the acreage allotments provided for in subparagraphs (A) and (B) of paragraph (1) of subsection (d) of this section shall be used for making such acreage allotments as therein provided.

"'(2) In counties in which the allotment is not sufficient to provide adequate and representative allotments to other farms in the county as a result of the allotments required by section 344 (d) (1) (A) and (B), an additional acreage shall be allotted to such farms to make the allotment to each of such farms as nearly equal to the allotment which would have been made to such farms in the absence of the provisions of (A) and (B) of subsection 344 (d) (1) as the remainder of the 4 per centum will permit.

"'(3) After making the allotments provided for in paragraphs (1) and (2) of this subsection the remainder of the 4 per centum may be apportioned in amounts determined by the Secretary to be fair and reasonable to farms or counties receiving allotments which the Secretary determines are inadequate and not representative in view of past production of cotton on the farm or in the county.

"'(h) Notwithstanding any other provisions of this section, the cotton acreage allotment for any farm for each of the years 1938 and 1939, after making the allotments provided in subsection (g), shall be increased by such amount as may be necessary to provide an allotment of not less than 50 per centum of the sum of the acreage planted in cotton in 1937 and the acreage diverted from cotton production in 1937 under the agricultural conservation program, as determined for each farm in accordance with regulations prescribed by the Secretary: *Provided*, That this subsection shall not operate to raise the cotton acreage of any farm above 40 per centum of the acreage on such farm which is tilled annually or in regular rotation, as determined under regulations prescribed by the Secretary.

"'(i) The acreage required for apportionment under subsections (g) and (h) shall be in addition to the State acreage allotment,

and the production of such acreage shall be in addition to the national allotment.'

"SEC. 10. Section 349 (b) of the Agricultural Adjustment Act of 1938 is amended to read as follows:

"'(b) All persons applying for any payment of money under the Soil Conservation and Domestic Allotment Act, as amended, with respect to any farm located in a county in which cotton has been planted during the year for which such payment is offered, shall file with the application a statement that the applicant has not knowingly planted, during the current year, cotton on land on his farm in excess of the acreage allotted to the farm under section 344 for such year.'

"SEC. 11. Section 372 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof the following:

"'(c) Whenever, pursuant to a claim filed with the Secretary within one year after payment to him of any penalty collected from any person pursuant to this Act, the Secretary finds that such penalty was erroneously, illegally, or wrongfully collected, the Secretary shall certify to the Secretary of the Treasury for payment to the claimant, in accordance with regulations prescribed by the Secretary of the Treasury, such amount as the Secretary finds the claimant is entitled to receive as a refund of such penalty.

"'The Secretary is authorized to prescribe regulations governing the filing of such claims and the determination of such refunds.

"'(d) No penalty shall be collected under this Act with respect to the marketing of any agricultural commodity grown for experimental purposes only by any publicly owned agricultural experiment station.'

"SEC. 12. The fourth sentence of section 381 (a) of such Act is amended to read as follows: 'In cases where in 1937 a total or partial crop failure resulted from hail, drought, flood, or boll-weevil infestation, or where any part of a producer's 1937 cotton crop was destroyed after the harvesting thereof by fire or other unavoidable natural cause, if the producer is otherwise eligible for payment, payment shall be made at the same rate per pound on the same percentage of the producer's normal base production established by the Secretary as in the case of other producers.'.

"SEC. 13. Section 403 of the Agricultural Adjustment Act of 1938 is amended by striking out the date 'May 1, 1937' and inserting in lieu thereof the following: 'or before May 1, 1938'.

"SEC. 14. Section 404 of the Agricultural Adjustment Act of 1938 is amended by striking out the date 'May 1937' and inserting in lieu thereof the date 'May 1938'.

"SEC. 15. Section 407 of the Agricultural Adjustment Act of 1938 is amended by striking out 'on or before' wherever it occurs in such section and inserting in lieu thereof the following: 'subsequent to'.

"SEC. 16. Subparagraph (5) of section 8 (c) of the Soil Conservation and Domestic Allotment Act, as amended by section 101 of the Agricultural Adjustment Act of 1938, is hereby amended by striking out the words 'on any farm' in the first sentence and inserting in lieu thereof 'for any county'; and by striking out the word 'thereon' in the first sentence and inserting in lieu thereof 'therein'.

"SEC. 17. Section 8 (c) of the Soil Conservation and Domestic Allotment Act, as amended by section 101 of the Agricultural Adjustment Act of 1938, is hereby amended by adding the following new subparagraph:

"'(6) In determining normal yield per acre for any farm under this section in the case of wheat or corn, the normal yield shall be the average yield per acre thereon for such commodity during the ten calendar years immediately preceding the calendar year in which such yield is determined, adjusted for abnormal weather conditions and trends in yields. If for any such year the data are not available, or there is no actual yield, then the normal yield for the farm shall be appraised in accordance with regulations of the Secretary, taking into consideration abnormal weather conditions, the normal yield for the county, and the yield in years for which data are available.'

"SEC. 18. Section 8 (g) of the Soil Conservation and Domestic Allotment Act, as amended, is amended by striking out the second and third sentences and inserting in lieu thereof the following: 'Such assignment shall be signed by the farmer and witnessed by a member of the county or other local committee, or by the treasurer or the secretary of such committee, and filed with the county agent or the county committee. Such assignment shall include the statement that the assignment is not made to pay or secure any preexisting indebtedness.'.

"SEC. 19. The proclamations heretofore issued by the Secretary of Agriculture under sections 312 (a), 327, 328, and 345 of the Agricultural Adjustment Act of 1938 shall be effective as provided in said sections, and no provision of any amendment made by this Act shall be construed as requiring any further action under section 312 (c) or 347 of the Agricultural Adjustment Act of 1938 with respect to marketing years beginning in 1938."

And the Senate agree to the same.

E. D. SMITH,
J. H. BANKHEAD,
LYNN J. FRAZIER,
Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 8826. An act to amend section 35 of the Criminal Code, as amended (U. S. C., title 18, sec. 82), relating to purloining, stealing, or injuring property of the United States; and

H. R. 9181. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such district for the fiscal year ending June 30, 1939, and for other purposes.

CONSIDERATION OF UNOBJECTED BILLS ON THE CALENDAR

Mr. BARKLEY. I ask unanimous consent that the Senate proceed to the consideration of unobjected bills on the calendar.

Mr. McNARY. Mr. President, I hope that request will be granted.

The PRESIDING OFFICER. The Senator from Kentucky asks unanimous consent that the Senate proceed to consider unobjected bills on the calendar. Without objection, it is so ordered.

The clerk will proceed with the first bill on the calendar.

The bill (S. 1436) providing for the employment of skilled shorthand reporting in the executive branch of the Government was announced as first in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 419) to promote the general welfare through the appropriation of funds to assist the States and Territories in providing more effective programs of public education was announced as next in order.

Mr. VANDENBERG. Let that bill go over.

Mr. HATCH. Mr. President, was the second bill on the calendar objected to? I have just entered the Chamber.

Mr. VANDENBERG. It was.

Mr. HATCH. Did the Senator from Michigan object?

Mr. VANDENBERG. I did.

The PRESIDING OFFICER. The bill was passed over.

The bill (S. 847) to prevent the use of Federal official patronage in elections and to prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends was announced as next in order.

Mr. WAGNER. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2106) for the allowances of certain claims not heretofore paid, for indemnity for spoliations by the French, prior to July 31, 1801, was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1760) to promote the safety of scheduled air transportation was announced as next in order.

Mr. BARKLEY. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by aircraft in interstate commerce and for other purposes, was announced as next in order.

Mr. BARKLEY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 6215) to repeal provisions of the income tax requiring lists of compensation paid to officers and employees of corporations was announced as next in order.

Mr. BARKLEY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2410) to amend the Judicial Code, as amended, was announced as next in order.

Mr. BARKLEY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 144) proposing an amendment to the Constitution of the United States prohibiting child labor was announced as next in order.

Mr. BARKLEY. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (H. R. 1507) to assure to persons within the jurisdiction of every State the equal protection of the laws and to punish the crime of lynching was announced as next in order.

The PRESIDING OFFICER. Let the bill be passed over.

The bill (S. 2482) to provide for the assignment of officers of the Navy for duty under the Department of Commerce and appointment to positions therein was announced as next in order.

Mr. CONNALLY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The resolution (S. Res. 140) authorizing an investigation of the delivery or nondelivery of mail to establishments where industrial strife is in progress was announced as next in order.

Mr. McKELLAR. Let the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

The bill (S. 2024) to amend the civil-service law to permit certain employees of the legislative branch of the Government to qualify for positions under the competitive classified civil service was announced as next in order.

Mr. BARKLEY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

OPERATION OF MOTOR VEHICLES IN INTERSTATE COMMERCE

The bill (S. 589) prohibiting the operation of motor vehicles in interstate commerce by unlicensed operators was announced as next in order.

Mr. BORAH. Mr. President, if that bill is to be considered, I should like to know what it provides. Unless the author of the bill is present to explain it, I ask to have the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. BORAH subsequently said: Mr. President, I objected to the consideration of Senate bill 589 when it was reached on the calendar so that I would have time to find out what the bill is about. I have since conferred with the author of the bill, and I have no objection to it.

The PRESIDING OFFICER. Is there objection to recurring to Calendar No. 965, Senate bill 589?

There being no objection, the Senate proceeded to consider the bill (S. 589) prohibiting the operation of motor vehicles in interstate commerce by unlicensed operators, which had been reported from the Committee on Interstate Commerce with amendments.

The PRESIDING OFFICER. The first two amendments have already been agreed to, and the clerk will state the next amendment of the committee.

The CHIEF CLERK. On page 2, line 13, in section 2, after the word "traffic", it is proposed to strike out "his knowledge of the traffic laws of the State, and include" and to insert "and"; and after line 22, to insert three new subdivisions, as follows:

(d) That no such license shall be issued to a person who is not 16 or more years of age.

(e) That such license shall contain a full and complete description of the person to whom it was issued.

(f) That such license may be revoked or suspended by the proper authorities.

So as to make the section read:

SEC. 2. No license shall be held to permit the operation of a motor vehicle in interstate commerce under the first section of this act unless the law of the State in which the license was issued provides—

(a) That no license permitting the operation of a motor vehicle shall be issued except to persons passing an examination which includes a test of the applicant's eyesight (with or without spectacles), his ability to read and understand highway signs regulating, warning, and directing traffic, and an actual demonstration of ability to exercise ordinary and reasonable control in the operation of a motor vehicle.

(b) That such license must be renewed at least once in each 3-year period.

(c) That it shall be unlawful for any person to (1) display or have in his possession any canceled, revoked, suspended, fictitious, or fraudulently altered license, or (2) to lend his license to any other person or knowingly permit the use thereof by another.

(d) That no such license shall be issued to a person who is not 16 or more years of age.

(e) That such license shall contain a full and complete description of the person to whom it was issued.

(f) That such license may be revoked or suspended by the proper authorities.

The amendments were agreed to.

The next amendment was, on page 3, after line 10, to strike out section 4, as follows:

SEC. 4. The Attorney General may authorize any law enforcement officer of the United States or of the several States or any political subdivision thereof to enforce the provisions of this act under such regulations as he shall prescribe.

The amendment was agreed to.

The next amendment was, on page 3, line 16, to strike out "5" and insert "4"; and on line 18, after "$300", to strike out "or be imprisoned not more than 6 months, or both", so as to make the section read:

SEC. 4. Any person who violates any provision of this act shall, upon conviction thereof, be fined not more than $300.

The amendment was agreed to.

The next amendment was, on page 3, line 19, in the section number to strike out "6" and to insert "5"; and on line 24, to strike out subdivision 3, as follows:

(3) The term "interstate commerce" means transportation (including the propulsion of a motor vehicle under its own power) from a point in one State to a destination in another State; and the operation of a motor vehicle, in any State, on which there are registration or license plates issued by another State shall create a presumption that such vehicle is being operated in interstate commerce, but such presumption shall not be conclusive.

And to insert:

(3) The term "interstate commerce" means transportation (including the propulsion of a motor vehicle under its own power) from a point in one State to a destination in another State or between points in the same State but through another State; and the term "foreign commerce" means transportation (including the propulsion of a motor vehicle under its own power) from a point in the United States to a point in a foreign country, or between points in the United States and through any foreign country. The operation of a motor vehicle, in any State, on which there are registration or license plates issued by another State shall create a presumption that such vehicle is being operated in interstate or foreign commerce, but such presumption shall not be conclusive.

So as to make the section read:

SEC. 5. (a) As used in this act—

(1) The term "license" means a license or operator's permit for the operation of motor vehicles.

(2) The term "State" means any of the several States or the District of Columbia.

(3) The term "interstate commerce" means transportation (including the propulsion of a motor vehicle under its own power) from a point in one State to a destination in another State or between points in the same State but through another State; and the term "foreign commerce" means transportation (including the propulsion of a motor vehicle under its own power) from a point in the United States to a point in a foreign country, or between points in the United States and through any foreign country. The operation of a motor vehicle in any State, on which there are registration or license plates issued by another State, shall create a presumption that such vehicle is being operated in interstate or foreign commerce, but such presumption shall not be conclusive.

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

Mr. TRUMAN. Mr. President, this bill is merely presented in an effort to have the States enact drivers' license laws which will require people who are physically and mentally able to drive automobiles to obtain licenses. It does not in any way interfere with the rights of the States, and its does not create any Federal bureau or increase the number of employees of the Federal Government in any way. It is merely a statement of the requirements which should be possessed by people who drive automobiles.

Mr. CONNALLY. Mr. President, is it limited to operators of trucks and busses under the interstate commerce law, or does it refer to anyone?

Mr. TRUMAN. It applies to all drivers of automobiles.

Mr. McKELLAR. How does it apply to them? What does it provide?

Mr. TRUMAN. It merely provides that the States should pass laws with respect to the issuance of drivers' licenses, provide for physical examinations, and so forth, with which provisions drivers must comply before they may operate cars in interstate commerce.

Mr. CONNALLY. The Senator does not mean that the bill requires the States to do anything?

Mr. TRUMAN. No.

Mr. CONNALLY. It merely means that unless a driver comes within the terms of the measure, he cannot drive a car in interstate commerce?

Mr. TRUMAN. Yes.

Mr. CONNALLY. I do not think the Senator should assert that we are trying to make the States do anything.

Mr. TRUMAN. No, Mr. President, it is not an attempt to make the States do anything. What we are trying to do is to keep off the roads persons who drive recklessly.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 3, in section 5.

The amendment was agreed to.

The next amendment of the committee was, on page 4, line 23, to change the section number from 7 to 6, and after the word "effect" to strike out "two" and to insert "four", so as to make the section read:

SEC. 6. This act shall take effect 4 years after the date of its enactment.

The amendment was agreed to.

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

JOINT RESOLUTION AND BILL PASSED OVER

The joint resolution (S. J. Res. 178) consenting to an interstate compact relating to flood control in the Merrimack River Valley was announced as next in order.

Mr. BARKLEY. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 1351) to amend the Packers and Stockyards Act, 1921, as amended, and for other purposes, was announced as next in order.

Mr. BARKLEY (and other Senators). Let the bill go over

The PRESIDING OFFICER. The bill will be passed over.

RELIEF OF VOLUNTEER OFFICERS AND SOLDIERS WHO SERVED IN PHILIPPINES BEYOND PERIOD OF ENLISTMENT

The Senate proceeded to consider the bill (H. R. 2904) for the relief of officers and soldiers of the Volunteer service of the United States mustered into service for the War with Spain and who were held in service in the Philippine Islands after the ratification of the treaty of peace, April 11, 1899, which had been reported from the Committee on Claims with an amendment, on page 2, line 4, after "1899", to insert "*Provided*, That no benefits shall accrue under any provision of this act to any person whose claim is based upon the service of any such officer or soldier discharged in the Philippine Islands at his own request", so as to make the bill read:

Be it enacted, etc., That all officers and soldiers of the Volunteer service of the United States mustered into service for the War with Spain who were held to service in the Philippine Islands for service in the Philippine Insurrection after April 11, 1899, and after the conclusion of peace with the Kingdom of Spain, shall be entitled to the travel pay and allowance for subsistence provided in sections 1289 and 1290, Revised Statutes, as then amended and in effect, as though discharged April 11, 1899, by reason of expiration of enlistment, and appointed or reenlisted April 12, 1899, without deduction of travel pay and subsistence paid such officers or soldiers on final muster out subsequent to April 11, 1899: *Provided*, That no benefits shall accrue under any provision of this act to any person whose claim is based upon the service of any such officer or soldier discharged in the Philippine Islands at his own request.

SEC. 2. Claims hereunder shall be settled in the General Accounting Office, and shall be payable to the officer or soldier, or if the person who rendered the service is dead, then to his widow, children in equal shares (but not to their issue), father, or mother as provided by existing acts relating to the settlement of accounts of deceased officers and soldiers of the Army (34 Stat. 750), but if there is no widow, child, father, or mother at the date of settlement, then no payment on account of the claim shall be made.

SEC. 3. The Comptroller General is authorized and directed to certify to the Congress, pursuant to the provisions of section 2 of the act of July 7, 1884 (U. S. C., title 5, sec. 266), all claims allowed hereunder.

SEC. 4. Application for the benefits of this act shall be filed within 3 years after the date of its passage.

SEC. 5. Payment to any attorney or agent for such assistance as may be required in the preparation and execution of the necessary papers in any application under this act shall not exceed the sum of $10; any person collecting or attempting to collect a greater amount than is herein allowed shall be guilty of a misdemeanor and shall be punishable by a fine of not more than $500 or by imprisonment for not more than 2 years, or by both such fine and imprisonment.

The amendment was agreed to.

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

The bill was read the third time and passed.

INCLUSION OF HOPS IN AGRICULTURAL ADJUSTMENT ACT

The Senate proceeded to consider the bill (H. R. 7836) to amend the Agricultural Adjustment Act, as amended, by including hops as a commodity to which orders under such act are applicable, which was read, as follows:

Be it enacted, etc., That section 8c (2) of the Agricultural Adjustment Act, as amended, is amended by inserting after "soybeans" the following: ", hops,".

SEC. 2. Section 8c (6) of such act, as amended, is amended by inserting after "soybeans and their products", the following: ", hops,".

Mr. McKELLAR. Mr. President, may we have an explanation of this bill?

Mr. BANKHEAD. Who introduced the bill?

The PRESIDING OFFICER. It is a House bill.

Mr. BANKHEAD. I have no objection to it.

Mr. McNARY. Mr. President, I have offered an amendment.

The PRESIDING OFFICER. The amendment offered by the Senator from Oregon will be stated.

The CHIEF CLERK. On page 1, after line 8, it is proposed to add the following:

SEC. 3. No order issued pursuant to section 8c of the Agricultural Adjustment Act, as amended, shall be applicable to hops except during the two crop years next succeeding the date of enactment of this act.

The amendment was agreed to.

Mr. DUFFY. Mr. President, when this bill was reached on the calendar at the last call of the calendar, I asked that it go over. I have since learned that the people in my State who objected to the bill in its original form do not object to it in view of the amendment proposed by the Senator from Oregon [Mr. McNARY], which has now been agreed to by the Senate. I make the statement for the RECORD that I now have no further objection.

Mr. McNARY. I understood the attitude of the Senator.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

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

The bill was read the third time and passed.

The PRESIDING OFFICER. Without objection Senate bill 2791 of similar title and purport will be indefinitely postponed.

TRANSFER OF ENLISTED MEN OF THE COAST GUARD

The bill (S. 2206) to provide for the transfer of enlisted men of the Coast Guard to the Fleet Naval Reserve was considered, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. WALSH subsequently said: Mr. President, I ask unanimous consent that the vote by which the Senate passed Senate bill 2206 be reconsidered, and that the bill remain on the calendar.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote is reconsidered. The bill will be passed over.

LAWRENCE E. THOMAS

The bill (H. R. 1355) for the relief of Lawrence E. Thomas was considered, ordered to a third reading, read the third time, and passed.

EMPLOYMENT UNDER WORKS PROGRESS ADMINISTRATION

The joint resolution (S. J. Res. 176) favoring employment by the Works Progress Administration of persons unable to find employment in private industry was announced as next in order.

Mr. AUSTIN. Mr. President, I should like to have an explanation of the joint resolution.

Mr. THOMAS of Utah. Mr. President, I believe the purpose of the joint resolution is in part already fulfilled, and I suggest that the joint resolution go over, but remain on the calendar.

The PRESIDING OFFICER. The joint resolution will be passed over.

BILL PASSED OVER

The bill (H. R. 6586) to regulate the transportation and sale of natural gas in interstate commerce, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The bill will be passed over.

BENEFIT PAYMENTS TO COTTON PRODUCERS

The Senate proceeded to consider the joint resolution (S. J. Res. 205) providing for benefit payments to cotton producers with respect to cotton produced in 1937, which had been reported from the Committee on Agriculture with an amendment to strike out all after the enacting clause and to insert the following:

That the Secretary of Agriculture is authorized and directed to pay to any producer of cotton (1) who sells, or has sold, between August 1, 1937, and July 31, 1938, inclusive, any cotton produced by him, and (2) who shows to the satisfaction of the Secretary that he has during the year 1938 complied with any Federal farm program which shall have been enacted during the Seventy-fifth Congress, a price-adjustment payment. Such adjustment payment per pound to each such producer shall be the amount per pound by which the average price of ⅞-inch Middling spot cotton on the 10 designated spot cotton markets (hereinafter referred to as the "official average base price") was below 12 cents per pound on the date of sale of the eligible cotton, but in no case shall the payment per pound exceed 2 cents. In case some or all of the eligible producer's eligible cotton is not sold on or before July 31, 1938, but is at the close of that day under the 10-cent loan provided for in section 2, a similar adjustment payment with respect to such cotton shall be made to each eligible producer making application in the amount per pound by which the official average base price is below 12 cents per pound on July 31, 1938, but in no cose shall the payment per pound exceed 2 cents.

Any funds available under section 32 of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, for the purposes of such section 32, shall also be available for the purposes of this section; and there are hereby authorized to be appropriated such additional sums as may be necessary for the purposes of this section.

SEC. 2. The Commodity Credit Corporation is directed to provide loans to producers of cotton which matures and is harvested during the calendar year 1937, on the basis of 10 cents per pound for ⅞-inch Middling cotton. Variations in the amount of such loans may be made to compensate for variations in grade or quality. No such loan shall be made after December 31, 1937. The Reconstruction Finance Corporation is authorized and directed to make available to the Commodity Credit Corporation such sums as may be necessary to carry out the provisions of this section.

SEC. 3. Insofar as is practicable and consistent with this joint resolution, the adjustment payments and loans provided for herein shall be made in the same manner and upon the terms and conditions as price-adjustment payments and loans with respect to cotton were made for the crop year 1935–36. The Secretary of Agriculture and the Commodity Credit Corporation, respectively, are authorized to make such rules and regulations as may be necessary to carry out their functions under this joint resolution.

The amendment was agreed to.

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

The title was amended so as to read: "Joint resolution providing for adjustment payments and loans to cotton producers with respect to cotton produced in 1937."

REORGANIZATION OF GOVERNMENT AGENCIES, ETC.

The bill (S. 2970) to provide for reorganizing agencies of the Government, extending the classified civil service, establishing a General Auditing Office and a Department of Welfare, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Without objection, the bill will be indefinitely postponed.

ALLOTMENTS TO MISSION INDIAN RESERVATION INDIANS

The Senate proceeded to consider the bill (S. 1424) to repeal that provision in the act of March 2, 1917 (39 Stat. L. 976), directing the making of allotments to Indians of the Mission Indian reservations, California, which had been reported from the Committee on Indian Affairs with amendments, on page 1, line 5, after the word "Large" and the comma, to strike out "authorizing and directing the Secretary of the Interior to cause" and to insert "relating to the making of"; after the word "severalty", in line 6, to strike out "to be made"; and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the proviso in the act of March 2, 1917, appearing on page 976 of volume 39 of the United States Statutes at Large, relating to the making of allotments in severalty to the Indians belonging to and having tribal rights on the Mission Indian Reservations in the State of California be, and the same is hereby, repealed and, until otherwise provided by Congress, the Secretary of the Interior is hereby directed not to perfect or complete any allotments heretofore listed or scheduled to any of said Indians which have not been approved by the Secretary of the Interior prior to the passage of this act: *Provided, however*, That nothing herein contained shall be construed to deprive any Indian of rights, if any, that may have vested prior to the approval of this act.

The amendments were agreed to.

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

Mr. FRAZIER subsequently said: Mr. President, during my absence Senate bill 1424 was passed without objection. I have received a telegram and a letter in regard to this bill from parties interested in it, objecting to it, and I ask unanimous consent that the vote by which the bill was passed be reconsidered and the bill be restored to the calendar.

Mr. THOMAS of Oklahoma. Mr. President, I desire to make a very brief statement about the bill, and then of course I will have no objection to the vote being reconsidered.

Many years ago Congress enacted legislation providing for the allotment of what are known as the Palm Springs Mission Indians, residing adjacent to and some of them in Palm Springs, Calif.

After the allotment bill was passed an agent went to Palm Springs and looked over the ground, consulted the Indians, and made some tentative allotments. The allotments were never completed. The certificates of allotment and trust patents were never delivered.

Recently the Indians who received these tentative allotments have gone into court and have attempted to enforce the delivery of trust patents on these lands. The Interior Department has decided that it is not good policy to issue patents to these Indians at Palm Springs, and has resisted the action in the court designed to bring about the delivery of trust patents to the Indians located in and adjacent to Palm Springs.

Because of the request of the Interior Department, the bill now under discussion was introduced. The bill proposes to cancel the authority to allot these lands to these Indians. If the bill should be enacted and the court should hold that no allotments had been made, all these lands would revert to the tribal property of this band of Indians, now very few in number. Of course, if the bill shall not be enacted the case in court will be pending, and in time the court will render some decision.

An amendment to the bill has been recommended, and even though the bill shall pass, any rights which may have accrued to the Indians involved will not be disturbed.

I have no interest in the case, and, of course, have no objection to the vote being reconsidered, as requested by the Senator from North Dakota.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota? The Chair hears none and the vote is reconsidered, and the bill will be restored to the calendar and passed over.

PREVENTION OF THE SPREAD OF PULLORUM AND OTHER DISEASES

The Senate proceeded to consider the bill (S. 2825) to enable the Department of Agriculture to prevent the spread of pullorum and other diseases of poultry and to cooperate with State official agencies in the administration of the national poultry improvement plan, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with an amendment, on page 2, line 19, after the words "complying with", to strike out "all of", so as to make the bill read:

Be it enacted, etc., That, for the purpose of preventing the dissemination of pullorum and other diseases of poultry from one State or Territory or District of the United States to any other State or Territory or District, the Secretary of Agriculture is authorized to cooperate with official State agencies in the various States in their administration of the national poultry improvement plan, as developed by poultry leaders, poultry breeders, and members of the breeder and commercial hatchery industry and approved by the Secretary of Agriculture, for the selection, testing, improvement, and identification, with respect to quality, of poultry breeding stock, hatching eggs, chicks, and poults.

SEC. 2. The Secretary of Agriculture is authorized to examine the regulations issued by any official State agency for its administration of the said national poultry improvement plan and to approve the same, if found by him to be satisfactory for the intended purpose.

SEC. 3. When the regulations issued by any official State agency for its administration of said national poultry improvement plan have been approved by the Secretary of Agriculture, as provided in the preceding section of this act, and, thereafter, it is certified to the said Secretary, by the said official State agency, that certain named persons, firms, associations, or corporations, engaged in the poultry business in such State, are participating in, and complying with all the provisions of, the said national poultry improvement plan, the said Secretary is hereby authorized to permit such persons, firms, associations, or corporations, so long as said participation and compliance continues, to use the national poultry improvement plan emblem, as devised and approved by the United States Department of Agriculture, and also the prefix "U. S.," in connection with other terms, in describing, advertising, or selling hatching eggs, chicks, poults, or breeding stock through the medium of the United States mails or in interstate commerce.

SEC. 4. Any person, firm, association, or corporation using the said national poultry improvement plan emblem or the prefix "U. S.," in describing, advertising, or selling, through the medium of the United States mails or in interstate commerce, any hatching eggs, chicks, poults, or breeding stock, unless said person, firm, association, or corporation has been certified by the official State agency to the said Secretary of Agriculture and permitted by the said Secretary to use said emblem and the prefix "U. S.," as provided in section 3 of this act, shall be guilty of a misdemeanor and, on conviction thereof, shall be punished by a fine of not less than $50 nor more than $500.

The amendment was agreed to.

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

RESOLUTIONS AND BILLS PASSED OVER

The joint resolution (H. J. Res. 141) to authorize the issuance to Sekizo Takahashi of a permit to reenter the United States was announced as next in order.

The PRESIDING OFFICER. The joint resolution will be passed over.

The resolution (S. Res. 177) requesting recommendations from the Tariff Commission concerning rates of duty on textile imports was announced as next in order.

Mr. BARKLEY. Let that go over.

The PRESIDING OFFICER. The resolution will be passed over.

The bill (S. 3022) to amend the law relating to appointment of postmasters was announced as next in order.

Mr. O'MAHONEY. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 5812) to amend section 243 of the Penal Code of the United States, as amended by the act of June 15, 1935 (49 Stat. 378), relating to the marking of packages containing wild animals and birds and parts thereof, was announced as next in order.

Mr. GILLETTE. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

WOOL AND OTHER AGRICULTURAL COMMODITIES

The Senate proceeded to consider the bill (S. 3105) to amend the Commodity Exchange Act, as amended, to extend its provisions to wool and other agricultural commodities traded in for future delivery, which had been reported from the Committee on Agriculture and Forestry with an amendment, on page 1, line 8, after "wool", to strike out "and any other agricultural commodity traded in for future delivery" and to insert "and wool tops", so as to make the bill read:

Be it enacted, etc., That the third sentence of section 2 of the Commodity Exchange Act, as amended (U. S. C., 1934 edition, supp. II, title 7, sec. 2), is amended to read as follows: "The word 'commodity' shall mean wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, eggs, Solanum tuberosum (Irish potatoes), wool, and wool tops."

The amendment was agreed to.

Mr. O'MAHONEY. Mr. President, I offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 1, line 8, it is proposed to strike out "wool."

The amendment was agreed to.

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

The title was amended so as to read: "A bill to amend the Commodity Exchange Act, as amended, to extend its provisions to wool tops."

JOINT RESOLUTION PASSED OVER

The joint resolution (S. J. Res. 229) directing the Federal Trade Commission to investigate the policies employed by manufacturers in distributing motor vehicles, and the policies of dealers in selling motor vehicles at retail, as these policies affect the public interest, was announced as next in order.

Mr. BROWN of Michigan. Mr. President, I ask that the joint resolution be passed over until the Senator from Indiana [Mr. MINTON] returns to the floor, when I will discuss it.

The PRESIDING OFFICER. The joint resolution will be passed over.

INVESTIGATION OF T. V. A.

The joint resolution (S. J. Res. 239) authorizing the Federal Trade Commission to make an investigation of the Tennessee Valley Authority was announced as next in order.

Mr. BARKLEY. I suggest that the joint resolution be indefinitely postponed.

The PRESIDING OFFICER. Without objection, Senate Joint Resolution 239 will be indefinitely postponed.

GOSHUTE AND OTHER INDIANS

The bill (S. 2777) for the benefit of the Goshute and other Indians, and for other purposes, was announced as next in order.

Mr. McCARRAN. Mr. President, House bill 8885, Order of Business 1597, is an identical bill, and I ask that it be substituted for the Senate bill and that the Senate proceed to consider the House bill.

There being no objection, the bill (H. R. 8885) for the benefit of the Goshute and other Indians, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 2777 will be indefinitely postponed.

ADDITIONAL DISTRICT JUDGE, CALIFORNIA

The bill (S. 3145) to provide for the appointment of an additional district judge for the southern district of California was announced as next in order.

Mr. McADOO. Mr. President, this matter has been included in the general bill reported by the Committee on the Judiciary and passed by the Senate, and I think this bill should be indefinitely postponed.

The PRESIDING OFFICER. Without objection, the bill will be indefinitely postponed.

BILL AND RESOLUTION PASSED OVER

The bill (S. 1443) to designate the month of February of each year as the month of American music was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The resolution (S. Res. 216) favoring governmental adjustment of the purchasing power of the dollar so as to attain 1926 wholesale commodity price levels was announced as next in order.

Mr. AUSTIN. I will have to ask that the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

SAFEGUARDING THE PUBLIC HEALTH

The bill (S. 3073) to safeguard the public health was announced as next in order.

Mr. McKELLAR. Let us have an explanation of this bill.

Mr. COPELAND. Mr. President, this bill relates to the sulfanilamide poison cases, and I think I shall be satisfied to let it go over, because the House is considering a general bill, which includes a provision affording protection against this poison. Otherwise I would ask that the bill be passed.

The PRESIDING OFFICER. The bill will be passed over.

COMMITTEE ON PURCHASE OF BLIND-MADE PRODUCTS

The Senate proceeded to consider the bill (S. 2819) to create a Committee on Purchases of Blind-Made Products, and for other purposes, which had been reported from the Committee on Interstate Commerce with an amendment to strike out all after the enacting clause and to insert:

That there is hereby created a committee to be known as the Committee on Purchases of Blind-Made Products (hereinafter referred to as the "committee") to be composed of a private citizen conversant with the problems incident to the employment of the blind and a representative of each of the following Government departments: The Navy Department, the War Department, the Treasury Department, the Department of Agriculture, the Department of Commerce, and the Department of the Interior. The members of the committee shall be appointed by the President, shall serve without additional compensation, and shall designate one of their number to be chairman.

SEC. 2. It shall be the duty of the committee to determine the fair market price of all brooms and mops and other suitable commodities manufactured by the blind and offered for sale to the Federal Government by any non-profit-making agency for the blind organized under the laws of the United States or of any State, to revise such prices from time to time in accordance with changing market conditions, and to make such rules and regulations regarding specifications, time of delivery, authorization of a central non-profit-making agency to facilitate the distribution of orders among the agencies for the blind, and other relevant matters of procedure as shall be necessary to carry out the purposes of this act: *Provided*, That no change in price shall become effective prior to the expiration of 15 days from the date on which such change is made by the committee.

SEC. 3. All brooms and mops and other suitable commodities hereafter procured in accordance with applicable Federal specifications by or for any Federal department or agency shall be procured from such non-profit-making agencies for the blind in all cases where such articles are available within the period specified at the price determined by the committee to be the fair market price for the article or articles so procured: *Provided*, That this act shall not apply in any cases where brooms and mops are available for procurement from any Federal department or agency and procurement therefrom is required under the provisions of any law in effect on the date of enactment of this act, or in cases where brooms and mops are procured for use outside continental United States.

The amendment was agreed to.

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

BILL PASSED OVER

The bill (H. R. 6410) granting a pension to Mary Lord Harrison was announced as next in order.

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

The PRESIDING OFFICER. The bill will be passed over.

JOHN M. FULLER

The bill (H. R. 4221) for the relief of John M. Fuller was considered, ordered to a third reading, read the third time, and passed.

ESTATE OF F. GRAY GRISWOLD

The Senate proceeded to consider the bill (H. R. 7104) for the relief of the estate of F. Gray Griswold, which had been reported from the Committee on Claims with an amendment, on page 1, line 9, after the numerals "$15,032", to strike out "plus accrued earnings and interest thereon as provided by law", so as to make the bill read:

Be it enacted, etc., That, notwithstanding the provisions of sections 25 (a) and 9 (m) of the Settlement of War Claims Act of 1928, the Attorney General of the United States, as successor to the Alien Property Custodian, and the Secretary of the Treasury are hereby authorized and directed to pay over to the estate of F. Gray Griswold, deceased, of New York City, the sum of $15,032, said funds having been paid over to the Alien Property Custodian by F. Gray Griswold and being now held by the Alien Property Bureau in an individual trust No. 47664 in the name of F. Gray Griswold.

The amendment was agreed to.

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

The bill was read the third time and passed.

FRANK CHRISTY AND OTHER DISBURSING AGENTS IN INDIAN SERVICE

The bill (H. R. 6232) for the relief of Frank Christy and other disbursing agents in the Indian Service of the United States was considered, ordered to a third reading, read the third time, and passed.

COMPLETE MACHINERY & EQUIPMENT CO., INC., AND OTHERS

The Senate proceded to consider the bill (H. R. 7676) for the relief of the Complete Machinery & Equipment Co., Inc., and others, which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Complete Machinery & Equipment Co., Inc., of Long Island City, N. Y., the sum of $108.35; to H. O. Penn Machinery Co., Inc., of New York City, the sum of $217; to Sylvan Greenbaum, Inc., of Brooklyn, N. Y., the sum of $384.60; to Edward Ehrbar, Inc., of Brooklyn, N. Y., the sum of $369.02; and to Mahoney-Clarke, Inc., of New York City, the sum of $1,560.07; in all, $2,639.04, in full satisfaction of their claims against the United States for damages to pumps or loss of pump parts, which pumps were rented to the Works Progress Administration and used constantly for the protection of life and property during the flood that covered the area of Wyoming Valley, Pa., in March and April 1936: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill?

Mr. BAILEY. Mr. President, the bill is recommended, as will be seen from the report, by the Works Progress Administration, Mr. Gill signing the letter, in which he says:

The Works Progress Administration recommends the settlement of the claims in the amounts specified in the draft of the bill, which should, in all equity, be paid as soon as possible.

There is a statement in the report about the bill. Is my statement satisfactory to the Senator?

Mr. McKELLAR. The bill covers a number of claims, and the W. P. A. has recommended the payment of those claims?

Mr. BAILEY. Yes.; on account of damage to the machinery for which the W. P. A. admits responsibility.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

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

BILL PASSED OVER

The bill (S. 475) to establish a Court of Patent Appeals was announced as next in order.

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

The PRESIDING OFFICER. The bill will be passed over.

TIFFANY CONSTRUCTION CO.

The bill (S. 2967) authorizing the Comptroller General to settle and adjust the claim of Tiffany Construction Co. was

considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted etc., That the Comptroller General of the United States be, and he hereby is, authorized and directed to settle and adjust the claim of Tiffany Construction Co. for reimbursement of expenses incurred in repairing a trailer owned by the company which was damaged while loaned to the Bureau of Public Roads, Department of Agriculture, during September 1936, and to allow in full and final settlement of the claim the sum of not to exceed $174.50. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $174.50, or so much thereof as may be necessary, for the payment of the claim: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. McKELLAR subsequently said: Mr. President, I ask unanimous consent to recur to Senate bill 2967.

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

Mr. McKELLAR. Mr. President, what was the amount of the claim and why was it referred to the Comptroller General?

Mr. BAILEY. On the ground that it was disallowed by the Comptroller General on a technicality, and later the Comptroller General recommended that legislation be enacted because an equitable liability existed for the claim.

Mr. McKELLAR. Was the claim a purely technical one?

Mr. BAILEY. Let me read from the report:

The record shows that on September 28, 1936, there developed a need for the removal by the Bureau of Public Roads, Department of Agriculture, of a Government-owned Allis-Chalmers 35 tractor from the Deer Creek Meadows maintenance project located in the Lassen National Forest, Calif., to the Alamanor maintenance project located in the Plumas National Forest, a distance of 45 miles, and that to have transported the tractor on its own power would have taken approximately 12 hours and caused considerable damage to the asphalt-treated pavement.

They procured the transportation for this tractor. It did not appear to be within the law, and the Comptroller General suspended the item under the provisions of the statute we have been discussing here for about 30 days. However, the service was performed, the Government received the benefit of it, and the Comptroller General's office feels that the money should be paid.

Mr. McKELLAR. Very well.

The PRESIDING OFFICER. Senate bill 2967 having been passed, the clerk will state the next bill on the calendar.

RESOLUTION AND BILL PASSED OVER

The resolution (S. Res. 207) a resolution providing for an investigation of the National Labor Relations Act by the National Labor Relations Board was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The resolution will be passed over.

The bill (S. 2829) authorizing more complete development of that portion of Santa Rosa Island conveyed to the county of Escambia, State of Florida, by the Secretary of War, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The bill will be passed over.

COMPULSORY BLOCK BOOKING

The bill (S. 153) to prohibit and to prevent the trade practices known as "compulsory block-booking" and "blind selling" in the leasing of motion-picture films in interstate and foreign commerce was announced as next in order.

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

The PRESIDING OFFICER. The bill will be passed over.

Mr. NEELY. Mr. President, it is manifest that unanimous consent cannot be obtained to pass or even take up this bill. Therefore, I now give notice that in the near future I shall move that the Senate proceed to the consideration of this important measure in circumstances which will permit freedom of debate.

PORTLAND ELECTRIC POWER CO.

The bill (H. R. 6467) for the relief of the Portland Electric Power Co. was considered, ordered to a third reading, read the third time, and passed.

MARY DOUGHERTY

The bill (H. R. 6061) for the relief of Mary Dougherty was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (H. R. 1249) for the relief of L. M. Crawford was announced as next in order.

Mr. McKELLAR. Mr. President, I notice that the War Department recommends that this bill be not passed. I ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 6479) for the relief of Guy Salisbury, alias John G. Bowman, alias Alva J. Zenner, was announced as next in order.

Mr. McKELLAR. Mr. President, I notice that the Department also recommends against the passage of this bill. I ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2864) to correct the military record of Clayton R. Miller was announced as next in order.

Mr. McKELLAR. There is an adverse report against the bill. Let the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 4018) for the relief of Orville Ferguson was announced as next in order.

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

The PRESIDING OFFICER. The bill will be passed over.

ALBERT PINA AFONSO, A MINOR

The bill (H. R. 3657) for the relief of Albert Pina Afonso, a minor, was considered, ordered to a third reading, read the third time, and passed.

ARTHUR T. MILLER

The bill (S. 3379) for the relief of Arthur T. Miller was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Arthur T. Miller, of Fayetteville, Ark., the sum of $50 in full settlement of all claims against the United States for damages to him caused by the death of one purebred cow, known as abortion reactors, in connection with the Government's efforts to eradicate Bang's disease from the dairy herds of Washington County, Ark.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

REESTABLISHMENT OF REGULAR ARMY RESERVE

The bill (S. 3530) to amend the National Defense Act of June 3, 1916, as amended, by reestablishing the Regular Army Reserve, and for other purposes, was announced as next in order.

Mr. KING. I ask that that bill be passed over.

Mr. SHEPPARD. Mr. President, will the Senator from Utah withhold his objection to that bill and permit me to submit a brief explanation for the benefit of the Senate?

Mr. KING. I withhold my objection.

Mr. SHEPPARD. This bill is a part of the plan submitted by the President for the improvement of the national defense. The authorized enlisted strength of the Army is 280,000. This was the minimum force determined by Congress and the War Department, after careful and thorough study, to meet peacetime needs, such as garrisoning our overseas pos-

sessions, namely, Hawaii, Panama Canal Zone, Puerto Rico, Philippine Islands, and so forth, and garrisoning military posts in various parts of the United States and Alaska.

Mr. McKELLAR. Mr. President, will the Senator yield to me for a moment?

Mr. SHEPPARD. Certainly.

Mr. McKELLAR. What would be the cost of this measure?

Mr. SHEPPARD. Something like $450,000 a year for the first year, increasing by a like amount for the next 3 years, and then stabilizing at $1,800,000 a year after that. It is a substitute that we have devised for increasing the regular enlisted strength of the Army by 75,000, an increase which would cost over $60,000,000 per annum, not including the cost of the additional housing that would be needed. We will save an immense amount of money by the passage of this bill.

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

Mr. SHEPPARD. I yield.

Mr. CONNALLY. As I understand, these men will be in the Reserve, but subject to call for active duty at any time; but while they are in the Reserve we pay them a small fee.

Mr. SHEPPARD. A small amount to pay them for the inconvenience and loss in separating themselves from regular business activities and rejoining the service.

Mr. KING. I think the bill had better go over until we take up for our consideration the military bill and see how large an Army we are going to have and how many hundreds of millions of dollars are going to be expended.

Mr. SHEPPARD. Let me conclude my explanation, so that it may be in the RECORD.

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

Mr. SHEPPARD. I was enumerating the peacetime needs of the Regular Army, which would properly require a minimum enlisted strength of about 280,000. I had enumerated some of those needs. Other needs are the provision of the necessary nucleus for the expansion of the present force as rapidly as possible in the event of war, the training of components such as the National Guard, Organized Reserves, R. O. T. C., and C. M. T. camps. This minimum force has never been provided. The War Department has devised a plan——

Mr. AUSTIN. Mr. President, I make the point of order that the Senate is not in order. This information is of great value to the Senate.

The PRESIDING OFFICER. The Senator's point of order is well taken. The Senate will be in order.

Mr. SHEPPARD. The War Department has devised a plan by which it can barely get along in peacetime with 240,000 enlisted men, but that number has never been provided. We have today only about 165,000 enlisted men, a number inadequate even for peacetime purposes. To meet this deficiency—that is, the difference between 165,000 and 240,000—by adding to the active enlisted strength of the Army would involve a minimum expense of approximately $60,000,000 a year, not including extra housing, as I have already stated. The alternative proposed by this bill would involve an expense of about $450,000 for the first year, increasing by a like amount each succeeding year until the expense is stabilized at $1,800,000 at the end of the fourth year, as I have before stated.

To accomplish this, the present bill establishes what is known as the Regular Army Reserve. This Reserve will be composed of soldiers who have served in the Regular Army, who have received an honorable discharge, who are less than 36 years of age, and who have reenlisted for the Regular Army Reserve under regulations prescribed by the President.

Members of the Regular Army Reserve will be subject to call for active duty in case of an emergency declared by the President. They will be required periodically to supply officials of the Army with accurate information as to their whereabouts and availability, and they must be ready and willing to report on short notice to the places they are assigned to fill. For accepting these responsibilities and obligations by retaining their connection with the Regular Army, provision is made in this bill that each soldier reenlisted for the Regular Army Reserve shall be entitled to receive, during each year of his service in the Regular Army Reserve, an enlistment allowance of $24 per annum, payable in installments, under such regulations and conditions as the President may prescribe. The War Department contemplates a total Regular Army Reserve of 75,000 enlistees, obtained over a 4-year period in approximate yearly increments of 18,750.

In the event members of the Regular Army Reserve are ordered to active duty following an emergency declared by the President, the bill provides they shall be furnished transportation and subsistence allowances at Government expense from their homes within the continental United States or its possessions to points where ordered to report for active duty. Furthermore, provision is made to the effect that each man found qualified and accepted for active duty following such order shall receive a sum at the rate of $3 per month for each month he has been enlisted in the Regular Army Reserve, but not to exceed $150. The purpose of the proposed payment is to reimburse the member of the Regular Army Reserve for the expenses which might be occasioned him by his sudden severence from civil life. Except in an emergency, this phase of the measure will occasion the Government no expense. In the event of an emergency, if the total strength of 75,000 members of the Regular Army Reserve were ordered to active duty, the total cost of this provision of the bill would not exceed $5,000,000. The War Department advises that this amount would be about equal to the cost of recruiting and pay alone for 3 months of a like number of volunteers, but that the product of 3 months' training would not be equal in combat value to the trained and experienced member of the Regular Army Reserve, and that, furthermore, the time factor would be vital.

The bill specifically provides that service in the Regular Army Reserve not on active duty shall confer no right to pay, longevity pay, retirement, or retired pay; that members of the Reserve shall become entitled to pensions only due to disability incurred while on active duty in the service of the United States; that while on active duty members of the Reserve shall have the same status and receive only the same pay and allowances provided by law for enlisted men of the active Regular Army of like grade and length of service; and that in computing length of service for pay purposes, time spent on active duty only will be counted. Provision is further made in the bill that within 6 months after the termination of an emergency declared by the President, members of the Regular Army Reserve on active duty shall be placed on an inactive status or discharged, whichever is appropriate. It is also stipulated that members of the Regular Army Reserve shall be subject to military law only from the date they are required to obey an order to report for active duty.

Inasmuch as this measure contemplates the reenlistment of men under 36 years of age who have served one or more periods of enlistment in the Regular Army, the proposed Regular Army Reserve will consist of trained men, and, therefore, it will not be necessary to expend funds on annual training for them. In presenting this matter to the committee the War Department pointed out that if the bill is enacted into law the Department will reenlist for the Regular Army Reserve, for 4-year enlistment periods, as many men as possible at the time they complete an enlistment period in the Regular Army and are ready to return to civilian life, and that only those who are of good character, of standard efficiency, and of an age and domestic status permitting their immediate use in the field, will be reenlisted in the Regular Army Reserve. It was further submitted that since the Regular Army Reserve will consist only of men who have voluntarily reenlisted therein after completion of enlistment with the Regular Army, it will be possible to fill the Reserve with young, unencumbered, and well-trained veterans of the Regular Army, who upon discharge are anxious to retain their connection for a few years with the comrades with whom they served, and that in this manner the United States will receive the full benefit of the

funds previously expended in training these men while on active duty with the Regular Army.

The War Department submits further that the enactment of the bill into law, followed by appropriations sufficient to carry it into effect, will fill a long-felt need, that it will make our present efficient Regular units much better equipped for their responsibility of immediate readiness in time of emergency, that when the results which will accrue from such a Regular Army Reserve are considered the cost is worthwhile; and that the measure, in effect, is a conservation undertaking in that it will save to the Nation a great reserve military force which is today being largely allowed to dissipate itself.

After having carefully considered this proposal, the Senate Committee on Military Affairs concurs in the recommendation that S. 3530 be enacted into law, believing the measure to be an economical, practical, and essential step in the interest of our national defense.

At this point, Mr. President, I shall let the matter rest, at the request of the Senator from Utah. Let me say again that instead of asking for an increase in the active enlisted strength to the extent of 75,000 at a cost of about sixty millions a year, we think we can meet the situation by establishing the Regular Army Reserve, at a final cost of about $1,800,000 a year.

The PRESIDING OFFICER. The bill will go over.

RELIEF OF COMMUNITY INVESTMENT CO., INC.

The Senate proceeded to consider the bill (S. 945) for the relief of the Community Investment Co., Inc., which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Community Investment Co., Inc., a corporation organized under the laws of the State of California, the sum of $1,896.69. Such sum shall be in full settlement of its claim against the United States for a refund of income taxes for the year 1926, found by the Treasury Department to have been erroneously assessed, which claim was disallowed on the ground of failure to file within the statutory period of limitation: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. KING. I find the Department has submitted an adverse report upon this bill.

Mr. BONE. I do not know whether or not the Senator intends to object to it, but let me say that it is true that there was an adverse report upon the similar bills pending at various times in previous sessions of the Congress, but the bills previously contained an item of $125,000. The amount contained in the bill now before the Senate is only $1,896.69. The Government owes this money. It is not a question of the Government not owing the money. The Treasury Department still owes this amount of money, which represents an overcollection of income tax. It is only the simplest form of justice to return the money. Liens were filed on the basis of the erroneously assessed taxes, which forced the concern into receivership. Liens were filed on all their operating property in California, which caused the concern to collapse.

Mr. KING. Does the Senator state there is no adverse report on this particular claim?

Mr. BONE. No.

Mr. KING. I have no objection.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

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

GEORGE RENDELL, ALICE RENDELL, AND MABEL RENDELL

The bill (H. R. 6689) for the relief of George Rendell, Alice Rendell, and Mabel Rendell, was considered, ordered to a third reading, read the third time, and passed.

Mr. BAILEY. With reference to Calendar No. 1481, being House bill 6689, I move that the Senate reconsider the vote by which that bill was passed, and that it be held in abeyance.

The PRESIDING OFFICER. Without objection, the vote is reconsidered.

Mr. BAILEY. On that point, let me say that both House bill 6689 and the preceding bill, Senate bill 945, are tax claims, and the President, as I recall, for several years past has persistently vetoed bills undertaking to refund or make correction concerning taxes.

Mr. KING. That is correct.

Mr. BAILEY. Both bills are likely to meet the same fate if they are passed.

Mr. KING. Which is the other bill?

Mr. BAILEY. Senate bill 945.

Mr. BURKE. Is the Senator from North Carolina referring to Senate bill 945 and House bill 6689?

Mr. BAILEY. Yes; they were both tax-refund bills.

I did not ask for reconsideration of Senate bill 945. I simply called attention to the fact that the President has repeatedly vetoed tax-claim bills which we have passed, as the Senate knows.

The PRESIDING OFFICER. Without objection, House bill 6689 will be passed over.

RELIEF OF T. T. EAST AND OTHERS

The bill (H. R. 3776) for the relief of T. T. East and the Cassidy Southwestern Commission Co., citizens of the State of Texas, was considered, ordered to a third reading, read the third time, and passed.

CLIFFORD BELCHER

The bill (H. R. 4229) for the relief of Clifford Belcher was considered, ordered to a third reading, read the third time, and passed.

LENA SUMTER

The Senate proceeded to consider the bill (S. 1464) for the relief of Lena Sumter, which had been reported from the Committee on Claims, with amendments, on page 1, in line 6, after the words "the sum of", to strike out "$5,000" and to insert "$2,500"; and at the end of the bill, to add a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Lena Sumter, widow of R. O. Sumter, deceased, out of any money in the Treasury not otherwise appropriated, the sum of $2,500 in full and final settlement of any and all claims against the Government on account of the death of her husband who was killed August 9, 1933, while in the performance of his duties as a United States deputy marshal for the eastern district of Oklahoma: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

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

CLAIM OF A. C. MESSLER CO.

The Senate proceeded to consider the bill (S. 3005) to confer jurisdiction on the Court of Claims to hear and determine the claim of the A. C. Messler Co., which was read, as follows:

Be it enacted, etc., That the Court of Claims of the United States be, and hereby is, given jurisdiction to hear and determine the claim of the A. C. Messler Co., of Providence, R. I., notwithstanding lapse of time or any statute of limitations, and to award said company compensation for additional material furnished the Government under contract dated April 17, 1918, for the manufacture and delivery of cartridge clips.

Mr. KING. Let the bill go over.

Mr. McKELLAR. I also ask that the bill go over.

Mr. LOGAN. Will the Senator from Tennessee withhold his objection for a moment?

Mr. McKELLAR. Of course. I made the objection on the basis of the following statement from Mr. J. A. Hull, vice chairman of the War Department Claims Board:

This claim has been rejected consistently by all the various boards that have so far heard it. To sustain contention of claimant must do violence to the language used. I therefore recommend that relief be denied and claimant left to such redress as the Court of Claims may grant should the claimant desire to pursue the matter further.

That is just what the bill does. I withdraw the objection.

Mr. KING. Mr. President, the bill goes back to 1918. We set up a commission particularly charged with the duty of passing upon the claims of persons who had contracts with the Government during and growing out of the war. It seems to me that to revive claims which may not have been presented, or which, if presented, have been adversely acted upon by the Commission, is very unwise, and a very improper course.

Mr. LOGAN. If there were no human erorrs, that would be very true. But let me say to the Senator from Utah—because I know that of all men, he wants to be fair——

Mr. KING. I thank the Senator.

Mr. LOGAN. The concern involved actually had a valid and just claim. It wrestled with the various departments and bureaus for years, and the recommendation of the War Department was that the claimant take the course he has taken and obtain authority to go before the Court of Claims. The facts are just as clear as crystal. The Government agreed to furnish the contractor so many pounds of copper and so many pounds of spelter for each thousand cartridge clips to be manufactured. When accounts were made up, it was found that the Government had failed to furnish metal in the aggregate of 29,000 pounds, and the contractor had to pay for it. In some way or other the Government never has paid the contractor. So the recommendation of the War Department, as far back as Secretary Hurley, has been that the claimant should go to the Court of Claims. Upon the basis of that recommendation, the claimant changed its request for an appropriation, which could be set out in dollars and cents, and took the course suggested by the War Department.

Mr. McKELLAR. At any rate, the Government will have an opportunity to present to the Court of Claims every defense which it has presented to the various boards.

Mr. LOGAN. Absolutely.

Mr. BONE. Mr. President, I should like to address a question to the Senator from North Carolina [Mr. BAILEY]. He referred to the attitude of the President toward a certain class of claims.

Mr. LOGAN. Will the Senator withhold his remarks until we finish with the bill under consideration?

Mr. BONE. Certainly.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

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

PRESIDENTIAL ATTITUDE ON TAX-REFUND BILLS

Mr. BONE. Mr. President, I invite the attention of the Senator from North Carolina [Mr. BAILEY] to Calendar No. 1440, House bill 6467, which was passed a few moments ago. I wonder if he could advise us what the attitude of the President might be on a bill of that kind.

Mr. BAILEY. I could not advise the Senator as to the attitude of the President on any bill. I was advising the Senator of a fact with which I take it he is familiar. Up to the present time the President has consistently vetoed bills coming out of the Claims Committee and passed by the Congress, relating to the refund of taxes for 4 or 5 or 6 years back.

As I understand the policy to be, we have never sought to override the President's veto of such a bill, and I should not attempt to do so. I simply call attention of the Senate to the fact that it is against the policy of the President to approve acts of Congress, arising from the Claims Committee in either House of Congress with reference to opening up tax matters that have been settled. I think there is a great deal of wisdom in his position and I am not complaining about it.

Mr. BONE. I undertook to ask the question because I do not like to see the Congress make fish of one and fowl of another. Here is a claim of $6,000 to be paid out of public funds to a power company in the State of Oregon, and, apparently, if the Senator's theory be correct, the money will be paid back to the private company without any question being asked on the theory that it is perfectly just and proper to give it to them. I have no objection if it is.

Mr. BAILEY. What is the number of the bill?

Mr. BONE. It is Calendar No. 1440, House bill 6467.

Mr. BAILEY. I will ask that the vote by which House bill 6467 was passed be reconsidered.

Mr. BONE. I am not asking that it be reconsidered.

Mr. BURKE. Mr. President, if the Senator will permit me let me say that while I did not report this bill, I am familiar with the facts. The claimant, who happens to be a power company in the West, paid the Government a sum of money for certain lands. Thereafter the matter was contested in the Supreme Court; for some reason the condemnation proceeding was set aside, and the company was not permitted to take the land. The United States Government today has title to the land, and also has the $6,000 that was paid by the company which was going to purchase the land.

The Senator from Delaware [Mr. HUGHES] handled the claim. He will be here presently, and will be able to give a further explanation of the matter. I may say, however, that there would appear to me to be no reason why the bill providing for this claim should be reconsidered.

Mr. BONE. Let me assure the Senator from Nebraska that I have no intention of asking for a reconsideration. I would be entirely willing and am entirely willing to accept the Senator's explanation that the money should be returned. The Government has no right illegally to keep any man's money, and, by the same token and measured by the same standard of ethical conduct, the Government and its President ought not to repel a suggestion that the Government give back to a man the money which it took from him without just cause, as is the case in this tax item. I wish to say if it is going to be the policy to veto one class of bills and not another, I think it is the duty of some of us not to let one of these claims go through, because I do not want the Congress, as I say, to make fish of one and fowl of another.

Mr. BAILEY. Mr. President, I understood the Senator from Washington to say, in the first instance, that the bill to which he had reference was a tax-refund bill. I understand now from the Senator from Nebraska that it is not a tax-refund bill. I am perfectly willing to treat all such bills alike, and I will make a motion to reconsider any one that has been passed. I understand, however, as I have said, that this bill is not a tax-refund bill.

Mr. HUGHES. Mr. President, I may say that I acted as a subcommittee on the claims bill to which reference has been made. It is not a tax-refund bill. Several hundred acres of land were condemned, and the power company which had it condemned paid the amount fixed by the condemnation proceedings. Later on it was decided that they could not hold the land. The court passed on the question and decided, for some reason, they could not hold it and could not take it, so it was turned over to the Government. The money therefor was held in a fund by the Government; the land was lost to a company which had deposited the money. The request was that the money be returned to the company that had put it up under the condemnation proceedings. The only question raised before us was whether it should be paid out of the general funds of the Treasury or out of the special fund in which it had originally been placed. The bill was amended so that it would be paid out of that special fund.

Mr. BONE. Of course, the reason we are proposing to repay it is that it should be repaid; that it is the just, decent, and honorable thing to do; and it is the just, decent, and honorable thing for the Government to refund money which it has collected from a man when it had no right to collect from him. That is the point I am raising. It is merely a question of common decency and morality. I can yield very gracefully to everything the Senator from Delaware has said, and what the Senator from Nebraska has said, but I do not like to see a different sort of yardstick applied when it is a case of returning to a man money to which he is justly entitled. That is the point.

Mr. HUGHES. I do not have in mind the case to which the Senator refers, but I think all should be treated alike, and the committee tries to treat all alike.

Mr. BAILEY. Mr. President, let me undertake to make the matter clear. In all cases of taxes claimed to be illegally collected by the Government the taxpayer has a right to be heard before the tax unit, before the Board of Tax Appeals, and before the circuit court. If the Congress should go into the business of reviewing tax liabilities after several years have elapsed, the whole tax procedure would be destroyed. That is the position of the President. The claims with which the Claims Committee deals and which the Congress consider are claims with respect to which there is no remedy beyond the Congress itself. That is a distinction that we ought to keep in mind; but certainly if we are going to review tax liabilities we will open up the door to thousands and I should say hundreds of thousands of cases.

Mr. BONE. One thought may be added to what the Senator from North Carolina has said. The Department does not question the amount of money that was due this man. The simple question involved is the statute of limitations. The claimant undertook to present his claim properly, but, somehow, because of misinformation, he did not make it in the right form. The Treasury admits that it owes him the money.

The PRESIDING OFFICER. The clerk will state the next bill on the calender.

COHEN, GOLDMAN & CO., INC.

The bill (S. 2833) conferring jurisdiction upon the Court of Claims to rehear and enter judgment upon the claim of Cohen, Goldman & Co., Inc., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims to set aside its judgment in the case of Cohen, Goldman & Co., Inc., against United States No. L-244, decided May 29, 1933, and to rehear and enter judgment in the said case upon the record therein, or upon the record and such other evidence as the parties may desire to offer within such time as the court may specify, notwithstanding the lapse of time or any provision of law to the contrary: *Provided*, That application for the reopening of said case shall be made by the plaintiff within 4 months after the approval of this Act.

MRS. HENRY FRANCIS PARKS

The Senate proceeded to consider the bill (S. 2933) to admit Mrs. Henry Francis Parks permanently to the United States, which had been reported from the Committee on Immigration with an amendment to strike out all after the enacting clause and insert:

Be it enacted, etc., That notwithstanding the provisions of section 13 (c) of the Immigration Act of 1924 (43 Stat. 153; U. S. C., title 8, sec. 213c) relating to the exclusion from the United States of aliens ineligible to citizenship, Mrs. Henry Francis Parks shall be granted an immigration visa and admitted into the United States if she applies for such visa and admission within 6 months from the date of the enactment of this Act and is found to be otherwise admissible under the immigration laws.

The amendment was agreed to.

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

REGULATION OF OVER-THE-COUNTER BROKERS AND DEALERS

The bill (S. 3255) to provide for the establishment of a mechanism of regulations among over-the-counter brokers and dealers operating in interstate and foreign commerce or through the mails, comparable to that provided by national securities exchanges under the Securities Exchange Act of 1934, and for other purposes, was announced as next in order.

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

The PRESIDING OFFICER. The bill will be passed over.

CONTROL OF VENEREAL DISEASES

The Senate proceeded to consider the bill (S. 3290) to impose additional duties upon the United States Public Health Service in connection with the investigation and control of the venereal diseases, which had been reported from the Committee on Commerce with amendments, on page 2, line 11, to strike out "$6,000,000" and insert "$5,000,000"; at the beginning of line 13, to strike out "$12,000,000" and insert "$7,000,000"; in line 14, after the word "thereafter", to strike out "the sum of $25,000,000" and insert "such sum as may be needed to carry out the purposes of this act", and on page 4, after line 5, to strike out sections 2, 3, and 4, as follows:

SEC. 2. The following portions of existing laws (secs. 3 and 4, ch. XV, 40 Stat. 886; U. S. C., title 42, secs. 24 and 25) are hereby amended to read as follows:

"SEC. 3. That there is hereby established in the Bureau of the Public Health Service a Division of Venereal Diseases, to be under the charge of a commissioned medical officer of the United States Public Health Service detailed by the Surgeon General of the Public Health Service, which officer while thus serving shall be an assistant surgeon general of the Public Health Service, subject to the provisions of law applicable to assistant surgeons general in charge of administrative divisions in the District of Columbia of the Bureau of the Public Health Service. There shall be in such Division such assistants, clerks, investigators, and other employees as may be necessary for the performance of its duties and as may be provided for by law.

"SEC. 4. That the duties of the Division of Venereal Diseases shall be in accordance with rules and regulations prescribed by the Secretary of the Treasury (1) to study and investigate the cause, treatment, and prevention of venereal diseases; (2) to cooperate with State boards or departments of health for the prevention and control of such diseases within the States; and (3) to control and prevent the spread of these diseases in interstate traffic: *Provided*, That nothing in this chapter shall be construed as limiting the functions and activities of other departments or bureaus in the prevention, control, and treatment of venereal diseases and in the expenditure of moneys therefor."

So as to make the bill read:

Be it enacted, etc., That the act approved July 9, 1918, is hereby amended by adding after section 4 of chapter XV (40 Stat. 886; U. S. C., title 42, sec. 25) sections 4a, 4b, 4c, 4d, and 4e, to read as follows:

"(a) For the purpose of assisting States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate measures for the prevention, treatment, and control of the venereal diseases; for the purpose of making studies, investigations, and demonstrations to develop more effective measures of prevention, treatment, and control of the venereal diseases, including the training of personnel; for the pay, allowances, and traveling expenses of commissioned officers and other personnel assigned to duties in carrying out the purpose of this act in the District of Columbia and elsewhere; and for the printing of reports, documents, and other material relating thereto, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1939, the sum of $3,000,000; for the fiscal year ending June 30, 1940, the sum of $5,000,000; for the fiscal year ending June 30, 1941, the sum of $7,000,000; and for each of the 10 fiscal years thereafter such sum as may be needed to carry out the purposes of this act.

"(b) Prior to the beginning of each fiscal year the Surgeon General of the Public Health Service shall determine, out of the appropriations made pursuant to section 4 (a), the sum to be allotted to the several States, including the District of Columbia, Alaska, and Hawaii. The Surgeon General shall then allot such sum to the several States upon the basis of (1) the population, (2) the extent of the venereal-disease problem, and (3) the financial needs of the respective States. Upon making such allotments he shall certify the amounts thereof to the Secretary of the Treasury. The amount of an allotment to any State for any fiscal year remaining unpaid at the end of such fiscal year shall be available for allotment to the States for the succeeding fiscal year in addition to the amount appropriated and available for such fiscal year.

"(c) Prior to the beginning of each quarter of the fiscal year the Surgeon General of the Public Health Service shall determine the amount to be paid to each State for such quarter from the allotment to such State, and shall certify the amount so determined to the Secretary of the Treasury. Upon receipt of such certification the Secretary of the Treasury shall, through the Division

of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay in accordance with such certification. The moneys so paid to any State shall be expended in carrying out the purposes specified in section 4 (a) and in accordance with plans presented by the health authority of such State and approved by the Surgeon General of the Public Health Service.

"(d) With the approval of the Secretary of the Treasury and after consultation with a conference of State and Territorial health officers, the Surgeon General of the Public Health Service is authorized to prescribe the rules and regulations necessary to carry out the purposes of this act.

"(e) This act shall not be construed as superseding or limiting the functions under any other act of the Public Health Service relating to the prevention, treatment, and control of venereal diseases or the expenditure of money therefor."

The amendments were agreed to.

Mr. LA FOLLETTE. Mr. President, on page 2, line 20, after the name "Alaska" and the comma, I move to insert the name "Puerto Rico" and a comma.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin.

The amendment was agreed to.

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

Mr. LA FOLLETTE subsequently said: Mr. President, in connection with Order of Business 1518, Senate bill 3290, I ask unanimous consent that the report of the committee be printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the report (No. 1456) was ordered to be printed in the RECORD, as follows:

The Committee on Commerce, to whom was referred the bill (S. 3290) to impose additional duties upon the United States Public Health Service in connection with the investigation and control of the venereal diseases, having considered the same, report thereon with amendments, and, as so amended, recommend that the bill do pass.

The first amendment is to strike out the figures "$6,000,000" on line 11, page 2, and insert in lieu thereof the figures "$5,000,000."

The second amendment is to strike out the figures "$12,000,000" on lines 12 and 13, page 2, and insert in lieu thereof the figures "$7,000,000."

The third amendment is to strike out the words "the sum of $25,000,000", on lines 13 and 14, page 2, and insert in lieu thereof the words "such sum as may be needed to carry out the purposes of this act."

The fourth amendment is to strike out sections 2, 3, and 4 on pages 4 and 5.

The amendments are incorporated in the bill as reported.

There is attached hereto the report of the subcommittee, which was made after listening to the testimony of 30 witnesses. The hearing covered a period of 2 days.

It reads as follows:

"*To the Committee on Commerce, United States Senate:*

"There was referred to us as a subcommittee S. 3290. After 2 days of hearings we return the measure to the full committee, recommending that with an amendment the bill do pass. The amendment we propose is the deletion of line 4, page 4, and succeeding lines to the end of the original bill. It is the opinion of the subcommittee and of the author of the bill that this language is unnecessary to the success of the measure when enacted into law.

"VENEREAL DISEASES

"This bill purposes to assist States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate measures for the control of venereal diseases and to provide the United States Public Health Service with necessary funds for administration, research, demonstrations, consulting services, the training of personnel, and the dissemination of information pertaining thereto. To that end it authorized appropriations of $3,000,000, $6,000,000, and $12,000,000 for the fiscal years ending June 30, 1939, 1940, and 1941, respectively, and annual appropriations of $25,000,000 for the succeeding 10 fiscal years. Provisions for administration and for allotment to the States follows closely the existing laws which establish such Federal cooperation and which have proven so effective in the development of other State and local public-health facilities.

"MOST PREVALENT OF DISEASES

"The diseases against which the bill is directed are syphilis and gonorrhea. They are America's two most prevalent serious communicable diseases, deadly and costly to the Nation. Medical science and public health have at hand methods of proven effectiveness for the control of syphilis; with added research and demonstration there is genuine promise of similar progress in the control of gonorrhea. The scope of the problem, and the extent of facilities necessary for its control, require Federal aid if we are to combat these enemies successfully.

"ASTONISHING NUMBERS

"From the testimony of the many expert witnesses, who presented evidence at the hearings, the committee presents to the Senate these facts in evidence of imminent need for this action:

"1. Each year 1,116,000 cases of syphilis come to the attention of the medical profession for the first time. More than half of these are advanced cases which never before came under the observation of qualified physicians. Each year 1,037,000 cases of gonorrhea report to physicians for treatment. It is estimated that another half million cases of syphilis and a larger but undetermined number of cases of gonorrhea, experiment upon themselves with drugstore nostrums and quack treatments. Thousands of additional cases are not uncovered because doctors have been loath to suspect syphilis or do not have access to the necessary laboratory facilities to establish correct diagnosis; syphilis is a great imitator and such confusion is not at all astonishing.

"2. Treatment facilities are not adequate. Cases which come to treatment do not continue under medical care long enough to render the patients noninfectious to the community or to achieve cures so that the patients and their dependents will not later become charges upon public funds. Adequate treatment for early syphilis requires 40 to 70 weeks of out-patient service—something which ordinary wage earners cannot afford. The average duration of treatment given today is only 7 or 8 weeks. Present venereal-disease treatment facilities, public and private, are adequate to handle, from infection until cure, less than 25 percent of known cases of syphilis. If devoted entirely to syphilis the load would so exhaust venereal-disease treatment facilities as to leave medical care almost unavailable for the victims of gonorrhea.

"ALL CLASSES AND AGES MENACED

"3. Since they are communicable diseases, syphilis and gonorrhea strike all population groups. They strike rural areas at practically the same rate as urban areas; official figures show a rural rate five-sixths as large, but the tendency of rural cases to leave the country for the city to procure treatment must be reckoned as a factor in the figures. Both strike the young. More than half of all infections of these diseases are acquired before the age of 25, one-fifth before the age of 20. Nearly half of all infections with syphilis are acquired innocently, through chance infection, infection of wife by husband or husband by wife, or accidental infection of children by infected adults, and through infection of children before birth. Each victim is the focal point of an epidemic, passing the disease by chance and sexual contacts through all ages and conditions of the population.

"4. Both syphilis and gonorrhea take a special toll of childhood. There are 60,000 children born each year with congenital syphilis. Syphilis is responsible for more than 25,000 stillbirths. Both gonorrhea and syphilis are the causes of thousands of abortions and miscarriages. Gonorrhea is estimated to be responsible for approximately 50 percent of all sterility both in the male and the female. In women 80 to 90 percent of all pelvic inflammatory disease, the cause of thousands of tragic and crippling operations, is due to gonorrhea.

"MONEY COST OF NEGLECT

"5. To end results of syphilis alone cost more each year than this bill proposes to authorize for control. Conservative estimates set the cost of care for those blind who owe their blindness to syphilis, at $10,000,000 each year, and the cost of care for the syphilitic insane at $31,400,000 each year. Syphilis accounts for one-eighth of all deaths from heart disease. Syphilis and gonorrhea impair efficiency and produce disability during life. The victims and their dependents constitute major drains upon insurance, social security, and relief funds, for which the Federal Government has already assumed a large responsibility.

"6. Modern medicine can deal with syphilis effectively. The blood tests for syphilis are among the most accurate diagnostic procedures known; but it takes well-equipped laboratories, well-trained technicians to make them so. The treatment for early syphilis is one of the best standardized and effective systems of treatment developed for any disease. Both have been brought to new perfection in recent years through studies conducted by the United States Public Health Service in cooperation with private clinics and laboratories.

"7. It is through adequate and available treatment that the public is protected. After a few doses of arsphenamine and, so long as treatment is continued until cured, the patient is noninfectious. The drug sets up a "chemical quarantine." That quarantine is as effective as physical isolation is against other diseases.

"FOREIGN EXPERIENCE

"8. Methods of public-health administration have been developed which will find syphilis, bring it to treatment, and effectively reduce its incidence in the community. The most striking evidences of control are found abroad. Eighteen years ago Sweden, Denmark, and Great Britain had syphilis rates comparable with our own. Today our annual attack rate is 796 per hundred thousand of population, that of Great Britain 40, that of Denmark 20, and that of Sweden 7. The one or two well-organized State programs have shown that control measures can be effective in this country. But with a population that is mobile across State lines, none has produced results which would be possible upon a national scale.

"9. Methods for the control of gonorrhea have so far produced less striking results. Treatment is less standardized, but recent American research has advanced it notably. There is a need for funds for research and demonstration. The techniques so far employed indicate its control will be more expensive, though the control of syphilis alone gives more than ample justification for the provisions of this bill.

"FEDERAL AID ESSENTIAL

"10. Federal aid is necessary to strengthen the Public Health Service in order that it may act as a central clearing house for information on the subject of venereal-disease control; to conduct research, investigations, and demonstrations, leading to the improvement of this work; to interpret results; to act as scientific consultant; to exercise the leadership necessary to fuse State efforts into a national venereal-disease control program.

"11. Only through Federal aid and a national program can there be sufficient hope of successful attack to justify broad State and local expenditures for this purpose. Sporadic, unconcerted, local action is a waste of funds. It cannot defeat syphilis in a mobile population such as ours. Such action could never keep it defeated. This war must be fought on 48 fronts. With the momentum of a national movement, localities will act. The evidence obtained from the use of other funds similarly administered by the United States Public Health Service indicates that this bill is the best means of stimulating State and local expenditures to complete the job.

"12. During the next 15 years while these diseases are being reduced to readily controllable numbers, there is a need for Federal funds. Maximum possible State and local appropriations cannot meet the challenge. Indeed, the subcommittee is of the opinion that the $25,000,000 ceiling set in the bill is the minimum amount needed to win the war against these two scourges of mankind.

"13. With adequate expenditures over the next decade and a half, syphilis in particular, and gonorrhea, in all probability, can be reduced to negligible proportions. At the end of that period the reduced appropriations necessary to keep these diseases in check can doubtless be handled by individual States and communities. It is to meet the emergency of a load which the States cannot carry that this authorization is requested for a limited period of time. The vigorous operation of such a national program is essential to the attainment of the objectives.

"PUBLIC DEMAND FOR ACTION

"14. There is a wide public demand for action. An impressive roll of National and State organizations devoted to medical, health, and civic problems endorse the campaign and stand ready to assist in education and in giving necessary measures local support. Newspapers and magazines without exception, and without dissent from any reader, have warred upon this disease which once was sealed in a tight taboo. Repeated sampling of the electorate by the American Institute of Public Opinion shows public understanding of various phases of venereal-disease control and shows public support which consistently exceeds a ratio of 10 to 1. No witness appeared in the well-advertised and crowded subcommittee hearing to express opposition to the bill, either in policy or detail. No adverse communication was received.

"CONCLUSION

"The subcommittee concludes that this problem must be attacked, that the weapons of medicine and public health are adapted to make the attack, that the methods proposed in this bill are suitable to the need, and that there is a public readiness for the undertaking. Only a sufficient armament is lacking and this bill will supply that armament.

"We urge enactment of the bill.

"Respectfully submitted.

"ROYAL S. COPELAND,
"GERALD P. NYE,
"Subcommittee.

"FEBRUARY 21, 1938."

Mr. AUSTIN. Mr. President, before we pass from this subject, I ask unanimous consent to have printed in the RECORD a memorandum by Dr. E. Garrido Morales, commissioner of health of San Juan, P. R., relating to the subject matter of this bill.

The PRESIDING OFFICER. Is there objection?

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

MEMORANDUM ON THE PROBLEM OF SYPHILIS IN PUERTO RICO

(By Dr. E. Garrido Morales, commissioner of public health of Puerto Rico)

Studies performed by different workers in Puerto Rico have revealed that syphilis is an outstanding public-health problem in the island.

In the report of the survey on prevalent conditions in Puerto Rico, carried out by the staff of the Brookings Institution (Puerto Rico and its problems, 1930, survey staff, Brookings Institution, Washington, D. C., p. 66) it is stated in regard to syphilis that: "Conditions are perhaps rather loosely reported to be similar to those in the British West Indian islands, where, according to a recent report, a very considerable percentage of the population is infected with hereditary or contracted syphilis."

Thomas Parran, Surgeon General of the United States Public Health Service, in his article "Control of Syphilis", published in Venereal Disease Information of July 1937, volume 18, No. 7, states: "In population groups with a high prevalence, such as Negroes, Mexicans, and Puerto Ricans, whole communities should have a blood test family by family. The Wassermann dragnet must be cast widely to find cases."

Due to very incomplete notification of syphilis on account of the failure of physicians to report cases of this disease, morbidity data on the prevalence of syphilis is very unsatisfactory. Even mortality statistics do not represent the exact rate of annual deaths from syphilis because of the fact that the disease when present is frequently unrecognized although playing an important part in the etiology of a great number of circulatory and many nervous conditions which are stated at the end as the only cause of death. To a great extent the same condition exists in continental United States and we estimate that it is proper to compare the corresponding statistics from both places.

Deaths and death rates per 100,000 population from syphilis in Puerto Rico and the United States, years 1931 to 1935

Year	Puerto Rico			United States[1]		
	Deaths	Rates	Percent to total deaths	Deaths	Rates	Percent to total deaths
1931	341	21.6	1.1	10,592	8.9	0.8
1932	414	25.9	1.2	10,684	8.9	.8
1933	539	33.2	1.5	11,039	8.8	.8
1934	487	29.5	1.5	11,726	9.3	.8
1935	539	32.2	1.8	11,590	9.1	.8
Total average, 5 years	-------	28.5	1.4	--------	9.0	.8

[1] Vital statistics, special report, Bureau of the Census.

The study of the above table seems to justify the assumption expressed at the beginning of this memorandum that syphilis is more prevalent in Puerto Rico than in continental United States, since we find that syphilis represents for the 5-year period under consideration an average percentage of 1.4 of the total number of deaths with an average death rate of 28.5 per 100,000 population in Puerto Rico against an average percentage of 0.8 of the total deaths and a rate of 9.0 per 100,000 population in continental United States.

Data obtained from the Wassermann and Kahn reactions performed in the biological laboratory on the total number of samples sent to that institution from the whole island during the fiscal year July 1, 1936, to June 30, 1937, show the following results:

Results of Wassermann tests performed at the biological laboratories of the department of health for the fiscal year 1936–37

	Total number	Percentage positive
Department of health	53,533	15.22
Puerto Rico Reconstruction Administration	9,060	5.37

Results of comparative Kahn tests performed during the fiscal year 1936–37

	Total number	Percentage positive
Department of health	27,777	14.50
Puerto Rico Reconstruction Administration	8,208	6.39

The study of the above table shows positive results in 15.22 percent of the total number of 53,353 Wassermann reactions and 15.5 percent of 27,777 Kahn reactions performed as complementary information of the same sample of blood. These blood samples were received mostly from municipalities with organized health units and in the majority of cases they were obtained from persons applying for health certificates from predominantly urban districts.

The same table shows that corresponding laboratory tests on 9,060 blood samples sent by the Puerto Rico Reconstruction Administration for examination gave positive results in 5.37 percent of the Wassermann reactions and 6.39 percent of the Kahn reactions.

Apparently the difference in positive reactions in the total number of samples received from the health units and those sent by the Puerto Rico Reconstruction Administration is explained by the fact that the first group belongs to persons chiefly from urban districts, while the latter pertains to persons from the rural zones of the island.

Veeder, in 1915, in the examination of 531 soldiers in a Puerto Rican regiment, obtained 37.4 percent positive Wassermann reactions and estimated the incidence of probable syphilitics in the island as 45 percent.

Costa Mandry in 1931, in an extensive survey on the prevalence of syphilis in Puerto Rico, as shown by the Wassermann reaction, found 16.04 percent positive results in a group of 17,530 unselected individuals applying for health certificates, 13.6 percent positive

Wassermann reactions out of 2,955 prenatal cases attending the dispensaries of the health department, and 5.03 percent in random samples selected from the rural zone.

In a study made by Koppisch in 1934, in 61 cases of sudden death in Puerto Ricans, he found, from the point of view of the autopsy findings, that syphilis was the cause in 16 cases, or 26.2 percent, and arteriosclerosis in 9 cases, or 14.7 percent. This is a high incidence of syphilis as a cause of sudden death if we compare with statistics from the United States, where arteriosclerosis has a high incidence as a cause of sudden death. It might mean that arteriosclerosis is less frequent in Puerto Rico, but it may also mean that syphilis goes unnoticed or insufficiently treated more often in Puerto Rico than in the United States.

In a review of 940 autopsies performed at the School of Tropical Medicine of Puerto Rico 7.3 percent showed morphological tissue changes characteristic of syphilis. However, this rate does not include doubtful lesions of cases in which, although serological examination was positive, the tissues examined did not show any changes which were characteristic of syphilis.

For the fiscal year 1937–38 the insular legislature appropriated $9,762 for the control of syphilis for the entire population of approximately 1,800,000 inhabitants. Of this amount $5,000 was appropriated for the purchase of salvarsan and the rest for the salaries of a physician, a nurse, and a "practicante."

The insular health department at the present time has public-health units, with full-time personnel covering the entire territory of the island. A considerable amount of work against syphilis could be accomplished if funds were available for the purchase of drugs and perhaps for additional specialized personnel.

Since syphilis is a problem of such vital importance, and the present available funds are not sufficient to attack the problem properly, it is our opinion that additional funds should be requested from the Federal Government as there is a bill (H. R. 8250, 75th Cong., 1st sess.) before Congress at the present time, "to provide for the health and general welfare of the people of the United States by aiding the several States and Territories in the control and eradication of syphilis."

SUMMARY

(1) According to available mortality statistics syphilis is almost three times as prevalent in Puerto Rico as in continental United States.

(2) The results of Wassermann and Kahn tests, performed among persons applying for health certificates and prenatal cases attending the dispensaries of the insular department of health, reveal that approximately 15 percent of the adult population is infected.

(3) Syphilis was responsible for 26.2 percent of 61 cases of sudden death investigated by the School of Tropical Medicine during the year 1934.

(4) During the year 1937–38 the insular health department has an appropriation of $9,762 for the control of syphilis in the island of which $5,000 is to be used for the purchase of salvarsan and other antiluetic drugs.

(5) A great deal of work could be accomplished by the insular department of health if funds were made available by Federal Government to combat this disease. The entire territory of the island is now served by public-health units under the direction of full-time health officers.

A campaign to eradicate syphilis from continental United States would be incomplete unless it provided funds for the treatment of cases and its prevention among the American citizens of Puerto Rico, as there is always the possibility of the spread of the disease in the continent by persons from this island migrating to the United States.

REGULATION OF OVER-THE-COUNTER BROKERS AND DEALERS

Mr. BARKLEY. Mr. President, calendar No. 1517, being Senate bill 3255, was passed over a moment ago. It is an important measure and was reported unanimously by the Committee on Banking and Currency after very extensive hearings. The Senator from Connecticut [Mr. MALONEY], the author of the bill, is not in the Chamber at the moment, but there is no opposition to the measure. It sets up the mechanism by which over-the-counter transactions may be governed by the Securities and Exchange Commission.

Mr. KING. Mr. President, I objected to the consideration of the bill only because the Senator from Connecticut [Mr. MALONEY], the author of the bill, was not in the Chamber, and I did not feel that we should take it up in his absence unless some other Senator was authorized to speak for him and desired its consideration.

Mr. WAGNER. Mr. President, I am not in charge of the bill, but I am chairman of the committee which reported the measure. It was reported by unanimous vote of the committee, and I think I may say that practically all those who will be affected by the bill are in favor of it in the form in which it has been reported to the Senate. I do not think there is objection from any quarter to the proposed legislation.

Mr. KING. The Senator can speak for the Senator from Connecticut, can he?

Mr. WAGNER. Yes; I can. As a matter of fact, he intended to seek today to have the bill considered, and he did not think there would be any controversy about it at all.

Mr. KING. I have no objection.

Mr. BURKE. Mr. President, I have received a great many protests against the bill from persons dealing in municipal bonds.

Mr. WAGNER. The matter in which they are interested has been taken care of by entirely eliminating the provision from the bill. So they have been satisfied.

Mr. BURKE. Very well.

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

There being no objection, the Senate proceeded to consider the bill (S. 3255) to provide for the establishment of a mechanism of regulations among over-the-counter brokers and dealers operating in interstate and foreign commerce or through the mails, comparable to that provided by national securities exchanges under the Securities Exchange Act of 1934, and for other purposes, which had been reported from the Committee on Banking and Currency with amendments.

The amendments were, on page 2, line 14, after the word "bylaws", to strike out "or" and insert "and"; in line 18, after the word "waiver", to insert "by such association or any member thereof"; on page 5, line 2, after the word "exchange", to strike out "or (C) is permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security" and insert "or (C) by his conduct while employed by, acting for, or directly or indirectly controlling or controlled by, a broker or dealer, was a cause of any suspension, expulsion, or order of the character described in clause (A) or (B) which is in effect with respect to such broker or dealer"; line 14, after the word "of", to strike out "the membership" and insert "its members"; in line 19, after the word "among", to strike out "the membership" and insert "its members"; in line 23, after the word "trade", to insert "to provide safeguards against unreasonable profits or unreasonable rates of commissions or other charges,"; on page 6, line 1, after the word "investors", to insert "and the public interest"; in line 4, after the word "to", to strike out "require or"; in line 5, after the word "dealers", to strike out "nor"; in line 6, after the word "profits", to strike out "or minimum rates of commission or other charges" and insert "to impose any schedule of prices, or to impose any schedule or fix minimum rates of commissions, allowances, discounts, or other charges"; on page 7, line 4, after the word "or", to strike out "practice" and insert "practices"; in line 5, after the word "of", to strike out "an" and insert "any"; on page 9, line 8, after the word "are", to strike out "met" and insert "satisfied"; in line 18, after the word "notice", to strike out "and upon such terms and conditions relating to orderly liquidation"; in line 24, after the word "prescribe", to insert "but such withdrawal shall be subject to such appropriate terms and conditions for the orderly liquidation of such association as the Commission may prescribe"; on page 10, line 13, after the word "determine" and the period, to strike out "Application to the Commission for review, or the institution of review by the Commission on its own motion, shall not operate as a stay of such action unless the Commission shall so order" and insert "Application to the Commission for review, or the institution of review by the Commission on its own motion, shall operate as a stay of such action until an order is issued upon such review pursuant to subsection (h)"; on page 11, line 19, after the word "such", to insert "designated"; in line 24, after the word "interest", to strike out "and the established practice of such association and of other registered securities associations with respect to penalties"; on page 13, line 19, after "(a)" and the period, to strike out "No change in or addition to the rules of a registered securities association shall take effect until 30 days after the filing

of a copy thereof with the Commission, or until such earlier date as the Commission may determine", and insert "Any change in or addition to the rules of a registered securities association shall take effect upon the thirtieth day after the filing of a copy thereof with the Commission, or upon such earlier date as the Commission may determine, unless the Commission shall enter an order disapproving such change or addition; and the Commission shall enter such an order unless such change or addition appears to the Commission to be consistent with the requirements of subsection (b) and subsection (d)." On page 14, line 8, after the word "association", to strike out "or to prevent any rule from taking effect"; in line 11, after the word "abrogation", to strike out "or prevention"; in line 13, after the word "of", to strike out "the membership" and insert "its members"; in line 16, after the word "this", to strike out "section" and insert "title"; on page 15, line 8, after the word "directors" and the semicolon, to insert "and"; in line 9, after the word "associations" to strike out the semicolon and "(5) the prevention of fictitious quotations; (6) the prevention of fraudulent or manipulative acts or practices; (7) safeguards against unreasonable profits or unreasonable rates of commissions or other charges: *Provided*, That nothing herein shall authorize the imposition of any schedule of minimum or maximum prices, discounts, commissions, allowances, or other charges; (8) safeguards against unfair discrimination between customers, or issuers, or brokers or dealers; (9) safeguards with respect to the financial responsibility of members and against the evasion of financial responsibility through the use of corporate forms, special partnerships, or other devices; (10) the manner, method, and place of soliciting business; (11) the time and the method of making settlements, payments, or deliveries; (12) the collection, recording, and dissemination of information relating to the over-the-counter markets; and (13) similar matters"; on page 16, line 3, after the word "investors", to strike out "and" and insert "or"; line 10, after the words "title or", to strike out "the rules and regulations" and insert "any rule or regulation"; in line 13, before the word "the", to strike out "inconsistent with" and insert "tending to defeat"; in line 19, after the word "finds", to strike out "has violated any provision of the Securities Act of 1933, or of this title or the rules and regulations thereunder, or has effected any transaction for any other person who, he had reason to believe, was violating in respect of such transaction any provision of the Securities Act of 1933, or of this title or the rules and regulations thereunder" and insert "(A) has violated any provision of this title or any rule or regulation thereunder, or has effected any transaction for any other person who, he had reason to believe, was violating with respect to such transaction any provision of this title or any rule or regulation thereunder, or (B) has willfully violated any provision of the Securities Act of 1933, as amended, or of any rule or regulation thereunder, or has effected any transaction for any other person who, he had reason to believe, was willfully violating with respect to such transaction any provision of such act or rule or regulation"; on page 17, line 14, after the word "has", to insert "willfully"; in line 15, after the word "has", to insert "willfully"; after line 16, to insert:

(m) Nothing in this section shall be construed to apply with respect to any transaction by a broker or dealer in any exempted security.

In line 20, before the word "If", to strike out "(m)" and insert "(n)"; after line 23, to insert the following new section:

SEC. 2. Subsection (c) of section 15 of such act, as amended, is amended to read as follows:

"(c) No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of, any security (other than commercial paper, bankers' acceptances, or commercial bills) otherwise than on a national securities exchange, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors (1) to prevent fraudulent, deceptive, or manipulative acts or practices; (2) to prevent fictitious quotations; (3) to provide safeguards with respect to the financial responsibility of brokers and dealers; (4) to regulate the manner, method, and place of soliciting business; and (5) to regulate the time and method of making settlements, payments, or deliveries: *Provided*, That nothing in clause (3), (4), or (5) of this subsection shall be construed to apply with respect to any transaction by a broker or dealer in any exempted security."

On page 18, after line 18, to insert the following new section:

SEC. 3. Subsection (b) of section 29 of such act is amended by inserting, before the period at the end thereof, a colon and the following: "*Provided*, That no contract shall be void by reason of this subsection because of any violation of any rule or regulation prescribed pursuant to clause (3), (4), or (5) of subsection (c) of section 15 of this title, except insofar as the Commission, having determined that such action is necessary or appropriate for the protection of investors, shall have expressly provided in such rule or regulation that the provisions of this subsection shall apply in the case of any violation thereof."

On page 19, after line 4, to insert the following new section:

SEC. 4. Section 32 of such act, as amended, is amended by adding at the end thereof the following new subsection:

"(c) The provisions of this section shall not apply in the case of any violation of any rule or regulation prescribed pursuant to clause (3), (4), or (5) of subsection (c) of section 15 of this title, except a violation which consists of making, or causing to be made, any statement in any report or document required to be filed under any such rule or regulation, which statement was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact."

And on page 19, after line 15, to insert the following new section:

SEC. 5. Subsection (a) of section 17 of such act, as amended, is amended by inserting, immediately after the words "every broker or dealer who transacts a business in securities through the medium of any such member", the words "every registered securities association,".

So as to make the bill read:

Be it enacted, etc., That the Securities Exchange Act of 1934, as amended, is amended by inserting after section 15 thereof the following new section:

"SEC. 15A. (a) Any association of brokers or dealers may be registered with the Commission as a national securities association pursuant to subsection (b), or as an affiliated securities association pursuant to subsection (d), under the terms and conditions hereinafter provided in this section, by filing with the Commission a registration statement in such form as the Commission may prescribe, setting forth the information, and accompanied by the documents, below specified:

"(1) Such data as to its organization, membership, and rules of procedure, and such other information as the Commission may by rules and regulations require as necessary or appropriate in the public interest or for the protection of investors; and

"(2) Copies of its constitution, charter, or articles of incorporation or association, with all amendments thereto, and of its existing bylaws, and of any rules or instruments corresponding to the foregoing, whatever the name, hereinafter in this title collectively referred to as the 'rules of the association.'

"Such registration shall not be construed as a waiver by such association or any member thereof of any constitutional right or of any right to contest the validity of any rule or regulation of the Commission under this title.

"(b) An applicant association shall not be registered as a national securities association unless it appears to the Commission that—

"(1) by reason of the number of its members, the scope of their transactions, and the geographical distribution of its members such association will be able to comply with the provisions of this title and the rules and regulations thereunder and to carry out the purposes of this section;

"(2) such association is so organized and is of such a character as to be able to comply with the provisions of this title and the rules and regulations thereunder, and to carry out the purposes of this section;

"(3) the rules of the association provide that any broker or dealer who makes use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of, any security otherwise than on a national securities exchange, may become a member of such association, except such as are excluded pursuant to paragraph (4) of this subsection: *Provided*, That the rules of the association may restrict membership in such association on such specified geographical basis, or on such specified basis relating to the type of business done by its members, or on such other specified and appropriate basis, as appears to the Commission to be necessary or appropriate in the public interest or for the protection of investors and to carry out the purpose of this section;

"(4) the rules of the association provide that, except with the approval or at the direction of the Commission in cases in which the Commission finds it appropriate in the public interest so to approve or direct, no broker or dealer shall be admitted to or

continued in membership in such association, if (1) such broker or dealer, whether prior or subsequent to becoming such, or (2) any partner, officer, director, or branch manager of such broker or dealer (or any person occupying a similar status or performing similar functions), or any person directly or indirectly controlling or controlled by such broker or dealer, whether prior or subsequent to becoming such, (A) has been and is suspended or expelled from a registered securities association (whether national or affiliated) or from a national securities exchange, for violation of any rule of such association or exchange which prohibits any act or transaction constituting conduct inconsistent with just and equitable principles of trade, or requires any act the omission of which constitutes conduct inconsistent with just and equitable principles of trade, or (B) is subject to an order of the Commission denying or revoking his registration pursuant to section 15 of this title, or expelling or suspending him from membership in a registered securities association or a national securities exchange, or (C) by his conduct while employed by, acting for, or directly or indirectly controlling or controlled by, a broker or dealer, was a cause of any suspension, expulsion, or order of the character described in clause (A) or (B) which is in effect with respect to such broker or dealer;

"(5) the rules of the association assure a fair representation of its members in the adoption of any rule of the association or amendment thereto, the selection of its officers and directors, and in all other phases of the administration of its affairs;

"(6) the rules of the association provide for the equitable allocation of dues among its members, to defray reasonable expenses of administration;

"(7) the rules of the association are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to provide safeguards against unreasonable profits or unreasonable rates of commissions or other charges, and, in general, to protect investors and the public interest, and to remove impediments to and perfect the mechanism of a free and open market; and are not designed to permit unfair discrimination between customers, or issuers, or brokers or dealers, to fix minimum profits, to impose any schedule of prices, or to impose any schedule or fix minimum rates of commissions, allowances, discounts, or other charges;

"(8) the rules of the association provide that its members shall be appropriately disciplined, by expulsion, suspension, fine, censure, or any other fitting penalty, for any violation of its rules;

"(9) the rules of the association provide a fair and orderly procedure with respect to the disciplining of members and the denial of membership to any broker or dealer seeking membership therein. In any proceeding to determine whether any member shall be disciplined, such rules shall require that specific charges be brought; that such member shall be notified of, and be given an opportunity to defend against, such charges; that a record shall be kept; and that the determination shall include (A) a statement setting forth any act or practice in which such member may be found to have engaged, or which such member may be found to have omitted, (B) a statement setting forth the specific rule or rules of the association of which any such act or practice, or omission to act, is deemed to be in violation, (C) a statement whether the acts or practices prohibited by such rule or rules, or the omission of any act required thereby, are deemed to constitute conduct inconsistent with just and equitable principles of trade, and (D) a statement setting forth the penalty imposed. In any proceeding to determine whether a broker or dealer shall be denied membership, such rules shall provide that the broker or dealer shall be notified of, and be given an opportunity to be heard upon, the specific grounds for denial which are under consideration; that a record shall be kept; and that the determination shall set forth the specific grounds upon which the denial is based; and

"(10) the requirements of subsection (c), insofar as these may be applicable, are satisfied.

"(c) The Commission may permit or require the rules of an association applying for registration pursuant to subsection (b), to provide for the admission of an association registered as an affiliated securities association pursuant to subsection (d), to participation in said applicant association as an affiliate thereof, under terms permitting such powers and responsibilities to such affiliate, and under such other appropriate terms and conditions, as may be provided by the rules of said applicant association, if such rules appear to the Commission to be necessary or appropriate in the public interest or for the protection of investors and to carry out the purposes of this section. The duties and powers of the Commission with respect to any national securities association or any affiliated securities association shall in no way be limited by reason of any such affiliation.

"(d) An applicant association shall not be registered as an affiliated securities association unless it appears to the Commission that—

"(1) such association, notwithstanding that it does not satisfy the requirements set forth in paragraph (1) of subsection (b), will, forthwith upon the registration thereof, be admitted to affiliation with an association registered as a national securities association pursuant to said subsection (b), in the manner and under the terms and conditions provided by the rules of said national securities association in accordance with subsection (c); and

"(2) such association and its rules satisfy the requirements set forth in paragraphs (2) to (9), inclusive, of subsection (b); except that in the case of any such association any restrictions upon membership therein of the type authorized by paragraph (3) of subsection (b) shall not be less stringent than in the case of the national securities association with which such association is to be affiliated.

"(e) Upon the filing of an application for registration pursuant to subsection (b) or subsection (d), the Commission shall by order grant such registration if the requirements of this section are satisfied. If, after appropriate notice and opportunity for hearing, it appears to the Commission that any requirement of this section is not satisfied, the Commission shall by order deny such registration. If any association granted registration as an affiliated securities association pursuant to subsection (d) shall fail to be admitted promptly thereafter to affiliation with a registered national securities association, the Commission shall revoke the registration of such affiliated securities association.

"(f) A registered securities association (whether national or affiliated) may, upon such reasonable notice as the Commission may deem necessary in the public interest or for the protection of investors, withdraw from registration by filing with the Commission a written notice of withdrawal in such form as the Commission may by rules and regulations prescribe, but such withdrawal shall be subject to such appropriate terms and conditions for the orderly liquidation of such association as the Commission may prescribe. Upon the withdrawal of a national securities association from registration, the registration of any association affiliated therewith shall automatically terminate.

"(g) If any registered securities association (whether national or affiliated) shall take any disciplinary action against any member thereof, or shall deny admission to any broker or dealer seeking membership therein, such action shall be subject to review by the Commission, on its own motion, or upon application by any person aggrieved thereby filed within 60 days after such action has been taken or within such longer period as the Commission may determine. Application to the Commission for review, or the institution of review by the Commission on its own motion, shall operate as a stay of such action until an order is issued upon such review pursuant to subsection (h).

"(h) (1) In a proceeding to review disciplinary action taken by a registered securities association against a member thereof, if the Commission, after appropriate notice and opportunity for hearing, upon consideration of the record before the association and such other evidence as it may deem relevant, shall (A) find that such member has engaged in such acts or practices, or has omitted such act, as the association has found him to have engaged in or omitted, and (B) shall determine that such acts or practices, or omission to act, are in violation of such rules of the association as have been designated in the determination of the association, the Commission shall by order dismiss the proceeding, unless it appears to the Commission that such action should be modified in accordance with paragraph (2) of this subsection. The Commission shall likewise determine whether the acts or practices prohibited, or the omission of any act required, by any such rule constitute conduct inconsistent with just and equitable principles of trade, and shall so declare. If it appears to the Commission that the evidence does not warrant the finding required in clause (A), or if the Commission shall determine that such acts or practices as are found to have been engaged in are not prohibited by the designated rule or rules of the association, or that such act as is found to have been omitted is not required by such designated rule or rules, the Commission shall by order set aside the action of the association.

"(2) If, after appropriate notice and opportunity for hearing, the Commission finds that any penalty imposed upon a member is excessive or oppressive, having due regard to the public interest, the Commission shall by order cancel, reduce, or require the remission of such penalty.

"(3) In any proceeding to review the denial of membership in a registered securities association, if the Commission, after appropriate notice and hearing, and upon consideration of the record before the association and such other evidence as it may deem relevant, shall determine that the specific grounds on which such denial is based exist in fact and are valid under this section, the Commission shall by order dismiss the proceedings, otherwise, the Commission shall by order set aside the action of the association and require it to admit the applicant broker or dealer to membership therein.

"(i) (1) The rules of a registered securities association may provide that no member thereof shall deal with any nonmember broker or dealer (as defined in paragraph (2) of this subsection) except at the same prices, for the same commissions or fees, and on the same terms and conditions as are by such member accorded to the general public.

"(2) For the purposes of this subsection, the term 'nonmember broker or dealer' shall include any broker or dealer who makes use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of, any security otherwise than on a national securities exchange, who is not a member of any registered securities association, except a broker or dealer who deals exclusively in commercial paper, bankers' acceptances, or commercial bills.

"(3) Nothing in this subsection shall be so construed or applied as to prevent any member of a registered securities association from granting to any other member of any registered securities association any dealer's discount, allowance, commission, or special terms.

"(j) Every registered securities association shall file with the Commission in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the

public interest or for the protection of investors, copies of any changes in or additions to the rules of the association, and such other information and documents as the Commission may require to keep current or to supplement the registration statement and documents filed pursuant to subsection (a). Any change in or addition to the rules of a registered securities association shall take effect upon the thirtieth day after the filing of a copy thereof with the Commission, or upon such earlier date as the Commission may determine, unless the Commission shall enter an order disapproving such change or addition; and the Commission shall enter such an order unless such change or addition appears to the Commission to be consistent with the requirements of subsection (b) and subsection (d).

"(k) (1) The Commission is authorized by order to abrogate any rule of a registered securities association, if after appropriate notice and opportunity for hearing, it appears to the Commission that such abrogation is necessary or appropriate to assure fair dealing by the members of such association, to assure a fair representation of its members in the administration of its affairs or otherwise to protect investors or effectuate the purposes of this title.

"(2) The Commission may in writing request any registered securities association to adopt any specified alteration of or supplement to its rules with respect to any of the matters hereinafter enumerated. If such association fails to adopt such alteration or supplement within a reasonable time, the Commission is authorized by order to alter or supplement the rules of such association in the manner theretofore requested if, after appropriate notice and opportunity for hearing, it appears to the Commission that such alteration or supplement is necessary or appropriate in the public interest or for the protection of investors or to effectuate the purposes of this section, with respect to: (1) The basis for, and procedure in connection with, the denial of membership or the disciplining of members; (2) the method for adoption of any change in or addition to the rules of the association; (3) the method of choosing officers and directors; and (4) affiliation between registered securities associations.

"(*l*) The Commission is authorized, if such action appears to it to be necessary or appropriate in the public interest or for the protection of investors or to carry out the purposes of this section—

"(1) after appropriate notice and opportunity for hearing, by order to suspend for a period not exceeding 12 months or to revoke the registration of a registered securities association, if the Commission finds that such association has violated any provision of this title or any rule or regulation thereunder, or has failed to enforce compliance with its own rules, or has engaged in any other activity tending to defeat the purposes of this section;

"(2) after appropriate notice and opportunity for hearing, by order to suspend for a period not exceeding 12 months or to expel from a registered securities association any member thereof who the Commission finds (A) has violated any provision of this title or any rule or regulation thereunder, or has effected any transaction for any other person who, he had reason to believe, was violating with respect to such transaction any provision of this title or any rule or regulation thereunder, or (B) has willfully violated any provision of the Securities Act of 1933, as amended, or of any rule or regulation thereunder, or has effected any transaction for any other person who, he had reason to believe, was willfully violating with respect to such transaction any provision of such act or rule or regulation;

"(3) after appropriate notice and opportunity for hearing, by order to remove from office any officer or director of a registered securities association who, the Commission finds, has willfully failed to enforce the rules of the association, or has willfully abused his authority.

"(m) Nothing in this section shall be construed to apply with respect to any transaction by a broker or dealer in any exempted security.

"(n) If any provision of this section is in conflict with any provision of any law of the United States in force on the date this section takes effect, the provision of this section shall prevail."

SEC. 2. Subsection (c) of section 15 of such act, as amended, is amended to read as follows:

"(c) No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of, any security (other than commercial paper, bankers' acceptances, or commercial bills) otherwise than on a national securities exchange, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors (1) to prevent fraudulent, deceptive, or manipulative acts or practices; (2) to prevent fictitious quotations; (3) to provide safeguards with respect to the financial responsibility of brokers and dealers; (4) to regulate the manner, method, and place of soliciting business; and (5) to regulate the time and method of making settlements, payments, or deliveries: *Provided*, That nothing in clause (3), (4), or (5) of this subsection shall be construed to apply with respect to any transaction by a broker or dealer in any exempted security."

SEC. 3. Subsection (b) of section 29 of such Act is amended by inserting before the period at the end thereof a colon and the following: "*Provided*, That no contract shall be void by reason of this subsection because of any violation of any rule or regulation prescribed pursuant to clause (3), (4), or (5) of subsection (c) of section 15 of this title, except insofar as the Commission, having determined that such action is necessary or appropriate for the protection of investors, shall have expressly provided in such rule or regulation that the provisions of this subsection shall apply in the case of any violation thereof".

SEC. 4. Section 32 of such Act, as amended, is amended by adding at the end thereof the following new subsection:

"(c) The provisions of this section shall not apply in the case of any violation of any rule or regulation prescribed pursuant to clause (3), (4), or (5) of subsection (c) of section 15 of this title, except a violation which consists of making, or causing to be made, any statement in any report or document required to be filed under any such rule or regulation, which statement was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact."

SEC. 5. Subsection (a) of section 17 of such Act, as amended, is amended by inserting immediately after the words "every broker or dealer who transacts a business in securities through the medium of any such member," the words "every registered securities association,".

Mr. VANDENBERG. Mr. President, may I ask the Senator from New York [Mr. WAGNER] whether public hearings were held on this bill?

Mr. WAGNER. Oh, yes; we had a number of hearings, covering a week, in which the industry was represented; and I think finally practically the entire industry was agreeable to the legislation, and, in fact, asked for it.

Mr. VANDENBERG. I have not in mind the basis of the complaints I have received about the bill, but I think they had something to do with Government securities.

Mr. WAGNER. They had to do with municipal securities.

Mr. VANDENBERG. Yes.

Mr. WAGNER. That provision was entirely eliminated from the bill.

Mr. BURKE. Mr. President, reserving the right to object to the further consideration of the bill, I observe that the author of the bill, the Senator from Connecticut [Mr. MALONEY], is present now; and I think we ought to have some explanation as to the need of this bill, and how it proposes to correct the existing condition.

Mr. MALONEY. Mr. President, when the Securities Exchange Act was originally drawn, the Securities and Exchange Commission gave very serious thought to the necessity for regulation of the so-called over-the-counter business. Largely because of the fact that there seemed to be immediate need for the main legislation, and because the Securities and Exchange Commission and others had not had a sufficient opportunity to make a study of the over-the-counter business, it was determined to defer an effort at legislation on that character of transactions until a study of the situation could be made.

Now, after the lapse of a few years, during which time members of the Securities and Exchange Commission have made a study of the over-the-counter business, it is felt, not only for the purpose of protecting the investing public but for the purpose of protecting the investment-banking business, and in fairness to the exchanges of the country, which are subject to the law and to the regulations of the Commission, that the same sort of regulation should be imposed upon the over-the-counter business.

There has been a long-time study by the Securities and Exchange Commission, during which there was a continuing consultation with representatives of the industry, represented particularly by committees of the Investment Bankers' Association and the Investment Bankers' Conference. As a result of the study, made in part by representatives of the several thousand investment bankers of the country, a draft of legislation on the subject was prepared. After the original proposal was drafted committees of the Investment Bankers' Conference and the Investment Bankers' Association went over the draft with me as the sponsor of the proposed legislation, with members of the Securities and Exchange Commission and its legal staff, and subsequently with the Banking and Currency Committee; so that altogether three drafts of the bill were before the Banking and Currency Committee.

There was considerable agitation as a result of fears expressed by the so-called municipal-securities dealers. Arguments which I doubt were well-founded were made that this proposal trespassed upon the rights of the municipalities and the States. I do not think the majority of the members of the Banking and Currency Committee entertained any such

fears; but because members of the committee felt that there was need for this character of legislation, not only for this particular industry but in fairness to a regulated exchange business, rather than delay the legislation, or perhaps because there was some fear of endangering the passage of greatly needed legislation, the committee finally decided to eliminate the reference in the bill to the so-called municipal dealers. With the exclusion of the municipal dealers, and the adoption of a few additional recommendations and amendments submitted by the 1,700 or 1,800 members making up the Investment Bankers' Conference, recommendations made by the Investment Bankers' Association, and recommendations of some smaller securities associations I think, as the chairman of the committee has said, that there was finally a unanimous agreement upon the bill by the members of the committee.

The bill does not propose anything radical in the investment banking field. It does for that business about what was done for the exchanges through the Securities Exchange Act. It is not entirely a measure of self-regulation, but it very clearly provides an opportunity for self-regulation. Actually, it is cooperative regulation. Under this bill the Federal Government, through the Securities and Exchange Commission, says to the investment bankers of the country, "You may create your own association or associations. You may provide your own rules and your own regulations. We want you to run your own business. We want a representation, however. We want a right of review and supervision." So, while some of us would like to call what is provided for self-regulations, it is in effect a cooperative regulation.

For myself, I think it is a splendid step. I do not know for a certainty that it will work. Neither does the Securities and Exchange Commission know for a certainty that it will work, but we know that it will provide an opportunity. It is purely voluntary. There is no need for the investment banker to join unless he desires to do so. It grows from his desire. Every effort has been made by the Committee on Banking and Currency, and I think the members of that committee will agree that every effort has been made by the Securities and Exchange Commission, to get a bill suitable to the industry. I have felt that it would be futile to write this legislation unless it had the absolute approval, or nearly the absolute approval, of the persons engaged in this business. If it does not work, no harm will be done. We shall be where we started. If the ideal of the legislation can be brought about, if it can be made to operate successfully, perhaps the investment-banking business will show the way to other industries of the country to provide a self-regulation, a cooperative regulation. The plan seems to meet with the approval, and in my opinion, to a considerable degree even the applause, of the investment banking business.

Mr. President, when the Banking and Currency Committee had finished its consideration of this proposal, at the suggestion of the chairman a very comprehensive report was prepared; and I took it upon myself personally to mail a copy of that report to each Member of the Senate. I think most of the Members are entirely familiar with the proposed legislation and with its purposes. I myself have no desire to trespass longer upon the time of the Senate.

Mr. BURKE. Mr. President, in view of the very enlightening statements made by the sponsor of the bill as well as by the chairman of the Banking and Currency Committee, I withdraw any objection I have to it.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

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

The title was amended so as to read: "A bill to provide for the establishment of a mechanism of regulation among over-the-counter brokers and dealers operating in interstate and foreign commerce or through the mails, to prevent acts and practices inconsistent with just and equitable principles of trade, and for other purposes."

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (H. R. 1543) to amend section 24 of the Immigration Act of 1917, relating to the compensation of certain Immigration and Naturalization Service employees, and for other purposes, was announced as next in order.

Mr. McKELLAR. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1634) to provide for the education of all types of physically handicapped children, to make an appropriation of money therefor, and to regulate its expenditure, was announced as next in order.

Mr. McKELLAR. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 973) for the relief of the city of Baltimore was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 684) for the relief of the city of New York was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1291) for the relief of the State of Connecticut was announced as next in order.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 21) directing the Comptroller General to readjust the account between the United States and the State of Vermont was announced as next in order.

Mr. KING. Let that joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

PRIVILEGES TO OFFICIALS AND EMPLOYEES OF THE UNITED STATES COURT FOR CHINA

The Senate proceeded to consider the bill (S. 2946) to extend the privileges of the Navy post exchanges to officials and employees of the United States Court for China, which had been reported from the Committee on the Judiciary with an amendment, on page 2, line 9, after the word "men", to strike out "to civilian employees of the Navy Department and to officers of the Foreign Service of the United States at naval stations beyond the continental limits of the United States and in Alaska; and to the officials and employees of, or connected with, the United States Court for China, under such regulations as the Secretary of the Navy may prescribe," and to insert "and to civilian officers and employees of the United States at naval stations beyond the continental limits of the United States or in Alaska, under such regulations as the Secretary of the Navy may prescribe", so as to make the bill read:

Be it enacted, etc., That that part of the act of March 3, 1909 (ch. 255, 35 Stat. 768; U. S. C., title 34, sec. 533), as amended by the act of April 14, 1937 (Public, No. 29, 75th Cong.), which provides—

"That hereafter such stores as the Secretary of the Navy may designate may be procured and sold to officers and enlisted men of the Navy, Marine Corps, and Coast Guard; to the widows of such officers and enlisted men; to civilian employees of the Navy Department; and to officers of the Foreign Service of the United States at naval stations beyond the continental limits of the United States and in Alaska, under such regulations as the Secretary of the Navy may prescribe."—

is further amended to read as follows:

"That hereafter such stores as the Secretary of the Navy may designate may be procured and sold to officers and enlisted men of the Navy, Marine Corps, and Coast Guard; to the widows of such officers and enlisted men; and to civilian officers and employees of the United States at naval stations beyond the continental limits of the United States or in Alaska, under such regulations as the Secretary of the Navy may prescribe."

Mr. KING. I should like to have an explanation of the measure.

Mr. HATCH. Mr. President, the Senator from Utah will recall that this is a bill which went over the last time the calendar was called, and I think the Senator from Utah was convinced that inasmuch as these privileges are now extended to some of the civilian employees of the Government, there is no good reason why they should not also be extended to the others.

Mr. KING. Mr. President, my position then was, and still is, that these privileges ought not to be extended to any of them, because we will soon become vendors of commodities to thousands of persons in civilian life, and the expenses of the Government in purchasing and transporting commodities to all parts of the world will be tremendously increased. Civilians are sent to China and elsewhere. They receive good salaries; they receive allowances for their expenses, and so on; and I am just wondering whether the obligation should rest upon the Government to do what is proposed because, of course, it has the expense occasioned by maintaining portions of the Army and Navy in foreign countries.

Mr. HATCH. Mr. President, I know that there is no Senator who is more against discrimination than is the Senator from Utah, and there does exist discrimination against civilian employees in the city of Shanghai, China, for instance. All the other civilian employees except those connected with the court are now allowed to make their purchases in the post exchange, and I am sure the Senator does not want to bar some and permit others to make their purchases there. What the Senator says is no doubt altogether true; but I suggest that we put them all on the same basis now, and then we can investigate the matter and perhaps withdraw the privilege from all; but, whatever we do, let us treat all alike.

Mr. KING. Mr. President, the arguments of my friend the Senator from New Mexico are always persuasive and his argument today is persuasive. Nevertheless, it does not meet the argument that we are imposing upon the Federal Government an enormous burden for various civilian employees in all parts of the world. I agree with the Senator that we should not discriminate. What I fear is that pretty soon we will cover them all in, and then any attack upon the system would be unavailable. I withdraw the objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

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

The title was amended so as to read: "A bill to amend an act entitled 'An act making appropriations for the naval service for the fiscal year ending June 30, 1910, and for other purposes,' approved March 3, 1909, as amended, so as to extend commissary privileges to civilian officers and employees of the United States at naval stations beyond the continental limits of the United States or in Alaska."

BILLS PASSED OVER

The bill (H. R. 8099) to amend certain administrative provisions of the Tariff Act of 1930, and for other purposes, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2565) authorizing the Comptroller General to settle and adjust the claim of List & Clark Construction Co. was announced as next in order.

Mr. KING. Let us have an explanation.

The PRESIDING OFFICER (Mr. MILLER in the chair). The bill will be passed over.

The bill (H. R. 3389) for the relief of Benjamin Weisenberg was announced as next in order.

Mr. McKELLAR. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

COMMISSIONING OF ARMY BANDMASTERS

The bill (S. 2369) to amend the act entitled "an act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended, and for other purposes, was announced as next in order.

Mr. McKELLAR. Let the bill go over.

Mr. SHEPPARD. Mr. President, will not the Senator withhold his objection a moment?

Mr. McKELLAR. I call attention to the fact that the Department recommends against the passage of the bill.

Mr. SHEPPARD. That is one reason why I desire to make a brief explanation. The junior Senator from Utah [Mr. THOMAS] reported the bill, but has been compelled to leave the Chamber, and requested that an explanation be made of the bill and its purposes.

At the present time, Army bandmasters are warrant officers and as such are without disciplinary authority over the men under them and likewise have no voice in the administration of their bands. The bill S. 2369 proposes to create a new rank of bandmaster in the United States Army and National Guard, who shall be appointed and commissioned by the President, by and with the advice and consent of the Senate. Bandmasters commissioned under this measure will be entitled to the same benefits in respect to pay, allowances and retirements as are applicable to commissioned officers, which pay, allowances, and retirements shall be as follows: Bandmasters will less than 5 years of service to rank with second lieutenants; from 5 to 10 years of service to rank with first lieutenants; and bandmasters with service of over 10 years to rank with captains.

Mr. McKELLAR. Mr. President, the officers of the Army are ordinarily splendidly trained men. I believe more than half of them, or about that number, have been trained at West Point, and the remainder are well trained, both in the way of ordinary education and in military science. Unfortunately, the bandmasters are not so trained, and for that reason, according to my understanding, the War Department does not feel that they should be put in positions which would entitle them to the same pay and emoluments received by the Regular officers, who have given their whole lives to military pursuits.

Mr. SHEPPARD. I am endeavoring to explain the matter.

Mr. McKELLAR. I know, and I have no objection to the Senator explaining the bill, of course, but the War Department being opposed to the bill, and on such excellent grounds, I do not see why the bill should be passed by the Congress. When I say "excellent grounds" I do not mean to say one word against the bandmasters. They perform excellent service and are entitled to good pay, but I do not believe it would be wise to make them officers in the Army.

Mr. SHEPPARD. Mr. President, doctors in the Medical Corps are commissioned, just as the rest of the officers of the Army are commissioned; dentists in the Dental Corps are commissioned just as other officers are commissioned, and the veterinarians receive commissions. Bandmasters manage bands of about 30 men, and sometimes the bands are massed. It is proposed that they be given the smaller commissions, the proposal being to make them second lieutenants, first lieutenants, and captains, with the chief bandmaster of the Army a major. The chaplains are commissioned, their commissions running as high as colonel for Chief of Chaplains.

Provision is made for one chief bandmaster, who shall be selected from among experienced Regular Army and National Guard bandmasters by the Secretary of War and who shall have the rank, pay, and allowances of a major while serving as chief bandmaster. The commissioning of the some 78 warrant-officer band leaders now in the Army would cost about $189,340 the first year with longevity increases thereafter. It is estimated that the commissioning of the same 218 National Guard bandmasters would cost about $11,200 per year. Similar legislation has been before Congress on previous occasions, and several hearings have been held by committees of both the Senate and the House. The War Department, as a matter of policy, reported adversely on S. 2369, submitting that band leaders do not exercise the functions of command, that musicians, as a class, are not accustomed to exercise the functions of command, that due to their musical duties band leaders have little or no time to devote to the acquirement of military knowledge necessary to the exercise of administrative and disciplinary control over an organization, and that should band leaders be given administrative and disciplinary control over Army bands, in addition to the duty of musical instruction they

already have, it is believed this would militate against the musical instruction of the bands.

I want to be fair about the matter and I have given the War Department's objection in their entirety as best I could.

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

Mr. SHEPPARD. I yield.

Mr. GILLETTE. What difference would this provision make in the retirement privileges of these men, if they were commissioned, as compared to those they now enjoy?

Mr. SHEPPARD. They would have the retirement privileges which would attach to their commissions. At present, they are warrant officers with the retirement privileges of that grade.

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

Mr. SHEPPARD. I yield.

Mr. WALSH. I inquire of the Senator whether there is in the Army a musical school where all persons who become associated and connected with the Army bands have regular musical training in the school provided by the Army?

Mr. SHEPPARD. I do not think so, except as to band leaders, assistant band leaders, and certain especially qualified bandsmen.

Mr. WALSH. I think that is so. It is so in the Navy.

Mr. SHEPPARD. These same arguments would apply equally well to all the services of the Army, such as medical, dental, and legal, and yet the doctors of the Medical Corps, the dentists of the Dental Corps, the lawyers of the Judge Advocate General's Department, and the veterinarians of the Veterinary Corps have all been commissioned long ago. After having considered the objections to this legislation offered by the War Department, as well as the arguments in favor of it, the committee has concluded that this measure is a deserving and meritorious one, that its enactment into law would enhance the morale of our Army and National Guard bands, that it would increase their efficiency, and that new opportunities would be opened up to those young men who choose the Army band service as a career. The committee has, therefore, reported the bill favorably and recommends its passage.

Mr. President, some of the most inspiring instances in history have occurred in connection with the effect of battle music at the height of the battle, the effect of music on the morale of an army, even the music of the battle drum. Senators will remember the Battle of Marengo. The French were about to retreat. The day seemed to be lost. Napoleon, the great Napoleon, ordered a drummer boy to beat a retreat, but the boy replied, "Sire, I cannot beat a retreat, but I can beat a charge. I can beat a charge that would make the very dead fall into line." The great commander caught the spirit of that drummer boy, commanded him to beat a charge, ordered his troops to advance, and almost inevitable defeat was transformed, as if by magic, into victory.

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

Mr. SHEPPARD. I yield.

Mr. KING. Does the Senator remember reading of the occasion when five men with bagpipes, none of them generals, nor even colonels, won several battles for Scotland when the Scotch were fighting the English?

Mr. SHEPPARD. I do.

Mr. KING. Those men did not need commissions to inspire them to action which led to victory.

Mr. SHEPPARD. That is true. However, the Senator's illustration lends force to my argument as to the martial significance of music. Certainly the Senator from Utah should be especially fond of music, because in that remarkable journey, 4,000 miles in length, made by his ancestors across the desert, through the trackless forests, and over the lofty mountains—one of the most thrilling instances of heroism and endurance history affords—nothing was more helpful nor inspiring to them than that wonderful song:

Come, come ye saints, no toil nor labor fear.

Mr. BARKLEY. The Senator from Texas does not mean that the Senator from Utah recalls that occasion?

Mr. SHEPPARD. No, not personally, but his ancestors were children in that memorable march.

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

Mr. McKELLAR. I object.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

BILL PASSED OVER

The bill (S. 186) for the relief of Mike Chetkovich was announced as next in order.

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

The PRESIDING OFFICER. The bill will be passed over.

EXPERIMENTAL AIR-MAIL SERVICES

The Senate proceeded to consider the bill (H. R. 7448) to provide for experimental air-mail services to further develop safety, efficiency, and economy, and for other purposes, which had been reported from the Committee on Post Offices and Post Roads with amendments.

Mr. AUSTIN. Mr. President, reserving the right to object, I should like to speak on the bill. On the desk of Senators today there will be found three amendments proposed to be made to this bill if and when it is taken up for consideration.

Mr. McKELLAR. Mr. President, I have just read the amendments and I see no objection to them, so far as I am concerned.

Mr. AUSTIN. If the amendments may be accepted I am perfectly willing that the bill shall be considered.

The PRESIDING OFFICER. The clerk will state the first committee amendment.

The first amendment of the committee was, in section 1, page 1, line 8, after the word "areas", to insert "and including the utilization of articles and equipment, even though patents may have been issued thereon", so as to make the section read:

Be it enacted, etc., That the Postmaster General is authorized, under such appropriate rules and regulations as he may prescribe, to provide for and supervise experimental services in connection with the transportation of mail by air, including the transportation of mail by autogiro aircraft shuttle service between outlying airports and central city areas, and including the utilization of articles and equipment, even though patents may have been issued thereon, with the object of further developing safety, efficiency, and economy in air-mail transportation, collection, and delivery. The Postmaster General shall procure any such proposed service by contract with the lowest acceptable and responsible bidder. Such contracts and operations thereunder shall be subject to such requirements relating to safety, technical functions, qualifications of aircraft and airmen, and matters connected therewith as the Secretary of Commerce shall prescribe in accordance with the authority vested in him under the Air Commerce Act of 1926, as amended. The provisions of section 13 (relating to pay and working conditions and relations of pilots and other employees) of the Air Mail Act of 1934, approved June 12, 1934, as amended, shall apply to all contracts awarded under this act.

Mr. AUSTIN. Mr. President, before that amendment is agreed to, I ask that my first amendment, which relates to that committee amendment, be stated.

The PRESIDING OFFICER. The amendment of the Senator from Vermont to the committee amendment will be stated.

The CHIEF CLERK. On page 1, lines 8 to 10, it is proposed to strike out "and including the utilization of articles and equipment, even though patents may have been issued thereon" and to insert in lieu thereof "and including the utilization of patented articles and equipment upon payment of just compensation therefor."

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Vermont to the committee amendment is agreed to.

Mr. AUSTIN. I withdraw the amendment relating to the articles and equipment on which patents have been issued, the second amendment, and would like to offer the last or third amendment adding a new section, section 5.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 3, after line 21, it is proposed to insert the following new section:

SEC. 5. Subsection (d) of section 7 of the act entitled "An act to revise air-mail laws, and to establish a commission to make a report to the Congress recommending an aviation policy," approved June 12, 1934, as amended, is amended to read as follows:

"(d) No person shall be qualified to enter upon the performance of, or thereafter to hold an air-mail contract, if it pays any officer, director, or regular employee compensation in any form, whether as salary, bonus, commission, or otherwise, at a rate exceeding $17,500 per year for full time: *Provided*, That it shall be unlawful for any officer or regular employee to draw a salary of more than $17,500 per year from any air-mail contractor, or a salary from any other company if such salary from any company makes his total compensation more than $17,500 per year."

Mr. AUSTIN. Mr. President, before that amendment is accepted, I want the RECORD to show what that does to the old law, and I therefore ask to have inserted in the RECORD at this point my remarks before the vote is taken, the part of the section that is omitted, and that part I shall characterize by just one word to identify it, and all Senators will know what it is. It is the vindictive part of the law.

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

(d) No person shall be qualified to enter upon the performance of, or thereafter to hold an air-mail contract, (1) if at or after the time specified for the commencement of mail transportation under such contract, such person is (or, if a partnership, association, or corporation, has a member, officer, or director, or an employee performing general managerial duties, that is) an individual who has theretofore entered into any unlawful combination to prevent the making of any bids for carrying the mails: *Provided*, That whenever required by the Postmaster General the bidder shall submit an affidavit executed by the bidder, or by such of its officers, directors, or general managerial employees as the Postmaster General may designate, sworn to before an officer authorized and empowered to administer oaths, stating in such affidavit that the affiant has not entered nor proposed to enter into any combination to prevent the making of any bid for carrying the mails, nor made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person to bid or not to bid for any mail contract.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont on page 3.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next committee amendment was, on page 2, after line 22, to insert a new section 3, so as to make sections 2 and 3 read as follows:

SEC. 2. The Postmaster General shall report to Congress as soon as practicable the final results of experimental services conducted under this act, together with his recommendations for legislation to establish on a permanent basis any such services ascertained to be essential or useful in carrying out the object of this act. He may from time to time make preliminary reports and recommendations to Congress whenever definite conclusions are reached in respect of any such service.

SEC. 3. The first sentence of subsection (f) of section 3 of the act entitled "An act to revise air-mail laws, and to establish a commission to make a report to the Congress recommending an aviation policy," approved June 12, 1934, as amended (U. S. C., 1934 ed., Supp. II, title 39, sec. 469A (f), Public, No. 420, approved Jan. 14, 1938), is amended to read as follows:

"(f) The Postmaster General shall not award contracts for air-mail routes or extend such routes in excess of an aggregate of 40,000 miles, and shall not pay for air-mail transportation on such routes and extensions in excess of an annual aggregate of 60,000,000 airplane-miles."

The amendment was agreed to.

The next committee amendment was, on page 3, after line 9, to insert a new section 4, as follows:

SEC. 4. That subsection (c) of section 3 of the act entitled "An act to revise air-mail laws, and to establish a commission to make a report to the Congress recommending an aviation policy," approved June 12, 1934, as amended, is amended to read as follows:

"(v) If, in the opinion of the Postmaster General, the public interest requires it, he may grant extensions at any point of any route: *Provided*, That the aggregate mileage of all such extensions on any one route shall not exceed 250 miles, and that the rate of pay for such extensions shall not be in excess of the rate per mile fixed for the service thus extended."

Mr. HAYDEN. Mr. President, there is a clerical error in the bill on page 3, line 15. The letter (v) should be (c). I offer the amendment to the committee amendment making that change.

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

Mr. HAYDEN. I offer an amendment to the bill which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to add a new section, as follows:

SEC. 5. Whenever he shall find it to be in the public interest, because of the nature of the terrain and the impracticability of surface transportation, the Postmaster General may award contracts for the transportation of any or all classes of mail by airplane upon star routes not over 200 airplane-miles in length by direct flight between termini, payment for such service to be made from the appropriation for inland transportation by star routes: *Provided*, That all laws and regulations not in conflict with this section governing star routes shall be applicable to contracts made under the authority of this section: *Provided further*, That the base rate of pay which may be allowed in awarding such contracts shall not exceed 20 cents per airplane-mile for a load not exceeding 250 pounds of mail, and not exceeding 1 cent per airplane-mile for each 20 pounds of mail carried in excess of the 250-pound limit, except that in the discretion of the Postmaster General a higher base rate of pay may be allowed in awarding contract for carrying mail over circuitous routes of less than 75 miles in length: *And provided further*, That the provisions of the act of June 12, 1934 (48 Stat. 933), as amended by the act of August 14, 1935 (49 Stat. 614), shall not apply to the transportation of mail under this section: *And provided further*, That the Postmaster General shall not award more than five contracts for the transportation of mail under the authority of this section.

Mr. McKELLAR. Mr. President, I have just listened to the reading of the amendment. I am willing to take it to conference.

Mr. HAYDEN. The amendment is word for word the text of a bill upon which I have a favorable report from the Postmaster General, except that at the end of the amendment there is a proviso that there may not be more than five of such air-mail star routes for experimental purposes.

I ask leave to have printed in the RECORD the favorable report of the Post Office Department.

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

The report is as follows:

JUNE 28, 1937.

Hon. KENNETH W. McKELLAR,
Committee on Post Offices and Post Roads,
United States Senate.

MY DEAR SENATOR McKELLAR: In response to your request of the 21st ultimo for a report on bill S. 2460, to authorize transportation of mail by airplane upon star routes over difficult terrain, please be advised as follows:

I desire to report favorably upon the above-mentioned bill for the following reasons: Under section 1806 of the Postal Laws and Regulations (43 Stat. 960; 39 U. S. C. 488, as amended by the act approved August 24, 1935, Public, No. 317), the Postmaster General is authorized, in his discretion, to contract, after advertisement in accordance with law, for the carriage of all classes of mail within the Territory of Alaska, by airplane, payment therefor to be made from the appropriation for star-route service in Alaska.

Under this bill the same authority would be extended to include territory in the States where similar conditions prevail. There are some sections in the Rocky Mountain States where surface transportation in the wintertime is impracticable on account of snowdrifts. Frequently roads over which mails are due to be transported are blocked for weeks at a time. There are also post offices in the Great Lakes region which are ordinarily served by boats but which sometimes cannot be reached on account of ice. The proposed legislation would give the Postmaster General authority to advertise such routes without restriction as to the method of conveyance to be used. In my judgment, there is nothing in the statutes relating to the transportation of mails which would restrict the method of travel at the present time, but in view of the law which fixes the rate of postage to be paid on mail transported by air at 6 cents per ounce or fraction thereof, there is some doubt as to the authority for transporting by air matter prepaid at a lesser rate.

The proposed legislation would also be helpful in cases where post offices were isolated on account of floods or storms. I recall particularly the case at Key West, Fla., which was completely cut off on account of the destruction of a large portion of the Florida East Coast Railroad. During the emergency the mails were sent to Key West by plane, payment being made out of the appropriation for railroad pay. While the Comptroller General

agreed to this method in the emergency, there was some question as to its legality.

Immediately following the floods in the Middle West last spring there were many offices which for days could not be reached by rail or public highway, and the only means available for getting mail to these places was by air express, which was used to a liberal extent.

The bill is designed to cover such emergencies as these, and I am, therefore, in favor of its speedy enactment.

It has been ascertained from the Bureau of the Budget that this report is in accord with the program of the President.

Very truly yours,

JAMES A. FARLEY,
Postmaster General.

Mr. AUSTIN. Mr. President, I have not had an opportunity to examine the amendment offered by the Senator from Arizona [Mr. HAYDEN].

Mr. HAYDEN. There are some situations in the United States, particularly at the Grand Canyon in Arizona, in the mountains in Idaho, and a few other places, where there are passenger airplanes which stop along the way at very out-of-the-way places. This bill provides that there may be not more than five air-mail star routes, not over 200 miles in length, and fixes a rate of compensation below the ordinary rate paid for air mail. For example, in the Arizona case, about which I know, the airplane carries tourists regularly from the Grand Canyon to Boulder Dam. There are stops at two little settlements which now have mail service but once a week. The airplanes could drop down and give the people there a daily mail service as a star route. The service would be open to bidding, just as in the case of any other star-route contract. Star-route mail is now carried by automobile, by wagon, by dog team, by canoe, by pack train, and various other forms of transportation. The amendment which I have offered merely adds the airplane to other methods of conveyance, and limits such a star route to not more than 200 miles, and provides that there may not be more than five of them in the United States.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. O'MAHONEY. How would it be possible to submit bids on such a contract?

Mr. HAYDEN. The Department would advertise for bids for the air-mail star-route service, just as it would for any other star route.

Mr. O'MAHONEY. The operation is an intermediate trip upon a scheduled line, if I understand the situation.

Mr. HAYDEN. The airplane service that I have particularly in mind carries passengers who desire to fly above the Grand Canyon in Arizona.

There is another situation in Idaho where the airplane is the only means of getting over the high mountains. There are three or four other cases of that kind, where the country is so rough that the people cannot get prompt mail service except by air. The Department desires to try out such a plan, and has favorably recommended the proposed legislation.

Mr. AUSTIN. Mr. President, it is obvious that the Senator from Arizona has in his mind a picture which this amendment fits very nicely, but I think it comprehends much more than merely the transportation he mentions. I hope the amendment will not be enacted into law without very serious study.

Mr. McKELLAR. I intend to have a report on the matter made by the Department if the amendment is adopted, and when it goes to conference it can be worked out.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. HAYDEN].

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

REIMBURSEMENT OF RAILROADS

The bill (S. 3526) to provide for reimbursing certain railroads for sums paid into the Treasury of the United States under an unconstitutional act of Congress was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to certain railroad companies, and trustees and receivers thereof, a sum not to exceed $139,000, said sums having been paid into the Treasury of the United States by order of the Railroad Retirement Board created by the act of Congress of June 27, 1934, known as "Railroad Retirement Act," and which act was on May 6, 1935, declared unconstitutional by the Supreme Court of the United States.

SEC. 2. Any railroad which has made a payment into the Treasury of the United States by reason of the order mentioned in section 1 hereof may file its claim for reimbursement with the Secretary of the Treasury, and the Secretary shall examine the claim and if it is found to be correct shall issue his warrant therefor, all in accordance with such rules and regulations as the Secretary of the Treasury may adopt.

MIKE CHETKOVICH

Mr. SCHWARTZ. Mr. President, I should like to recur to Calendar No. 1585, being Senate bill 186, for the relief of Mike Chetkovich, if the Senator from Tennessee will consent.

Mr. McKELLAR. Certainly, if the Senator desires to do so. What are the facts in the case?

Mr. SCHWARTZ. The bill directs the Secretary of the Treasury to pay to Chetkovich the amount of his war-risk insurance. I should like to make a brief statement with regard to the bill.

In the first place, there is an adverse report from the Veterans' Administration.

Mr. McKELLAR. That is why I objected. May I say one other thing, so that the Senator may address his remarks to it? As the Senator knows, there is a law under which any one holding such a policy may go into court.

Mr. SCHWARTZ. Yes.

Mr. McKELLAR. It is quite remarkable that this veteran did not go into court, but seeks to collect his insurance through a private bill. I should like to have an explanation of the circumstances.

Mr. SCHWARTZ. The record indicates that the veteran appears to have exhausted all his remedies, and an adverse conclusion might be proper in the ordinary case. He did go to court.

An identical bill was before the Seventy-fourth Congress, and the House committee reported favorably upon the bill, with the exception of three members who made some adverse comment, principally, I think, because the veteran appeared before the committee, and by reason of the vehemence with which he presented his case some of the committee members did not consider that he had the aspect of a man who was totally and permanently disabled.

The facts in the case are that Chetkovich, at the time he enlisted, was a young man who was working in the mines as a mucker and miner, and had been so employed for some time. He was in perfect health and weighed 190 pounds. On July 2, 1918, he was inducted into the military service. At that time he had a condition to which I shall refer later, which condition he had had from birth. On July 6, 1918, the veteran applied for his war-risk insurance and received it. A few weeks later, in the ordinary inspection made while the new troops were drilling, he was advised that he would have to undergo an operation by reason of a reducible hernia and an undescended left testicle. He objected to the operation because the condition had existed all his life, and he had never at any time been in ill health. He objected to it after he got to the hospital, and they brought in some boys who said to him, "Mike, you are in the Army now, and you will have to do what they tell you." So he submitted to the operation. He was told that the operation would be merely for the reduction of the hernia; but, as a matter of fact, the doctors not only operated on him for the hernia, but also removed the undescended testicle.

Chetkovich was in the hospital from August 5 until October 30, I think; and his recovery, such as it was, was very slow, because of a chronic discharge of pus from a 4-inch wound. He was sent to the infirmary, and he was

there for awhile. Finally he was sent to Camp Lewis, and there the officers in charge attempted to assign him to ordinary duty around the camp. He was discharged from the service a few months later, and his commanding officer stated that on his discharge he was unable to perform his duties by reason of his physical condition.

Mr. McKELLAR. How long was he in the hospital?

Mr. SCHWARTZ. He was in the hospital from August 7 until October 30 for the operation. On October 31 he was sent to the infirmary for observation, by reason of an incomplete recovery. I do not recall exactly how long he was in the infirmary; but on November 25 he was transferred to Camp Lewis, and he was sent to the hospital as sick on January 7, 1919. On April 30 he was honorably discharged from the service.

The advisory board of appeals of the Veterans' Administration about that time declined to recommend him as being totally and permanently disabled, but he was given a rating of 40 percent.

Mr. McKELLAR. Did he bring suit in court to recover?

Mr. SCHWARTZ. Yes. The record is very voluminous. By reason of the various adverse and favorable reports, the subcommittee spent a great deal of time on the record, and I am following the chronological sequence as rapidly as I can.

After Chetkovich left the service, some of the mine owners who had theretofore employed him sought to give him some sort of employment. For a time he was employed to sweep dust off the rails with a broom. The foreman states that he would attempt it, and then he would sit down and tremble, and could not do the work.

I understand that the Senator from Montana [Mr. MURRAY] knows something about the man, and I understand from those who are acquainted with him that at no time has he been able to perform labor of any kind. He is a laboring man.

After Chetkovich had been denied payment of his insurance, he brought suit in the Federal court at Butte before Judge Borguin. At that time the Army record which was submitted was not complete, and it did not show that as a result of his operation and being confined to the hospital he had developed trouble with his throat and lungs, and that there was bloody sputum in the discharges. The result of the trial at Butte was adverse to Chetkovich, and he took an appeal to the circuit court of appeals, relying principally upon comments made by the judge to the jury as to whether or not he was testifying falsely by reason of the interest that he had in the result of the case. Of course, lawyers know that all that goes up on appeal is the language of the court.

Mr. McKELLAR. Mr. President, I have great sympathy for a man who has suffered the troubles this man has suffered.

Mr. SCHWARTZ. He is entitled to more than sympathy.

Mr. McKELLAR. There are literally scores of thousands of men in such cases who have gone through the courts and have failed to obtain compensation. If we set the precedent that those who have failed to obtain compensation after going through the courts may come to Congress and receive compensation, the Senate and the House will be two very busy bodies. I ask to have the bill go over at this time, and I will talk to the Senator later about it.

Mr. MURRAY. Mr. President, I should like to state that I believe there has been a real miscarriage of justice in this case. I happen to know the man, and I have seen a great deal of him. I know that he is in a totally disabled condition, and that in the trial of the case at Butte the case was rushed through by the judge and certain remarks were made which I think prejudiced the case. Since the case was tried it has also been brought out that there was evidence which was not presented to the jury. That is referred to in the record here. It seems to me that the decision in that case should not be conclusive; I do not understand that it is, and that, in view of the real facts in the case, it would be an utter injustice, a miscarriage of justice to this man to deprive him of the rights he had under his insurance policy.

Mr. McKELLAR. Mr. President, I will get the record and go over it very carefully. I will be glad to have the bill considered the next time the calendar comes up, but I ask that it go over now.

Mr. SCHWARTZ. Mr. President, I should like to add one comment in view of an observation which has been made. I think that each case should be decided upon its particular merits. The fact that somebody else might come here at some other time because he has been unsuccessful in the courts does not preclude us from considering a case.

Mr. McKELLAR. I have great sympathy with the situation in which the claimant under this bill finds himself but I will ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

OUACHITA NATIONAL BANK, MONROE, LA., ET AL.

The Senate proceeded to consider the bill (S. 3188) for the relief of the Ouachita National Bank of Monroe, La.; the Milner-Fuller, Inc., Monroe, La.; estate of John C. Bass, of Lake Providence, La.; Richard Bell, of Lake Providence, La.; and Mrs. Cluren Surles, of Lake Providence, La., which had been reported from the Committee on Claims with an amendment, on page 1, line 8, after the words "sum of", to strike out "$500" and insert "$100", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Ouachita National Bank, of Monroe, La., the sum of $500; to the Milner-Fuller, Inc., of Monroe, La., the sum of $100; to the estate of John C. Bass, of Lake Providence, La., the sum of $170; to Richard Bell, of Lake Providence, La., the sum of $110, in full satisfaction of their claims against the United States for a refund of the value of 14 invalid postal money orders fraudulently issued from December 6, 1932, to December 22, 1932, by Harry G. Peek, former postmaster at Sondheimer, La., which sums have heretofore been paid to the United States: *Provided*, That the judgment against Mrs. Cluren Surles, of Lake Previdence, La., based upon two money orders issued on December 15, 1932, in the amount of $180 be, and it is hereby, canceled: *Provided further*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

SEC. 2. Nothing in this act shall be construed to prevent the recovery by the United States of funds embezzled by the said Harry G. Peek, or on money orders unlawfully issued by him, except those which are the subject of these claims.

The amendment was agreed to.

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

INVESTIGATION OF POLICIES IN DISTRIBUTION OF MOTOR VEHICLES, ETC.

The joint resolution (H. J. Res. 594) directing the Federal Trade Commission to investigate the policies employed by manufacturers in distributing motor vehicles, accessories, and parts, and the policies of dealers in selling motor vehicles at retail, as these policies affect the public interest was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Federal Trade Commission be, and is hereby, directed and authorized under the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914, to investigate the policies employed by manufacturers in distributing motor vehicles, accessories, and parts, and the policies of dealers in selling motor vehicles at retail, as these policies affect the public interest.

The purpose of this investigation shall be to determine—

1. The extent of concentration of control and of monopoly in the manufacturing, warehousing, distribution, and sale of automobiles, accessories, and parts, including methods and devices used by manufacturers for obtaining and maintaining their control or monopoly of such manufacturing, warehousing, distribution, and sale of such commodities, and the extent, if any, to which fraudulent, dishonest, unfair, and injurious methods are employed, including combinations, monopolies, price fixing, or unfair trade practices;

2. The extent to which any of the antitrust laws of the United States are being violated; and

3. For the purposes of the investigation hereby directed and authorized, the Federal Trade Commission is given all the powers conferred upon it by the Federal Trade Commission Act.

SEC. 2. The Federal Trade Commission shall report its findings to the Congress of the United States within 1 year from date of enactment of this resolution, recommending whatever remedial legislation it deems necessary and proper.

SEC. 3. The sum of $50,000 is hereby authorized to be appropriated to the Federal Trade Commission for the purpose of making this investigation.

BILL PASSED OVER

The bill (S. 3681) to amend section 35 of an act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain," approved February 25, 1920 (41 Stat. 437), as amended, and for other purposes, was announced as next in order.

Mr. GILLETTE. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

CIVIL-SERVICE RETIREMENT FOR LEGISLATIVE EMPLOYEES

The bill (S. 3525) to amend the act entitled "An act to extend the benefits of the Civil Service Retirement Act of May 29, 1930, as amended, to certain employees in the legislative and judicial branches of the Government," approved July 13, 1937, was announced as next in order.

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

Mr. HAYDEN. Mr. President, may I explain the purpose of this measure?

Mr. BARKLEY. I withdraw for the time being the objection.

Mr. HAYDEN. Mr. President, I will state the effect of the bill. At the present time employees of the House of Representatives may immediately begin to pay into the reserve fund for their retirement. Under the law as now written employees of the Senate and of Senators have to remain in service for 15 years before they may commence to pay into the fund. This bill reduces the period to 7 years. That is the sum and substance of the bill, and it seems to me that it is a very desirable measure. It allows the clerks of Senators who have been reelected to a second term to pay into the reserve fund after the 7 years' service and thereby take advantage of the retirement law.

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

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

Be it enacted, etc., That (a) the last sentence of the first paragraph of section 2 of the act entitled "An act to extend the benefits of the Civil Service Retirement Act of May 29, 1930, as amended, to certain employees in the legislative and judicial branches of the Government", approved July 13, 1937, is amended (1) by striking out "sixth" and inserting in lieu thereof "second", and (2) by striking out the period at the end of such sentence and inserting in lieu of such period a colon and the following: "*Provided, however*, That any such employee whose salary or any part thereof is paid by the disbursing officer of the Senate and who has become totally disabled for useful and efficient service within the meaning of section 6 of such act of May 29, 1930, shall come under the provisions of such act of May 29, 1930, immediately upon the giving of such notice."

(b) The second paragraph of section 2 of such act of July 13, 1937, is amended (1) by striking out "fifteen" where it first appears in such paragraph and inserting in lieu thereof "seven", and (2) by striking out the following: ": *Provided further*, That should any such employee who shall have served for a total period of not less than 5 years become totally disabled for useful and efficient service, within the meaning of section 6 of such act of May 29, 1930, before completing 15 years of service, he shall be entitled to the benefits provided by such section 6, upon deposit of the amount required to be deposited under the preceding proviso".

BILL PASSED OVER

The bill (H. R. 8202) to provide for the reorganization of agencies of the Government, to establish the Department of Welfare, and for other purposes was announced as next in order.

Mr. McNARY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

RELEASE FROM LIENS OF CROPS NEEDED FOR SEEDING PURPOSES

The Senate proceeded to consider the bill (S. 3174) to provide that crops needed for seeding purposes during 1938 shall be released from the liens required by the act providing for crop loans for the year 1937, which had been reported from the Committee on Agriculture and Forestry with amendments, on line 3, after the words "of the", to insert "seed of a", and in line 4, after the word "seeding", to strike out "during the year 1938" and insert "the borrowers acreage", so as to make the bill read:

Be it enacted, etc., That so much of the seed of a crop of any borrower as is needed for the purpose of seeding the borrower's acreage shall be released from the lien required as security for loans by section 2 (b) of the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1937, and for other purposes," approved January 29, 1937.

The amendments were agreed to.

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

The title was amended so as to read: "A bill to provide that crops needed for seeding purposes shall be released from the liens required by the act providing for crop loans for the year 1937."

BILL PASSED OVER

The bill (S. 3548) to amend section 9, of the Civil Service Retirement Act, approved May 29, 1930, as amended, was announced as next in order.

Mr. McKELLAR. Mr. President, let that bill go over until we may have an opportunity to look into it.

The PRESIDING OFFICER. The bill will be passed over.

PAYMENTS TO AMERICAN WAR MOTHERS, INC.

The bill (S. 3318) to authorize certain payments to the American War Mothers, Inc., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to set aside as a special fund in the Treasury the sum of $98,284.33, representing approximately one-third of $294,852.97, the unexpended balance of the sum transferred, from the funds "Stars and Stripes" and "Other funds", by the act of March 4, 1933 (47 Stat. 1573), to the fund entitled "Recreation fund, Army", which latter fund was covered into the surplus fund of the Treasury by the Permanent Appropriation Repeal Act, 1934 (48 Stat. 1229).

SEC. 2. The special fund created pursuant to this act is hereby appropriated, and the Secretary of the Treasury is hereby authorized and directed to pay said special fund to the American War Mothers, Inc.

SEC. 3. Such corporation shall use the funds so received to aid and assist disabled veterans and needy mothers and fathers of World War veterans, and shall make a full and complete report to the Congress not later than the 1st day of January of each year of the amount so expended during the preceding fiscal year.

Mr. COPELAND subsequently said: Mr. President, may I ask the Senator from Indiana was there not an appeal made to the committee by the Gold Star Mothers. What about the Gold Star Mothers?

Mr. MINTON. There was no appeal made by them.

Mr. COPELAND. I had such an appeal. May I ask if the Senator would mind letting the bill go over today, and I will find out what the appeal was.

Mr. MINTON. Very well. I understand the Senator refers to Calendar No. 1619, being the bill (S. 3318) which has been passed.

Mr. COPELAND. Yes. I ask that the vote by which that bill was passed be reconsidered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote by which the bill was passed is reconsidered.

PAYMENT TO VETERANS OF FOREIGN WARS AND TO DISABLED AMERICAN VETERANS

The Senate proceeded to consider the bill (S. 3319) to authorize certain payments to the Veterans of Foreign Wars of the United States, Inc., and to the Disabled American Veterans of the World War, Inc., which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to set aside as a special fund in the Treasury the sum of $196,568.64, representing nearly two-thirds of $294,852.97, the unexpended balance of the sum transferred from the funds "Stars and Stripes" and "Other funds", by the act of March 4, 1933 (47 Stat. 1573), to the fund entitled "Recreation fund, Army", which latter fund was covered into the

surplus fund of the Treasury by the Permanent Appropriation Repeal Act, 1934 (48 Stat. 1229).

SEC. 2. The special fund created pursuant to this act is hereby appropriated, and the Secretary of the Treasury is hereby authorized and directed to divide said special fund into two equal parts and to pay one such part to the Veterans of Foreign Wars of the United States, Inc., and to the Disabled American Veterans of the World War, Inc.

SEC. 3. Each such corporation shall use the funds so received to aid and assist disabled, destitute, or unemployed veterans, and/or their dependents; and shall make a full and complete report to the Congress not later than the 1st day of January of each year of the amount so expended during the preceding fiscal year.

Mr. AUSTIN. Mr. President, may we have an explanation of this bill? What does it provide?

Mr. MINTON. The Senator will recall that during the World War there was a fund accumulated by the operation by the soldiers of a newspaper which they owned, called the Stars and Stripes. The fund was supplemented by company funds. This fund was left over. This bill merely proposes to take what is left and divide it up between the two organizations referred to.

Mr. AUSTIN. I have no objection. I recall that.

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

CREDIT FACILITIES FOR BUSINESS ENTERPRISES

The bill (S. 3735) to amend section 5d of the Reconstruction Finance Corporation Act, as amended, to authorize loans to public agencies, to provide credit facilities for business enterprises, and for other purposes, was announced as next in order.

Mr. THOMAS of Oklahoma. Mr. President, Senate bill 3735 is a most important measure. It proposes to make the Reconstruction Finance Corporation a new and enlarged national bank to loan as much as a billion and a half dollars of the people's credit. I believe the bill is entirely too important to be considered under the 5-minute rule. I have no objection to the bill, but I have a desire to make some observations on the subject matter when the bill comes before the Senate, and I cannot do that in 5 minutes. So I will have to object at this time.

Mr. WAGNER. Of course, if the Senator insists upon the bill going over, it cannot be considered today. I, too, regard it as a very important measure, and I am sure, in view of the fact——

Mr. BARKLEY. Mr. President, I will say to the Senator that as soon as the calendar is called it is desired that the Senate proceed at once to consider the bill on its merits.

Mr. WAGNER. I was going to make that suggestion. I am glad the Senator has made the statement. Very well, let the bill go over for the time being.

The PRESIDING OFFICER. The bill will be passed over.

CIVILIAN CONSERVATION CORPS

The Senate proceeded to consider the bill (H. R. 9415) to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes," approved June 28, 1937, which was read, as follows:

Be it enacted, etc., That section 8 of the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes", approved June 28, 1937 (50 Stat. 319), is amended by adding after the words "three cooks," wherever they appear in such section the following: "five project assistants,".

SEC. 2. Section 8 of such act is further amended by striking out the period at the end thereof and inserting a colon and the following: "*Provided further*, That any enrollee may be discharged for the convenience of the Government within 30 days prior to the expiration of his period of enrollment."

Mr. WALSH. Mr. President, I notice that that bill has been very recently, on March 29, reported from the Committee on Education and Labor. I am a member of that committee, but, unfortunately, I have not been able to attend the hearings on the bill, having been engaged in the Finance Committee. I should like to have an explanation of the bill from some member of the committee.

Mr. LA FOLLETTE. Mr. President, I am in the same situation as is the Senator from Massachusetts; I was unable to be present because I was tied up in the Finance Committee; but the Senator from Utah [Mr. THOMAS], who is chairman of the committee, and who had to attend a committee meeting this afternoon, asked me to explain the bill. I think I can best do so, if the Senate will permit me, by reading a letter from Mr. Robert Fechner, Director of the Civilian Conservation Corps, which is contained in the report. Mr. Fechner says in his letter:

There is attached hereto a draft of proposed amendments to section 8 of the act of June 28, 1937, entitled "An act to establish a Civilian Conservation Corps, and for other purposes" (Public, No. 163, 75th Cong.).

These amendments, first, deal with "five project assistants." They are to be enrollees, experienced in the type of work being performed, to act as leaders; and if this amendment is passed they will not be subject to the 2-year limitation, neither will they be restricted as to age.

The other change is to amend the present act, which provides that the enrollment shall be for a period of 6 months, so that the enrollee may be discharged prior to the expiration of his enrollment period for the convenience of the Government. To illustrate, a group of 10 enrollees' period of enrollment might expire at a certain time, when they would have to be sent home, whereas some 5 or 10 days previous a large shipment of enrollees might have been sent in the same direction. This amendment will permit all enrollees to be shipped together, even those who have not completed their full 6 months' enrollment.

Both of these proposed changes have been submitted to the Bureau of the Budget and have the approval of the Acting Director.

Mr. McKELLAR. Mr. President, did the Senator say that it was proposed to do away with all question as to age?

Mr. LA FOLLETTE. Yes; so far as "five project assistants" are concerned.

Mr. McKELLAR. But not as to all enrollees?

Mr. LA FOLLETTE. Oh, no. One mess steward, three cooks, and one leader in each company have the same exemption that is proposed to provide for the five project assistants.

Mr. WALSH. Mr. President, as I understand, none of these employees are under the civil service?

Mr. LA FOLLETTE. No; none of them.

Mr. WALSH. They are C. C. C. employees?

Mr. LA FOLLETTE. As the Senator knows, much to my regret, as well as to his, despite all our efforts, we were not able to have the civil service applied.

I will say to the Senator that the only information I have is contained in the report, because I was unable to attend the committee meeting. I have simply made this explanation as best I could, because the Senator from Utah had to be absent on very important committee business.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

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

Mr. GILLETTE subsequently said: Mr. President, may I ask what disposition was made of Calendar No. 1622, House bill 9415, to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes," approved June 28, 1937?

The PRESIDING OFFICER. It was passed.

Mr. GILLETTE. In the confusion I did not hear the statement of the Chair. I ask unanimous consent that the vote by which the bill was passed be reconsidered and that it be restored to the calendar.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The votes by which the bill was ordered to a third reading and passed will be reconsidered, and the bill will be restored to the calendar.

PREVENTION OF USE OF FEDERAL PATRONAGE IN ELECTIONS, ETC.

Mr. HATCH. Mr. President, I ask unanimous consent to recur to Calendar No. 263, being the bill (S. 847) to prevent the use of Federal official patronage in elections, and to prohibit Federal office holders from misuse of positions of public trust for private and partisan ends, in order that I may offer an amendment, and also make a brief explanation of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Mexico to return to Calendar No. 263, Senate bill 847?

Mr. WAGNER. Mr. President, I originally entered an objection. I now will withdraw the objection.

Mr. HATCH. Mr. President, the bill to which I refer is designed to prohibit Federal officials from going as delegates to conventions at which Members of Congress, a Vice President, or a President is to be nominated.

The bill was reported by the Committee on the Judiciary more than a year ago. It has been on the calendar all that time. Each time the bill has been reached on the calendar, some Senator has objected to its consideration. I am convinced that those objections have been made because Senators really do not understand the purpose and intention of the bill, and also because they have had some objections which I believe will be met by the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New Mexico will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause, and in lieu thereof to insert the following:

That no officer or employee of the United States or of any department, independent establishment, or agency thereof (including Government-owned and Government-controlled corporations) shall be a delegate, representative, alternate delegate, or alternate representative of or to any precinct, county, State, or national political caucus, assembly, or convention having for its sole purpose or one of its purposes the nomination of any person for, or the election of any person to, the office of President, Vice President, or Member (including a Delegate or Resident Commissioner) of either House of Congress; and no such officer or employee shall act as an officer of or a delegate, representing, alternate delegate, or alternate representative to, any political convention having for its sole purpose or one of its purposes the nomination of any person for, or the election of any person to, the office of President, Vice President, or Member (including a Delegate or Resident Commissioner) of either House of Congress.

SEC. 2. The prohibitions imposed by the first section of this act shall not be applicable (1) to officers who are appointed by the President, by and with the advice and consent of the Senate, and who determine policies to be pursued by the United States in its relations with foreign powers or in the Nation-wide administration of Federal laws, or (2) to officers chosen at any special or general election.

SEC. 3. Any person violating any provision of this act shall, upon conviction, be punished by a fine of not more than $1,000 and by removal from the office or position held by him.

Mr. BARKLEY. Mr. President, inasmuch as this bill is of sufficient importance to justify more detailed discussion before its enactment, I shall have to object to its consideration on the call of the calendar.

Mr. HATCH. May I finish my explanation?

Mr. BARKLEY. Yes; I shall be glad to have the Senator do so.

Mr. HATCH. May the amendment be adopted?

Mr. BARKLEY. Well, I do not know. The amendment may be worse than the bill. [Laughter.]

Mr. HATCH. I suggest to the Senator from Kentucky that the amendment might be even better than the bill itself.

Mr. BARKLEY. I was speaking facetiously when I said it might be worse.

Mr. HATCH. I understand.

Mr. BARKLEY. But it seems to me, as I heard the amendment read, that it undertakes to deny to anybody who happens to have been appointed to an office the same privileges as an American citizen that are enjoyed by those who are elected or those who are not either appointed or elected.

Mr. HATCH. The amendment does not do that. The bill does that.

Mr. BARKLEY. I myself do not see why the fact that a man is appointed to some position ought to deny him the right to go to a convention if he desires to do so.

I am perfectly willing to have the Senator explain the bill, but after the explanation is made I shall object to its consideration.

The PRESIDING OFFICER. The Chair will suggest that the adoption of the pending amendment in the form of a substitute would prevent the consideration of further amendments.

Mr. HATCH. I have no desire to do that. In view of the statement which has been made, I am perfectly willing to let the amendment go over; but I am very much in earnest about this measure, and I desire to say to the majority leader first that the bill is not directed against this administration. I entertain no fears or distrust whatever against anybody in the present administration; but, when I look out over the country, and observe the vast, vast numbers of Federal employees who reach out and extend to every county and to every precinct in the United States, I realize that some other administration—one, perhaps, in which I would not have confidence—could absolutely control any political convention in which Representatives, Senators, or even a President were to be nominated; and I do not choose to have political employees controlling our conventions.

I shall not delay the Senate by extended discussion; but I wish to say that I have been in conventions that were controlled by employees, and I know what that sort of thing means. That is the reason why I am so earnest about this measure. It has been on the calendar, as I have stated, for more than a year. If it cannot be passed by consent, I shall ask the majority leader at an early date to let a motion be made to take it up, and let Senators say by their votes whether or not they approve the measure.

Mr. BARKLEY. Mr. President, I appreciate the earnestness of the Senator from New Mexico on this subject. He has advocated this legislation for a long time, and I honor him for the sincerity of his convictions. I appreciate the possibilities; and yet I do not recall that any man was ever nominated for President by Federal officers or Federal appointees except in one case, and the people overwhelmingly defeated him for reelection.

Mr. HATCH. The Senator is quite right.

Mr. BARKLEY. I will say frankly to the Senator that I have been unable to convince myself that a man who is appointed to a Federal position, however humble that position may be, ought to be denied the same rights that are enjoyed by every other citizen. I myself do not see any reason why a man holding a Federal position by appointment should not have the same rights that are enjoyed by a man who sits in the Senate, or the House of Representatives, or the Cabinet, or who holds any other position, with respect to his right to participate in the nomination of political candidates.

Mr. HATCH. May I answer that statement? Then I will quit for the day.

The man who sits in the United States Senate is elected by the people, and is answerable to the people, and must go to them and answer for his conduct, not only in the Senate but in political conventions as well. Not one of the employees of the Federal Government is elected by the people, and they are not answerable to the people. So long as delegates are answerable to the people, I am willing to take my chances.

Mr. BARKLEY. They may not be elected to the positions they are holding under the Government; but if they are sent as delegates to some convention, they are selected by the people who are responsible for the convention, and they are answerable to the people who selected them.

Mr. HATCH. I am sure the Senator from Kentucky is in earnest in that statement; but if he had seen delegates to conventions selected as I have seen them selected, I believe he would hesitate to say that they are chosen by the people.

Mr. BARKLEY. I will say to the Senator in that connection that, of course, I am constitutionally, congenitally, and fundamentally opposed to conventions. I believe in the primary system of nomination; and yet we would not vote to deny any Federal officeholder the right to vote in a primary which had as its object the nomination of some man for office. Whether or not we can ever bring about primary elections on a Nation-wide scale for the nomination of candidates for President, I am not prepared to say; but in most of the States now primary elections are provided for in the selection of delegates——

Mr. McNARY (and other Senators). Regular order.

The PRESIDING OFFICER (Mr. MINTON in the chair). The regular order is called for. The Senator from Kentucky objects to the consideration of the bill at this time, and the bill will be passed over.

CHIPPEWA INDIAN LANDS BORDERING LAKE OF THE WOODS, MINN., ETC.

The bill (H. R. 8432) to provide for a flowage easement on certain ceded Chippewa Indian lands bordering Lake of the Woods, Warroad River, and Rainy River, Minn., and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. That completes the calendar.

MEMORIAL TO GUGLIELMO MARCONI

Mr. BARKLEY. Mr. President, from the Committee on the Library I report back favorably, without amendment, House Joint Resolution 499, and ask for its present consideration.

The PRESIDING OFFICER. The resolution will be read.

The joint resolution (H. J. Res. 499) authorizing the erection of a memorial to the late Guglielmo Marconi was read, considered by unanimous consent, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to grant permission to The Marconi Memorial Foundation, Inc., for the erection on public grounds of the United States in the District of Columbia, other than those of the Capitol, the Library of Congress, and the White House, of a memorial of simple and artistic form to the late Guglielmo Marconi, inventor of an apparatus for wireless telegraphy, by the American people: *Provided*, That the site chosen and the design of the memorial shall have the approval of the National Commission of Fine Arts and that the United States shall be put to no expense in or by the erection of the said memorial: *Provided further*, That unless funds, which in the estimation of the Secretary of the Interior are sufficient to insure the completion of the memorial, are certified available, and the erection of this memorial begun within 5 years from and after the passage of this legislation, the authorization hereby granted is revoked.

CREDIT FACILITIES FOR BUSINESS ENTERPRISES

Mr. WAGNER. I move that the Senate proceed to the consideration of Senate bill 3735, to amend section 5d of the Reconstruction Finance Corporation Act, as amended, to authorize loans to public agencies, to provide credit facilities for business enterprises, and for other purposes.

Mr. THOMAS of Oklahoma. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. Is not this motion debatable?

The PRESIDING OFFICER. It is debatable.

Mr. THOMAS of Oklahoma. Mr. President, the bill the Senator asks to have taken up is a most important measure. I am not opposed to it, but I regret that the Committee on Banking and Currency did not report this bill or some similar bill earlier in the present recession. The recession has gone on now for a year.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. WAGNER. The bill was introduced only a few days ago, and the committee had a hearing on it, I am sure, within 3 or 4 days after its introduction. So the committee worked with as much alacrity as possible.

Mr. THOMAS of Oklahoma. I wish to congratulate the committee for at last working on this proposition.

Mr. President, only a handful of Senators are present, probably not more than one-third of the membership, and it is now 25 minutes past 4 o'clock. I have no disposition to delay the consideration of the bill, but there are numerous Senators not now present who desire to make observations on the present economic situation. It will not take long to do this, in my judgment, but I do want to occupy some time, and I should like to have present some of my colleagues who are interested in this particular subject. I do not desire to make a point of no quorum——

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

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. There is a plan to have the Senate recess tomorrow until Tuesday. The tax bill will be ready for consideration on Wednesday, and we have so completely cleared the calendar that in order that Senators may attend to other matters we had planned not to have a session on Saturday or Monday. Tomorrow we will resume consideration of the Burlew nomination in executive session, and I do not know how long that will take. It is important that this bill be enacted as soon as possible. In view of the situation, I had hoped we might proceed until the regular time for recessing in order that it might be possible to carry out the plan I have stated, not to have sessions on Saturday or Monday.

Mr. THOMAS of Oklahoma. I send a telegram to the desk and ask to have it read.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

MINNEAPOLIS, MINN., *March 30, 1938.*

Senator ELMER THOMAS.

HONORABLE SIR: Isn't there any desire in Washington to stop this apparent ghoulish demoralization of all material values by this relentless and ruthless pounding down of security prices? Am I and all other employee classes to be separated from our scant savings in securities loans from which we must live when unemployed? Is there a concert of Wall Street action and Washington inaction to pauperize us?

L. J. KLOCK,
3110 Fourth Street SE., Minneapolis, Minn.

Mr. THOMAS of Oklahoma. Mr. President, to my certain knowledge for some months there has been pending before the Committee on Banking and Currency a bill which has for its purpose, at least, affording some relief by way of checking the depression. No action has been taken on the bill, and I have heard of no intimation being made or desire expressed that action should be taken, even to the extent of a hearing.

I am as anxious as anyone can be to do something to check the depression. During the past week the price level fell a point, which meant that property values during the past week fell approximately $5,000,000,000. The people of the United States have sustained that loss. That has been going on since March 1937. Since that time the price level has fallen from 88 to 79, and each time the price level goes down one point property values fall approximately $5,000,000,000. Senators can make their own calculations and realize how greatly the country has suffered during the past 12 months from a cause which, if I have the time, I will state.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. WAGNER. Did the Senator from Oklahoma understand the chairman of the committee to inform him that no action would be taken?

Mr. THOMAS of Oklahoma. No; and I did not so state.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. GLASS. Very likely the Senator is referring to a bill which he introduced sometime ago which was sent by me, as chairman of the subcommittee of the Banking and Currency Committee to which the bill was referred, to the various departments affected by the measure. I have upon my desk the answers of the Treasury and the Federal Reserve Board, and I had contemplated later in the session acquainting the Senator from Oklahoma with these answers, and asking him if he wanted a hearing on his bill. The fault, if any, is altogether mine, due largely to the fact that I have been quite ill during the whole session of Congress, and have not felt quite equal to the task of going into a complex problem of this sort. But I assure the Senator that as soon as I get a little stronger he may be heard on his bill, and I shall be very glad to present to him the comments of the various departments to which his bill was referred.

Mr. THOMAS of Oklahoma. Mr. President, substantially the same bill was introduced at the last session of Congress and was referred to the Committee on Agriculture and Forestry. That committee appointed a subcommittee, and extensive hearings were held. The committee would, in my opinion, have added the bill to the farm bill which was recently reported and passed by this body, but the psy-

chology was such, and the importance of that bill was so great, that I did not care to take the responsibility of making the request. Instead, I asked the committee to report my bill back to the Senate, and recommend that it be sent to the Committee on Banking and Currency, which was done.

Mr. President, the bill to which the Senator from New York refers affords no relief; it is no solution of our economic condition. The bill merely provides that the Reconstruction Finance Corporation shall have broader powers, shall use a billion and a half dollars, which it does not have, to make loans to States, cities, counties, and corporations. I have no objection to that policy, but I certainly object to a limitation of our action to that policy.

The condition of the country is getting worse every day. I do not know what the stock market did today. There was a severe sell-off yesterday. Wheat is going down daily, and is now selling at 75 cents in my State. Cotton is going down daily, selling for from five and a half to seven cents in my State. Everything else is going down, and until today no bill has been brought up that even suggested a plan or an opportunity to discuss the question.

The responsibility is not wholly upon the President, it is not upon the Federal Reserve Board, or upon the Treasury Department, or upon any other department, to handle this situation. The Constitution very pointedly says that the Congress shall have power to coin money and regulate the value thereof. In 150 years the Congress has never made a serious attempt to vitalize that constitutional provision. Now, when the country is in almost as bad a condition as it experienced in 1932, Congress still refuses to undertake to solve this problem.

Mr. President, there is less money in circulation today than there was a year ago. There are less bank deposits today than there were a year ago. Yet we hear it said that the banks are full of money. Will any Senator upon this floor, of the 15 or 20 present, rise in his place and say that the banks are full of money? No one makes that contention upon the Senate floor, for a sufficient reason. The banks are not full of money. If the banks were full of money, then why the necessity of this bill? All this bill proposes to do is to give the R. F. C. added powers, to create of the R. F. C. a giant national bank to make loans to institutions, States, cities, counties, and corporations which cannot get credit at other places. If they could get credit, there would be no occasion for this bill.

Mr. President, there is no money to be loaned today. The banks are not to blame. The banks would like to make loans. They are not making much money. The only money the banks are making is from the coupon checks they receive in payment of the coupons upon the bonds they hold. That is not all they are making, but that is their main revenue.

Had it not been for the Federal checks which have gone out to the unemployed during the past few years, I hesitate to reflect what might be the status of the Nation today.

Had it not been for the Federal checks which have gone out to the farmers of the country in the past few years, I hesitate to reflect what might be the condition of agriculture today, bad though it is even after the distribution of the checks.

Had it not been for the Federal checks which have gone out to the 15,000 banks in the past few years, I hesitate to reflect what might be the condition of the banks throughout the country. The banks are on the dole; they are living on Federal checks, they are living on Government money. The worst feature of the situation is that the Government still has to borrow the money with which to pay the banks their doles. This bill offers no relief whatever. It may give what might be termed a "shot in the arm" to tide them over, but all the time the debt is becoming heavier.

At this point, Mr. President, I offer for the RECORD an editorial appearing in today's Wall Street Journal, and ask that it be read at the desk.

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

The Chief Clerk read as follows:

THEY WOULDN'T FOOL US

Chairman Jones of the R. F. C. tells a Senate committee that his agency has $1,500,000,000 for making the loans which passage of the Glass bill—which now promises a nonstop flight through Congress in record time—would render available to all and sundry. He thinks a billion and a half is enough, at least until Congress meets again.

No doubt it is. But this billion and a half is a billion and a half of—what? Money? Not Federal Reserve notes, certainly; not silver dollars or pesos; not even bank deposits to the credit of the Reconstruction Finance Corporation. Mr. Jones, of course, understands perfectly that the billion and a half "available" exists mainly in the form of unused authorization to draw upon the United States Treasury. So far as the greater part of the billion and a half has physicial existence at all, it consists of the ink in which a clause or a paragraph of the law governing R. F. C. is printed. If, or rather when, the R. F. C. exercises its authority to draw upon the Treasury for the money with which to make more loans, the Treasury is very likely to have to go out and borrow it. In this one transaction Congress will have "gone short" of the money market to the extent of $1,500,000,000 and will expect Mr. Morgenthau to do the short-covering.

Mr. THOMAS of Oklahoma. Mr. President, that editorial correctly interprets this bill. Mr. Jones, as the head of the Reconstruction Finance Corporation, does not have a penny in his bank. He never has had as much as one copper cent of money in his bank, although he has loaned upwards of $10,000,000,000. The Congress gave the R. F. C. the power to borrow money. The R. F. C. issues some sort of a debenture. The debenture is placed in one of the Federal Reserve banks. That is accepted for credit. Then the R. F. C., acting through its officials, draws checks upon that bank to use up that credit. While the R. F. C. has loaned these multiplied billions, the R. F. C. has never actually loaned a single copper cent, nor has it ever dealt with a single copper cent of money. It has dealt with nothing other than a bank deposit or credit and that is the people's credit.

This bill proposes to authorize the R. F. C. to use up the balance, or to a very large degree, the balance of its authorization, to write more debentures, place those debentures in the Federal Reserve banks, as a Senator sometimes places his note in a bank, receives a notation on his bankbook for the amount of his note, and then begins to write checks against that credit. That is what is proposed to be done in this instance. It may be a favor to the cities and the States and the counties and the corporations to have this credit, but Mr. President, if the banks are full of money, why is it necessary to authorize the R. F. C. to loan a billion and one-half dollars?

In the committee a few days ago one of the members made the statement that the banks were full of money. We read the statement in the public press and we hear everywhere that the banks are full of money. Mr. President, if the banks are full of money why are the banks not taking care of the demand for loans?

The fact is, I repeat, that the banks are not full of money. Tonight when the banks of the Nation close, 15,500 of them, altogether they will have scarcely $1,000,000,000 of money. They will have in their vaults fountain-pen money or deposit money, or credit money to the extent of some $53,000,000,000, that is exclusive of interbank credits. If we add up the interbank credits, resulting, for example, from a little bank in my town, perhaps, making a deposit in the bank at the county seat, and the bank at the county seat redepositing that money with a bank at the State capital, and the bank at the State capital redepositing that money in a bank at Kansas City, and the Kansas City bank redepositing the money in a bank in Chicago, and the bank in Chicago redepositing the money in a bank in New York—if we add those multiplied compounding deposits we find that we have $61,000,000,000 on deposit tonight. Yet the banks altogether have scarcely $1,000,000,000 of real money, the kind we carry in our pockets, the kind we can spend with a stranger, the kind that my distinguished colleague on my right [Mr. GLASS] is now examining.

Mr. GLASS. Yes; I do not think the banks have any money, and I do not think anybody else has any money. That piece of paper is not money. That is a promise to pay, and it will be paid in another promise to pay just like the one I hold in my hand.

Mr. THOMAS of Oklahoma. I agree with the Senator from Virginia about the banks not having any money. Corporations do not have money. The States do not have money.

Mr. GLASS. No one has any money, because anyone who had it would be sent to the penitentiary under the Federal law.

Mr. THOMAS of Oklahoma. That brings up the question of the definition of money. The Senator from Virginia is an adherent of the school headed by a great New York banking house. That great New York banking house, speaking through its head a few years ago, said that gold is money, and nothing else is money. I do not agree with that. The only money we have now that is of any account is silver certificates. The Federal Reserve notes are not based upon gold. One cannot get gold for his Federal Reserve notes. All there is back of Federal Reserve notes is some liquid assets in the form of the notes of corporations or individuals; perhaps a herd of cattle, a flock of sheep, a drove of pigs, a few bushels of wheat, a bale of cotton, a stock of merchandise, or something like that. That is what is back of the Federal Reserve notes, and no one would cash in a Federal Reserve note for any of those commodities.

Treasury notes, the second class of money we have in circulation, are backed by the credit of the country. Treasury notes are not redeemable except in some other Treasury notes, or some other form of paper money.

Then, we have the third class of money called silver certificates. That is the only class of money we have that is immediately worth anything from a redemption standpoint. If one is so lucky as to have a silver certificate, if he will examine the silver certificate he will find on its face that it says there has been deposited in the Treasury to redeem this certificate $1 in silver. That means, if the contract is good, that any citizen who is so lucky as to have a silver certificate for $1 may take that certificate to the Treasury, and on demand the Treasury will weigh out for him on its very exact scales one dollar's worth of silver.

Two days ago the citizen would have gotten 2 ounces and one-half. In the last 2 days silver has fallen in value, so now the citizen would get more than 2½ ounces of silver. But, nevertheless, he would get a dollar's worth of silver.

Silver certificates are the only form of currency which is redeemable in anything other than another paper dollar. To that extent silver money is pretty good money. I should like to see more silver certificates in circulation. However, the powers that be apparently are stopping the circulation of silver certificates. For a while we had them in circulation quite extensively, and they were being circulated more widely from day to day. Recently, however, the silver purchases have declined, until now I think we are about through with the expansion of our silver program, which means that we are about through with the expansion of the issuance of silver certificates. If that is the policy it is deflationary.

If that is the policy, and the "wise boys" have discovered it, they are speculating in advance. That is one of the reasons why prices of all kinds have been falling so violently during the past few weeks and months.

Mr. President, sometime ago I submitted a resolution proposing to express the sense of the Senate that the price level should be raised to approximately that of 1926. The resolution was referred to the Committee on Agriculture and Forestry, and reported favorably by the committee, which submitted a report of some 15 pages explaining how the price level is raised and how the price level is lowered. That resolution is on the calendar. On a former occasion when the resolution was reached it was objected to by the distinguished senior Senator from Michigan [Mr. VANDENBERG]; so I must conclude that the senior Senator from Michigan is against higher prices. He may be in favor of keeping prices where they are. If so, I should like to have him make that statement on the floor of the Senate. I am sorry he is not now present in the Chamber.

On the day when the resolution was reached the distinguished Senator from Vermont [Mr. AUSTIN], a very prominent Senator from a very prominent State, likewise objected to the resolution. I take it for granted that the senior Senator from Vermont is opposed to higher prices.

The best times we have ever had came when we had higher prices than we have today. The best times I have ever seen in my section of the country were the times when the highest prices prevailed, and the worst times I have ever seen, wherever I was, were the times when prices were lowest. Prices now are almost where they were in 1932. The party then in power refused to act and refused to let anyone else act. I made the statement one day from my place in the Senate that if the party in power did not act, or permit someone to act, the time would soon come when there would be a vacuum on the other side of the Chamber.

At that time we were on the gold standard. At that time all the money we had was based upon and redeemable in gold. I remember well when I made the statement that we could place all the gold in the world in the far corner of this Chamber. If all the monetary gold in all the countries of the world were melted into one block, it could be placed in one corner of this Chamber. More than 5 years ago I made the statement that if the party then in power did not do something about the money question, the time would come when that block of gold could be placed in the far corner of this Chamber without the then majority party being discommoded in the least. That time has arrived. There is only about twenty-one or twenty-two billion dollars' worth of gold in the world, even at the new gold valuation. That quantity of gold would make a block about 31 feet square.

If Senators can visualize such a block of gold being in the far corner of the Chamber, they may understand that 31 feet from yonder corner would compass the space to just this side of the first door, not quite to the Presiding Officer's desk. It would extend down the center aisle not quite as far as the seat of the distinguished senior Senator from Nebraska [Mr. NORRIS]. From there it would extend to the wall to the east, and back to the place of beginning. It would be 31 feet high. Of course, the scene from the gallery might be somewhat interfered with, but all the gold in the world could be placed, in a solid block, within the Senate Chamber and we should not be discommoded in the transaction of public business.

Because of increased debts throughout the world and increased demands for money, that little block of gold was not big enough to sustain all the currencies of the world, and nations had to leave the gold standard. Today, not a single nation anywhere on the face of the globe has its money based upon and redeemable in gold; not even the United States, which has almost 13 billion dollars' worth of gold buried in Kentucky.

The United States, the States, the cities, and counties today are spending approximately $17,000,000,000 annually for government. In spite of our best efforts, we can collect only about $12,000,000,000 from taxes. That means that last year the Nation and the States and cities went behind a total of approximately $5,000,000,000. We shall go behind this year.

In today's Wall Street Journal I find a significant editorial, which I desire to read at this time:

UP GOES THE DEBT

It now appears certain that the 1939 Budget as submitted by the President early this year will be awry not by hundreds of millions merely but by well over a billion dollars.

A deficit of approximately $115,000,000 was anticipated by the Chief Executive when he submitted the Budget. There is nothing which has taken place or in prospect to indicate that tax changes made by Congress will increase the revenue substantially from the figures contained in that estimate. There is, on the other hand, every evidence that revenue from three particularly vulnerable categories—income tax, alcoholic-beverage taxes, and manufacturers' excise taxes—will be far below the earlier expectancy. Since these three levies were expected to produce $4,457,520,000, or 57.5 percent of all revenue collected by the Treasury, it is obvious that drastic reductions from these sources would mean a bad disarrangement of the Budget even if other taxes hold up to expectan-

cies. Actually there are certain to be reductions in other revenues, notably customs levies.

On the other side of the ledger it is evident that expenditures will mount. The temper of the times, and particularly of the administration and Congress, are clearly against any real reduction in expenses now. Private individuals, although impotent to change the immediate course of the Government's financial policy, can at least judge of the probabilities from the facts and draw their own conclusions.

How long can the Nation, the States, the cities, and the towns and districts live if they continue to spend $17,000,000,000 a year and can collect only twelve billions a year?

We are going in the hole at the rate of $5,000,000,000 a year. We have done so for years. We are doing so this year. This bill increases the national debt another one and a half billion dollars. That fact is not reflected in public statements, but the national debt will be increased if the loans contemplated shall be made. It is hoped, of course, that the loans made to States, cities, and counties will be repaid, and that in the end the money loaned will come back with interest.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. WHEELER. If the cities, counties, or States at the present time have good credit they will not have any trouble in borrowing money from the banks, will they?

Mr. THOMAS of Oklahoma. Except for the reason that the banks have not any money to loan.

Mr. WHEELER. But they have the same kind of money to loan that the Federal Government has to loan, in many instances.

Mr. THOMAS of Oklahoma. Let me take up that matter.

I exhibit to the Senate a copy of the Federal Reserve Bulletin for February 1938. On page 137 we find some tables showing the amount of deposits and the amount of loans and investments by all banks in the United States. We find on that page that the total amount of deposits in the banks of the United States on June 30, 1937, was $53,287,000,000. On the same page we find that the total loans and investments on the same date were $49,696,000,000. Subtract the amount of loans and investments from the total amount of deposits and it leaves a balance of $3,591,000,000. That is all the money the banks have which is free. The banks have not any great amount of money to lend. When we divide the amount available by 15,500 banks, what shape are the banks in when it comes to making loans?

Replying to the question of the Senator from Montana [Mr. WHEELER], as to why the banks are not making loans, let me say that if the banks can get good collateral they will make loans today. But what is good collateral? It is something that the banks can sell on a moment's notice and get their money. United States bonds are good collateral. Some other forms of bonds are good collateral. Stocks, no doubt, are good collateral for a certain amount. When a citizen goes to a bank with what is admitted to be obviously gilt-edged security he can borrow money.

But, Mr. President, what citizen having gilt-edged security will go to the bank today and ask to borrow money? None, for the obvious reason that men who have good security know that they cannot borrow money and invest it and make any money. So men who have credit are not using it, and men who have not credit, of course, cannot use what they do not have. Banks would like to make loans, and they would make loans if good borrowers would apply for money; but good borrowers are not applying, and good borrowers will not apply. The question is, why?

Everyone wants to make money. Men who have money would like to make money. Men who have not money would like to have a chance to make money. There must be some good reason why those who have credit are not using it.

The reason is plain. We have today, Mr. President, a price level so low that no one can make money by operating on that price level. Suppose a farmer goes to a bank to borrow money, with cotton selling at 5 or 6 cents a pound, and wheat selling now for 75 cents a bushel, and a new crop coming on that probably will sell below 50 cents a bushel: Is any farmer in the Nation a good prospect for the bank, with prices on such a basis? The farmer would like to borrow money; but the banks, being headed by good businessmen, know that the farmer has no chance to make money to pay back a loan on the basis of those prices. Farmers have not any credit, and until the price level is raised the farm population of America will go along without credit.

What is true of the farm population is true of the factory.

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

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

Mr. THOMAS of Oklahoma. I do.

Mr. WAGNER. I think the Senator a moment ago stated that a businessman with good credit would have no difficulty in getting a loan at a bank; that the banks are anxious to make loans. The Senator knows that commercial banks will not make loans for any great length of time. They prefer to make loans running from 90 days to 6 months, and they rarely make loans extending beyond that time.

As a matter of fact, I do not think commercial banks ought to make long-time loans. The businessman in difficulty wants money for capital investment, and therefore wants to have his obligation to run for a period of years—perhaps 10, 15, or 20 years. There are very few sources available to him to secure a loan of that type.

Mr. THOMAS of Oklahoma. Let me ask the distinguished Senator from New York a question. As chairman of the Banking and Currency Committee, does the Senator wish to tell the Senate that this bill proposes to put the Reconstruction Finance Corporation in the investment banking business in such a way that it will make long-time loans running for as much as 10 or 15 years?

Mr. GLASS rose.

Mr. WAGNER. The sponsor of the bill, the Senator from Virginia [Mr. GLASS], whom we all recognize as an authority upon that question, perhaps could answer that question better than I can. If I may undertake to answer it, however, I will say that I am very hopeful that a businessman who now has no credit available to him for capital investment—because, even if he issues bonds, a market is not available in which to sell those bonds—will be enabled to make that type of loan from the Reconstruction Finance Corporation.

Mr. THOMAS of Oklahoma. Mr. President, let me say again that I am not inveighing against this bill or its provisions. I am trying to point out the circumstances which make the passage of the bill possible and desirable under present conditions. There should be no occasion for the bill, and if the Congress of the United States would exercise its constitutional duty and recognize its constitutional obligation there would be no occasion for the bill. Conditions would be such that farmers who work hard, and who can produce, could get money. Conditions would be such that factories which are well managed could get money. Conditions would be such that cities and counties and States which are not overburdened with debt could get money. There is now no place for them to get money; and, because there is now no place for them to get money, their only resort, and their last resort, is to come to the Congress and ask the Congress to pass a bill creating a superbank to loan the people's credit to States and cities and counties and corporations that cannot obtain credit elsewhere.

Mr. President, a moment ago I referred to taxes. We can collect only about $12,000,000,000 of taxes annually in this country, and yet we are spending each year $17,000,000,000 for government. That is not all. All the people together are now in debt about $250,000,000,000. Add together the debts of all our people, all our corporations, all our units of government, from top to bottom, and we have $250,000,000,000 of massed indebtedness resting upon the shoulders of 130,000,000 people. It is estimated that a certain percentage of those debts is drawing interest, and that the interest bill on the portion bearing interest is something like $10,000,000,000 annually. So this is the picture:

The people are now paying something like $12,000,000,000 in taxes and are paying something like $10,000,000,000 in interest, if they are paying interest. Add the $12,000,000,000 of taxes and the $10,000,000,000 of interest, and the total is $22,000,000,000 that the people of the Nation must earn and save each year with which to pay their taxes and to pay their interest in order to save their property from tax sale or from foreclosure. The national income is scarcely $60,000,000,000. What percentage of $60,000,000,000, the total national income, is $22,000,000,000, which is the aggregate of the two items for taxes and interest alone? It is about 35 percent.

Mr. President, how can the Nation exist, how can the States exist, how can the cities and the counties and the corporations and the people exist, when they are paying 35 percent of their average individual income for two items alone, taxes and interest? And yet we complain that the people cannot pay their taxes, and they cannot pay their interest. Congress is responsible for the condition, and Congress will be responsible for whatever happens to the country. Congress is responsible for the national debt having been increased from $16,000,000,000 in 1928 to almost $38,000,000,000 at the present time. No one but the Congress of the United States is responsible for that condition.

The banks have no control over the value of the dollar. Who does have control over the value of the dollar? The Constitution says that the Congress shall regulate the value of money. The unit of our money is the dollar; so the Constitution says that the Congress shall regulate the value of the dollar. That means that whatever value the dollar has today has been fixed by the Congress. It has put the value of the dollar down or raised the value of the dollar up to its present point, whatever it may be. That the dollar today is so high that wheat in my State is selling for 75 cents a bushel, and cotton is selling for 5 or 6 cents a pound, is due to the fact that Congress has not regulated the value of the dollar at the present session.

In 1933, after the opposition party had refused to do anything on the subject, the Congress under the present administration decided to raise prices by cheapening the dollar. We passed certain legislation, and to the extent that the power conferred under that legislation was exercised the dollar was cheapened and prices were raised. We cheapened the value of the dollar from 167 cents in February 1933 to 112 cents last March. Even with all that we had done in devaluing the dollar, reducing the gold content of the dollar, putting silver certificates in circulation, and borrowing $20,000,000,000, we succeeded in reducing the value of the dollar only from 167 cents in February 1933 to 112 cents last March. Even then the dollar had in it 12 cents of value more than it had in 1926. It had 7 cents more in it than in 1929, when the depression broke upon this Nation.

Last March someone somewhere became alarmed, thinking that money was going to become too cheap and prices were going too high, that the people were going to have too much prosperity, that we were going to balance the Budget, that everybody was to have employment, that the national income was to be increased. So the decline of the dollar was stopped and the increase in prices was stopped. Not only was the decline of the dollar stopped and the raising of prices stopped, but the trend was turned, and from last March until now the dollar has increased in value from 112 cents to over 126 cents, and every time a citizen pays a dollar's worth of taxes he must take to the market place 126 cents' worth of goods—of cotton or wheat or hogs, or what not—and sell the 126 cents' worth to get a single dollar with which to pay his taxes. Is that fair, is that honest, to the taxpayers of the United States? Yet Congress sits here supinely, and until today no attention has been given to this problem. It is still proposed that we continue to force the taxpayer to save 126 cents' worth of value and exchange it for a dollar in order to liquidate a dollar's worth of taxes.

The same thing is true as to interest. In order that a citizen may pay his interest he must get dollars, and in my State the farmers must raise 126 cents' worth of corn, or cotton, or wheat, or hogs, or cattle and exchange 126 cents' worth of commodities for a dollar in order to pay a dollar's worth of interest. Is that fair; is that honest?

Is it possible for the people to do that? It has not been possible the last 6 or 7 years, it is not possible now, and it will not be possible in the future. Yet Congress sits here, and all it proposes to do apparently is to authorize another billion and a half of loans, which may make the dollar go still higher and prices fall still lower. For the past year the dollar has been going up and prices have been falling, and all the time we have been borrowing money to pay our bills.

Mr. President, every Senator who got his salary check today must realize that the money was borrowed yesterday to pay the salary checks for the Senators upon this floor today. How long can such a situation continue? How long will Senators, who should be exercising their constitutional power to regulate the value of money, sit here and do nothing and see the price level slide lower and lower and lower?

We must remember that while the price level is going lower and lower and the value of the dollar is getting higher and higher, some of our people are having a jubilee and picnic. There are two classes in this Republic; one, the class that has its money invested in fixed investments, bonds and mortgages and notes, all fixed investments, perhaps in trust estates. That class of our citizenship which has its wealth invested in fixed investments has made at least 10 or 12 percent on its money the past 12 months, in addition to the regular interest they collect by clipping their coupons.

Let me illustrate. Suppose a citizen had $1,000,000 last March and he put that $1,000,000 in Government bonds, say, at par. Last March he would have had to pay $1.43 for wheat, so the money invested in bonds was worth only a sufficient amount of wheat at a price of $1.43 a bushel to make up the amount of the bond. So last March the man who had $1,000,000 worth of bonds was worth, in terms of wheat, only about 700,000 bushels. The same calculation may be made in terms of corn, in terms of cotton, or in terms of anything else. I merely use wheat for illustration.

How about that citizen today? He still has his million dollars in bonds, but wheat is selling for 75 cents, so the citizen with a million dollars of bonds today is worth about 1,300,000 bushels of wheat. His wealth has nearly doubled in terms of wheat. So the man who has his wealth invested in bonds during the past 12 months in some instances has doubled his money. On the average he has increased his wealth, in terms of property, approximately 12½ percent. There is no complaint coming from that class. The past 12 months represent an era of prosperity for those having fixed investments.

Are these men entirely safe and secure? They object to cheapening the dollar. They would object to increasing the price level, because if that were done the value of their bonds in terms of property would be decreased, and they object to that. But what might happen if we should continue on the course we have been following for the past 12 months? We can borrow $5,000,000,000 this year and balance the Budget. We may borrow $5,000,000,000 next year and keep the Budget in balance. We might do that the third or the fourth year. But there will be an end. Within the last 12 months some of the holders of fixed investments became alarmed and began to sell their bonds. I do not state it as official, but I am advised that the Treasury had to step into the bond market within the past 12 months and spend $71,000,000 in 1 day to check the decline in Government bonds. Any time the bonds fall a fraction of 1 percent, in steps the Treasury with a million, ten million, seventy-one million, to keep the class of people to whom I have been referring from losing. Yet during the past 12 months the same Department has seen one-hundred-and thirty-odd million people—for the bondholding class is very small—lose property to the value of fifty or sixty billion dollars, and they have not made one recommendation to the Congress in an effort even to check the decline and the

further loss of property to the masses of the people of this Republic. That is what I am complaining of.

Mr. President, I am not against the bill which the Senator from New York wants to have considered. The bill is of no benefit except to a certain class who find themselves temporarily embarrassed, as a State or a county or a city finds itself embarrassed. This will not help the unemployed, except to the extent that corporations may borrow money to give them jobs. But until the price level is raised corporations are not going to borrow money. They might borrow money to keep the sheriff from the door, but they will not borrow money on the present price level to expand their operations and employ the unemployed, to make more goods, and take a chance on selling; at least, I do not think they will.

This is a very practical proposition. There is nothing complex about the money question. It is too simple for some people to understand it; it is too simple for them even to comprehend it.

In this morning's issue of the American Banker I noted a short news story to the effect that a group of bankers have just returned from South America. The news story is under this headline:

Returning bankers report prosperity in South America.

This article merely states that these bankers found unparalleled prosperity in South America. I would not say "unparalleled" with an accent, but they report prosperity, and when a banker reports prosperity it is unparalleled to some others who are not bankers.

I ask unanimous consent to have the news article printed in the RECORD in full.

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

RETURNING BANKERS REPORT PROSPERITY IN SOUTH AMERICA

(By Intercity News, exclusive to the American Banker)

Bankers returning to New York Thursday from South American cruises included John E. Osborne, chairman of the board of the Rawlins National Bank, Rawlins, Wyo., and former Governor of Wyoming, accompanied by Mrs. Osborne, and Herbert L. Pratt, director of the Bankers Trust Co. of New York and a trustee of the Pratt Institute in Brooklyn.

Mr. Osborne, who returned aboard the Swedish American Liner *Gripsholm* from a 54-day cruise to the West Indies and around South America, said that he had been impressed by the friendly attitude with which South Americans regard President Roosevelt. "South American business people seem to feel that the new trade agreements with this country have been a decided factor in helping business conditions in the Latin American countries," he said.

Questioned concerning reports that German-manufactured products are flooding the South American market, Mr. Osborne said that with the reciprocal-trade agreements in effect there will be less importing from Europe. The prominent Wyoming banker said that politically the South American scene seemed to be quiet.

Mr. Pratt, who returned aboard the North German Lloyd liner *Columbus*, said that he was very much impressed with the apparently good business conditions in South America.

Mr. THOMAS of Oklahoma. Mr. President, why are the people in South America having prosperity? Let me call attention to just a few facts and figures which to my mind furnish an explanation as to why those countries are prosperous. Take for example Argentina. Formerly the Argentine peso was worth 71 cents plus. Today the Argentine peso is worth 24 cents. In other words, Argentina has reduced the value of her unit of money from 71 cents to 24 cents, or approximately 56⅔ percent.

We have reduced our dollar from 167 cents in terms of commodities to 126 cents. It is now worth 26 cents more than it was in 1926. If there is prosperity in Argentina, may it not be due to the fact that Argentina has reduced the value of her monetary unit and has thus raised her prices, so that the people may get the money with which to pay their taxes and interest and have some purchasing power?

Let me call attention next to Brazil. When this depression broke Brazil had a monetary unit known as the milreis, which was worth 20 cents plus. Today the Brazilian milreis is worth 5.90 cents.

Brazil has reduced the value of her monetary unit from 20 cents plus to 5.90 cents, or cut the value of its monetary unit 75 percent. That is bound to be reflected in commodity prices. It has reduced the debt in terms of property. Brazil is a prosperous country, so say the bankers returning from South America.

Take, for example, Chile. At the beginning of the depression the Chilean Government had a coin called a peso. That coin was worth the same amount as the Brazilian peso, 20.59 cents in gold. Today the Chilean peso is worth 5.19 cents. It has fallen lower than the Brazilian peso. So the same conditions exist in Chile as exist in Brazil. The moneys of both countries have gone down together, and prices have gone up together, and conditions are prosperous in South America.

Take, for example, Colombia. When the depression struck Colombia it had a coin called the peso, worth $1.64 in American gold. The Colombian Government has reduced the value of its gold peso from $1.64 to 55 cents plus, reducing it about 66⅔ percent, and Colombia is prosperous.

Peru today has a piece of money called a sol. It was worth 47.40 cents in gold before the depression. Now it is worth only 24 cents, representing almost a 50-percent reduction.

When we in this country got down to a dollar and 12 cents last March we were getting along very well. The unemployment situation had almost been cured. The banks were making loans again. We had visions that the Budget soon would be balanced. We had visions that this year there would be no occasion to borrow money to keep the employables at work and to feed those in distress. But now the value of money is going up, prices are going down, and the depression still lingers upon the people of the United States.

Take Uruguay, for example. That country has a piece of currency called the peso. Before the depression the Uruguayan peso was worth $1.75 in gold. Today the Uruguayan peso is worth 45 cents. They cheapened their money about 75 cents.

Mr. President, I have not been to South America. I am not prepared definitely to say that the cheapening of the moneys in South America, which has raised prices, which had reduced the debt in terms of property, which has reduced the taxes in terms of property, which has reduced interest charges in terms of property, is the reason for the prosperity in South America. But the facts are plain. There is reasonably satisfactory prosperity in South America. They have cheapened money. There is a recession in the United States. It is growing deeper and deeper daily as the dollar continues to climb in value.

Mr. President, I am not for cheap money. I have never been. There is no one on the floor of the Senate who is more strongly against inflation than is the senior Senator from Oklahoma. I have studied this question for 40 years. I have read the history of the world. I know what inflation means. I am not for inflation. But what is inflation? Inflation is the printing and issuing and the circulation of irredeemable paper money. If we define "inflation" strictly, then we have had inflation since 1933, because we are issuing and have in circulation irredeemable paper money. No one claims that we have had inflation to date. I deny we have had inflation. We cannot have inflation until we issue more paper money than we have gold or silver which could be used to redeem it.

Today we have $13,000,000,000 of gold and $2,000,000,000 of silver, making $15,000,000,000 of gold and silver, and scarcely $6,000,000,000 of all kinds of money issued against that $15,000,000,000 of gold and silver. So I contend there can now be no inflation in America. According to the dictionary definition we will not have inflation until we shall have issued so much paper money that the available gold and silver are not sufficient to redeem it. When we get beyond that point we may have inflation. I am not for that.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. CONNALLY. The Senator has covered what I was going to call to his attention, and that was that there has been no inflation in the sense the word is popularly used in the United States, because for every paper dollar we have

outstanding we have practically two dollars in precious metal in the vaults of the United States.

Mr. THOMAS of Oklahoma. More than $2.

Mr. CONNALLY. And while that metal is not payable on demand, in theory it is a security against every paper dollar that is outstanding. Is that not true?

Mr. THOMAS of Oklahoma. That is correct.

Mr. CONNALLY. Personally I am not for inflation, but I think the United States could very safely issue two or three billion dollars more gold certificates against its gold, which would not result in anything approaching inflation.

Mr. BURKE. Mr. President, will the Senator yield to me for a question?

Mr. THOMAS of Oklahoma. I yield.

Mr. BURKE. As I understand the position of the Senator from Oklahoma, it is that we could issue, not two or three billion dollars more paper money without inflation but nine billion dollars without there being anything resembling inflation in this country.

Mr. THOMAS of Oklahoma. Under the terms of the dictionary definition, the Senator is correct.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. O'MAHONEY. Does the Senator propose that that should be done?

Mr. THOMAS of Oklahoma. No, Mr. President. At no place in my speeches on the Senate floor can the Senator from Wyoming find that I have used a single sentence indicating that I am in favor of placing more money in circulation than is necessary to lower the value of the dollar and to increase prices for the benefit of the people.

Mr. O'MAHONEY. That inference might have been drawn from the question of the Senator from Nebraska. A number of us have been following with very close attention what the Senator from Oklahoma has been saying. I am quite sure that we would all appreciate a statement from the Senator as to what he thinks should be done specifically.

Mr. THOMAS of Oklahoma. I shall be glad to do it. In 1936 the chart shows that the price level was gradually going up, and everyone was happy. Everyone was making money. If they were not making money they were getting out of debt, and they had visions that sooner or later they would make some money.

So long as the price level was gradually rising—not violently rising but gradually rising—and so long as the dollar value was falling we had good times. In 1935 prices were going up and the value of the dollar was going down. In 1936 the dollar was going down in value and prices were going up. We had good times. That situation continued until last March. Then someone somewhere who had authority stopped the fall of the dollar and checked the rise in prices, and the depression ensued.

I made a speech on the floor of the Senate on the 25th of last March. At that time the depression was a month old. I do not know whether or not anybody read it, but my speech is in the RECORD. I stated what was being done at that time, and I stated what was going to happen. I do not claim to be a prophet. The point is clear to anyone who cares to read my speech.

Mr. BAILEY. Mr. President, may I make an inquiry?

Mr. THOMAS of Oklahoma. In a moment I will yield.

The dollar value is now, and always has been, a managed value. No Senator ever saw a team of horses on the road which was in order unless someone was driving the team. In the history of this Nation there has never been a time since we have had a dollar when there was not someone with lines on the dollar, driving the dollar. The value of the dollar was exactly where the driver wanted it to be. It was that way when we had the gold standard. It has been that way since we have gone off the gold standard. Even when we had a dollar redeemable in 25.8 grains of gold, nine-tenths fine, the dollar value fluctuated, which means that the gold content changed in value.

In 1920 we were on the gold standard. We had the cheapest dollar we had ever seen, and the highest prices; yet the dollar was redeemable in gold. The dollar was worth only 64 cents in terms of commodities. In 1933, while we were still on the gold standard, with the same size dollar, the dollar was worth not 64 cents, but 167 cents in terms of commodities, which means that when the dollar was a gold dollar of 25.8 grains of gold, nine-tenths fine, the gold dollar fluctuated, in terms of property, 102 cents in value in 12 years. Does any one deny that the dollar during all that time was a managed dollar?

In 1920, when we had much money in circulation, the dollar was cheap, and prices were high. There was a nation Republican convention in Chicago, and the minority party said the Democrats were responsible for the high prices. They were responsible because they had depreciated the dollar 50 percent, and had done so by an over-expansion of currency and credit.

The Republicans said to the people of America, "Turn out the wicked Democrats and elect us honest Republicans, and we will bring down the high cost of living. We will do it by a courageous and intelligent deflation of both currency and credit."

Mr. BAILEY. Mr. President, will the Senator allow me to ask him a question?

Mr. THOMAS of Oklahoma. One more sentence.

The minority party became the majority party, and did exactly what it said it would do. It took out of circulation $100,000,000 a month for 18 months, and reduced the total amount of money in circulation from approximately six and one-half billion dollars to a little over four billion dollars, and made money scarce. As money became more and more scarce, prices fell lower and lower.

I now yield to the Senator from North Carolina.

Mr. BAILEY. Mr. President, the Senator said we were getting along very happily until about this time last year. He said it twice. Then he said someone, somewhere, in a very mysterious way, did something. Later, he said the Congress was responsible. I should like to know who that "someone, somewhere" was. I do not think we ought to be left in total darkness, because it is a serious matter.

Mr. THOMAS of Oklahoma. Mr. President, there are few Senators on the floor who know as much about the money question as does the distinguished Senator from North Carolina. He knows exactly what was done. He is asking me this question to get me to state what was done, when he himself knows. I made a statement on the first day of December of 1927. My speech is in the RECORD. I will state again——

Mr. BAILEY. I hope the Senator will tell us. I want to know.

Mr. THOMAS of Oklahoma. We have a man at the head of the Federal Reserve System by the name of Mr. Eccles. Mr. Eccles became alarmed because the dollar was becoming too cheap and prices were becoming too high. Mr. Eccles became very active in checking the fall in the dollar value and the rise in commodity prices. He convinced some very important and influential gentlemen that he was correct. About that time there were statements in the public press to the effect that prices were too high. All public officials were ordered out of the stock market. They should not buy any more copper or any more durable goods of other kinds, because prices were too high.

The next concrete thing which was done was to increase the reserves, which meant that the several banks had to keep a larger amount of money on deposit with their Federal Reserve banks to protect their deposits. Some of the banks did not have the money with which to increase their reserves, and they had to go into the open market and sell some of their securities so as to get the money with which to make good their reserves. That was deflation.

Mr. BAILEY. Mr. President——

Mr. THOMAS of Oklahoma. Let me answer the question.

The next thing that was done was to sterilize incoming gold and all newly mined gold. In former years, when gold produced in the United States came to the Treasury, it was coined and the money given back to the producer. During

the past few years we have had free coinage of gold and free coinage of silver, in a way. The people could bring gold to the United States Treasury and obtain currency for their gold.

Until recently, those who had silver could bring it to the Treasury and exchange it for silver certificates. That was free coinage of silver, not on the basis of the monetary value of the silver, but on the basis of its actual value.

The Treasury Department said, "Money is becoming too plentiful and too cheap." It occurred to me then that perhaps the idea was that money was too good for some of our people to have an opportunity to obtain it, though I do not think so. But someone, somewhere, said, "We are about to have too much money. Gold is coming into the United States. We must kill that gold and destroy its monetary qualities." That was done.

Mr. BAILEY. To be specific, I gather that the Senator is telling us that those two great New Dealers and friends of the people Mr. Eccles, the Chairman of the Federal Reserve Board, appointed by the President, and Mr. Morgenthau, the Secretary of the Treasury, likewise appointed by the President, are responsible for the terrible deflation which is now going on.

Mr. THOMAS of Oklahoma. I shall be very glad to permit the Senator from North Carolina to draw his own conclusions.

Mr. BAILEY. I am asking the Senator if what I have said is not exactly what he said, except that I mentioned the name of Mr. Morgenthau and the Senator did not.

Mr. THOMAS of Oklahoma. Mr. President, I have no quotation from the Secretary of the Treasury. I do have quotations from Mr. Eccles. The Treasury Department consists of many eminent gentlemen.

Mr. BAILEY. Am I right in drawing the inference which I drew? If not, I myself do not wish to be responsible for it.

Mr. THOMAS of Oklahoma. Mr. President, let me answer the Senator.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. Just a moment. The Senator from North Carolina [Mr. BAILEY] is trying to pin me down and to fasten a statement on Mr. Morgenthau. Mr. Morgenthau is the agent of the Congress. We are responsible for whatever he does. So whatever he has done or whatever he has failed to do, the monkey is on our back, Mr. President.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. O'MAHONEY. I hope the Senator from Oklahoma will not permit himself to be diverted by the personal questions posed by the Senator from North Carolina. The Senator from Oklahoma is entering upon a very interesting and important discussion of an objective fact, and I hope he will continue to discuss that fact and will answer the question which I propounded a little while ago.

Mr. THOMAS of Oklahoma. Mr. President, let me now be so specific that even Senators cannot misunderstand. [Laughter.]

In 1920 the Republican Party solemnly resolved to reduce prices. That year the Republican Party won the election. That year, 1920, the Federal Reserve System served notice on all the banks of the country that the banks should cease being so liberal in making loans. Today we are trying to put a little liberality in the banks, to cause them to make loans; but in 1920 the "pep" was put in the banks to give them an adverse reaction, so that they would not make any more loans, or would make as few as possible.

As a result of that notice from the Federal Reserve System, the banks of the Nation curtailed the making of loans. They began to bring about a condition of stringency. At that time I was in business, and I know how I was affected by what was done. Instead of being able to have my loan extended—and I will speak figuratively—I was told to come in and pay. When I told the bankers I could not pay all, they said, "Pay what you can." What they told me, they told other people in business throughout the Nation; and, as a result of the policy not only of stopping making loans but commencing to collect outstanding loans, the people had to exchange their property for money with which to pay their interest and their loans.

That created a demand for money. The banks had stopped loaning. The demand increased. The banks curtailed, and we had an irresistible force meeting an immovable object. The depression of 1920–21 was the result. As the result of that restriction of credit and taking out of circulation $2,000,000,000 of real money, prices fell from what they were in 1919–20 to what they were in 1922, and the depression of that year was the result.

Governor Strong, an able man, was then the head of the Federal Reserve Bank of New York. I do not say that prices were not too high in 1920–21. Nevertheless, Governor Strong took charge and managed affairs, brought prices down to the point where he thought they ought to be, stabilized prices at what he conceived to be the level where they should be, and kept them there during the remainder of his life until he died in 1928. Those were the years in which the opposition party thrived, and its Members delight in referring to the Coolidge era of prosperity.

Mr. NORRIS. Mr. President——

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

Mr. NORRIS. If the Senator has not finished his answer, I will not interrupt him.

Mr. THOMAS of Oklahoma. I had not finished, but I yield.

Mr. NORRIS. The question I should like to ask is this: The Senator stated, I think, very truthfully, that up to last March prices were going up and the value of money was going down. Then somebody, somewhere, reversed the current and sent prices down and sent the value of money up. Just what was the operation by which that act was performed?

Mr. THOMAS of Oklahoma. I started to give that information specifically a moment ago.

The first thing that was done was to serve notice on the country that prices were becoming too high, that we faced an uncontrolled boom, and that we probably were facing uncontrolled inflation. People were ordered out of the stock market. I think that was good advice, but it was sufficient advice so that the gamblers in money and the gamblers in commodities knew what it meant; and the gamblers converted their trend from the bull side to the bear side and began to sell.

Everybody in the stock market who had sufficient judgment began to sell. Those who did not have good judgment were later on sold out. The smart boys got out. They rode the market down and made money on it. Mr. President, if last March a man who was on the inside had known what was going to happen—and some men did; I do not know who; I make no charge—he could have made all the money he wanted to make upon the basis of his ability to sell stocks. The country has lost $60,000,000,000. I do not claim that somebody has made the $60,000,000,000, but the country has lost $60,000,000,000 in value, and a man on the inside could have gotten his share if he had had the ability to sell stocks.

Mr. NORRIS. Mr. President——

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

Mr. THOMAS of Oklahoma. I have not yet finished my answer. Now let me state the next step.

After these notices were sent out to get the help of the gamblers to drive prices down and check the rise, the next thing was to circulate a story, not only here but abroad, that the Government was about to put more gold in the dollar, to reduce the price of gold below $35 an ounce; and even smart men in London and Paris and throughout the world, smart men in New York, even lawyers who should have known better, gave currency to the story that we were

going to cheapen gold in terms of dollars, to reduce the value of an ounce of gold perhaps from $35 to $30, and perhaps even go back to $20.67; and the world began to sell its holdings of our stocks and our commodities upon our markets. That helped to send the price down.

Anyone who knew two lines of law, or knew enough to read the first reader, could take up the statute and see that the Government is without power to decrease the price of gold until the Congress enacts legislation authorizing a decrease in the value of gold. There is no man alive in America who has the power to cheapen gold below $35 an ounce until Congress gives him that authority. We can still further increase the price of gold by a very small amount. We can bid up the price of gold under the law to about $36 or $37 an ounce, or perhaps $38—I have not figured it exactly—but there is no power anywhere that can cheapen the dollar in terms of gold.

What was done, in my opinion, was done designedly. It had its effect. But that was not all. As I said a moment ago, the Federal Reserve Board raised the reserve requirements, forcing banks to carry more reserves in proportion to their deposits.

Some of the banks did not have the necessary money, and they had to sell their securities in order to obtain the money. That was deflationary. When the reserves were increased, to the extent they were increased the same amount of money was denied the banks for loaning purposes. In other words, if a bank is forced to carry more money tied up in a safe-deposit box—that is what it means—just that much money the bank might otherwise loan is taken from it. That was deflationary. Then gold was sterilized. That was deflationary, and that was enough.

This is the result: In 1920 we lowered prices by raising the value of money. In 1933 we raised prices by cheapening the dollar. In 1937 we lowered prices by raising the value of the dollar.

There is only one salvation. If we want to see prices fall still farther and farther, let the present tendency continue. If the value of the dollar continues to go up prices will go down. I do not want that to happen. The time has come—so far as I am concerned it has been here for a long time, since last March—when the dollar should not become more valuable. Prices should not fall further; and Congress should immediately take steps to raise prices, to check the increase in the value of the dollar, and make the dollar slightly cheaper.

Mr. NORRIS. Mr. President——

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

Mr. NORRIS. What action could the Congress now take to bring about that result? What action would the Senator suggest? In other words, what legislation could we enact that would increase prices and lower the value of the dollar?

Let me ask another question in connection with the first one. Could that be done, in the Senator's opinion, if additional money were put in circulation?

Mr. THOMAS of Oklahoma. Mr. President, if the resolution should be passed which is now on the calendar, which has been objected to twice, most recently by the distinguished Senator from Vermont [Mr. AUSTIN]—who obviously does not want prices raised—if that resolution should be passed, expressing the sense of the Senate that prices should be increased, it is my judgment that the passage of the resolution would so react upon the responsible authorities who now have the power that they would act.

We have three departments of Government which have control over money: First, the Federal Reserve Board; second, the President; third, the Treasury Department. I am not sure that these three agencies are all in accord. If they are not in accord, it is unfortunate. I think the control over money should be placed in one agency, and that that agency should be an agency of the Congress. It is now in agencies over which Congress has little control. We have enacted legislation and given them all the power they have asked for, and these agencies have the power to fix the value of the dollar at any point. They can check the trend overnight. They can start prices up and the dollar down overnight by reversing the policies which were put into force last March; first, reduce the reserve requirement; second, desterilize some of our gold; third, use open market operations. Provisions placed in the law by the author of the Federal Reserve System, my distinguished colleague, the senior Senator from Virginia [Mr. GLASS], must have been placed there for a purpose.

They were placed there for a purpose. If prices become too high the agencies referred to can commence buying bonds, thus putting money into circulation, bringing the dollar down and raising prices.

Mr. NORRIS. Mr. President, the second question I propounded to the Senator I do not think he has fully answered.

Mr. THOMAS of Oklahoma. Will not the Senator repeat it?

Mr. NORRIS. Would the desired effect be brought about, namely, an increase in prices and a cheapening of the dollar, by an increase in circulation of money? I think the Senator partially answered the question.

Mr. THOMAS of Oklahoma. That brings up a problem which is hardly a money question, and I did not intend to go into it, but if the Senator will listen for just a moment, I will comment on it.

Some of our friends contend that there is no difference, in the effect on prices, between putting real money into circulation, gold, silver, or paper, and putting credit money into circulation. In other words, Mr. Eccles, for example, and others I might mention, contend that the policy of increasing bank deposits, signing notes and putting the notes in the bank, issuing bonds and putting the bonds in the bank, increasing bank deposits, has the same effect on prices as if we coined gold or silver into dollars, or printed paper dollars, and put those dollars in the bank. That is the heart of the money question, and until Senators and others interested study this point, there is no chance of coming to an agreement, because most people say, "What is the difference?"

Mr. President, I send to the desk and ask to have read two short excerpts from the New York Wall Street Journal which answer the question.

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

The legislative clerk read the articles, as follows:

HEART OF THE MONEY QUESTION

Our currency is no longer immediately and directly convertible into metallic money at the will of the holder. The essential thing involved in the issue of more currency is that it increases the supply of price-measuring money units.

Therein lies the fundamental difference between currency and bank credit. Both function as media of exchange but only one kind measures prices. As the price-measuring function is vastly the more important of the two, it is only by analogy that bank credit can be termed "money" at all and the analogy of course fails where the constitutional provision is concerned. There is no shred of law or reason to support the notion that the powers of Congress to coin money and regulate the value thereof have any reference whatever to bank deposits.

It is important always to distinguish sharply between money (in the constitutional sense of coinage and issue) and bank credit. The dominant function of money is that of price measuring; its function of making exchanges of goods and services is quite secondary. The sole function of bank credit is the making of exchanges. Large additions of money to the circulation tend to act directly upon prices; changes in the volume of potential bank credit do not act upon prices at all, and changes in the volume of active bank credit follow price changes rather than cause them. Bank credit is in essence merely bookkeeping tempered by an automatic limitation furnished by compulsory minima of money reserves.

Failure to observe this fundamental distinction is the main cause of the present confusion of thinking and talking on the whole subject of money.

Mr. THOMAS of Oklahoma. Mr. President, those two extracts contain the whole gist of monetary science. It is contended by some that the increasing of bank deposits has the same effect upon prices, and results in the same in-

crease in the money supply as coining gold and silver and printing paper. This article says that that is not true. The article states that real money—gold, silver, and paper—are price-measuring units, and that credit money is not a price-measuring unit.

Let me prove that, if I may, and give my reasoning. If the article is not correct, and if my statement is not correct, why do the holders of fixed investments oppose the adoption of a few price-fixing regulations, and why do they welcome the expansion of bank deposits by $30,000,000,000? Every time it is proposed to put some real money in circulation they charge inflation. They do not make that charge when anyone proposes to expand bank credits by the billions of dollars.

Mr. President, what would have happened if we had coined $30,000,000,000 in gold and silver, or had printed $30,000,000,000 in paper, and had used that to expand our bank deposits during the past 5 or 6 years? If that had been done, what would have been the value of the dollar tonight? I do not know, but I venture the suggestion that had we expanded the bank deposits in real money as we have expanded the bank deposits in credit money, the dollar tonight would not be worth 10 cents in comparison with its value today of a hundred cents.

Mr. President, I have tried to make this clear upon the Senate floor for 10 years. I presume I should have despaired a long time ago. But there is no solution of the problem save the money solution. It has not been solved otherwise. It cannot be solved otherwise. Until someone, sometime, somewhere, decides to solve this problem, it will remain as it is, and it is easy to see what we are running into. If prices keep on falling, we are going to have to keep on borrowing, and before long the banks will say, "We have too many bonds in our portfolios. We are not safe. We will commence selling."

Who will buy the bonds? A year ago or less there was no one to buy the bonds, and the Treasury had to step into the market and take over $71,000,000 worth in 1 day. If another wave of selling should start, it might not be stopped by $71,000,000 of Treasury money. The Treasury might have to keep on buying the bonds. How much money has the Treasury? Not very much. It has $1,800,000,000 in the stabilization fund and a billion two hundred million dollars in the sterile fund, which makes $3,000,000,000. The Treasury might scrape around the trust funds and get another billion. That would make $4,000,000,000, and that is about all the money the Treasury has with which to redeem bonds offered by scared bankers.

No one in the world is as scary as a banker. If they should start on a large scale to sell their bonds, there would be a depression. The Treasury would be the only buyer, and what would happen? The Treasury would spend the $4,000,000,000, and the bankers would keep on selling, and perhaps, though I hope not, the Treasury would have to go down to the archives and begin to pull out the bales of Federal Reserve notes with which to redeem and retire the bonds. Then would come the inflation. There would be no alternative except to redeem the bonds from scared bankers by greenbacks and Federal Reserve notes, and that would be inflation. The more the banks sell the more the Treasury must buy, and the more money comes into circulation the cheaper will become the dollar and the higher will go prices. That is what I foresee. That is what I have been trying to prevent. That is what I am trying to prevent tonight.

I am entirely content to have had the opportunity to make this statement. There has been no chance for me to make it before. I have no objection to this bill except that as I said, it is only a palliative. It is no solution. In no sense is it a solution.

Mr. O'MAHONEY. Mr. President, if I understand correctly the argument the Senator has been making, the bill before us proposes an additional credit through the Reconstruction Finance Corporation, and to the extent such credit is given it will, according to the Senator's argument, not only increase the national debt, but it will also tend to promote the sort of inflation of which certain persons have talked when approving inflation by means of bank deposits.

There is on the calendar a resolution presented by the Senator from Oklahoma which calls upon those in charge of the monetary policy to do something to increase the value of commodities, but the Senator has not yet stated what, in his judgment, those persons ought to do or can do. That, of course, is the heart of the problem so far as we are concerned.

Mr. THOMAS of Oklahoma. Mr. President, I realize it is difficult to make one understand what I am trying to say.

Mr. O'MAHONEY. I think the Senator has been very clear.

Mr. THOMAS of Oklahoma. Then I may have overlooked something.

Mr. President, we can increase prices by the reversal of the process by which we decreased prices. We can increase prices by putting in reverse the policies that were put in forward motion last March. I have heretofore made the statement, first, that the powers that be, without any additional legislation being enacted, can reduce the reserve requirements of the banks, and give the banks more money to loan to corporations, to States and political subdivisions and to the people generally. That is No. 1.

Without any additional legislation the powers that be can desterilize $1,200,000,000 of gold that is now dead. They can bring that back to life, and use that money in any way they see fit. That would be helpful.

The third power—and I think I have said it three times this afternoon—comes through open-market operations. A provision of the Federal Reserve law placed in the act of 1913 by the author, the distinguished Senator from Virginia [Mr. GLASS], provides that the Federal Reserve banks, when money is scarce, may go into the open market and buy Government bonds, and pay for those bonds with Federal Reserve notes. That puts money in circulation exactly as if we would print the money and put it out without any recompense, without any compensation. That makes money more plentiful, cheapens money, and raises prices.

Those are three steps which it would be sufficient to take. It requires no legislation to permit them to be taken. It needs only the will to do on the part of those who have the power to do it.

Mr. President, I am not advocating that Treasury notes be printed and put into circulation. I do not come from a silver State, but I have said frequently that the silver program has been of more benefit to the people of the Nation in bringing them out of this distressed condition than any other relief measure the Congress has passed in 5 years, because through that program we have traded printed paper for silver; and when the miner brought us silver, or when some foreigner brought us silver, we gave him a sheaf of printed paper and accepted from him the silver, and put it in the Treasury.

Over a billion dollars of such silver certificates are in circulation tonight because of the silver program we enacted in 1934. Had it not been for those silver certificates we would have a billion dollars less money in circulation tonight than we have. If a billion dollars were taken out of circulation tonight one could not get a dollar tomorrow. Then there would not be a bank in America which would be solvent. There are too many of them tonight that are not any too solvent.

Mr. President, I apologize for taking so much time. I have no objection to the bill.

Mr. O'MAHONEY. Mr. President, I want to say that the Senator should not apologize. I think his discussion has been of very great interest, certainly to me and to all other Members present. The fact that there were only about 22 Senators upon the floor when the Senator began speaking, and that none of those who were on the floor when he began have left, ought to be testimony to that fact.

Mr. AUSTIN. Mr. President, the distinguished Senator from Oklahoma referred to the Senator from Vermont and

assumed certain motives for his objecting to the Senate proceeding to the consideration of the Senator's resolution on the call of the Consent Calendar. He may be right and he may be wrong about the motives of the Senator from Vermont, but one motive alone is sufficient to mention to justify the objection, and that is that the subject of the Senator's resolution is so important and so grave in its consequences that the Senator from Vermont thought that it ought not to be considered on the call of the Consent Calendar, and sincerely believed that it could not possibly be considered under the rules in the time permitted on the Consent Calendar.

Mr. O'MAHONEY. Mr. President, it seems to me that this bill is of such tremendous importance that the Senate should not, with so few Members present, consider passing the measure, at least without an explanation from Senators representing the Banking and Currency Committee.

Mr. BARKLEY. Mr. President, I have no objection to the bill going over, but the motion to consider it might be adopted so that it might be taken up tomorrow.

Mr. GLASS. Mr. President, we have never had a simpler bill before the United States Senate. Under it we are merely restoring to the Reconstruction Finance Corporation powers that it once possessed and that subsequently were conferred upon the Public Works Administration. The Public Works Administration no longer makes these loans, and we are simply reconferring the power on the R. F. C. with some extensions as to the time for which the loans might be made. No commercial bank ought to be permitted to make long-time loans, because when an exigency comes the bank is absolutely prohibited from paying its depositors and is obliged to go to the wall.

As to the assertion that is made that the indebtedness of the country will be increased by the passage of this bill, let me say that, as a matter of fact, we will make money by it. The loans provided for are loans of the same nature that the Reconstruction Finance Corporation has all along made, and as a result of which they have a surplus of profits of $195,000,000.

This particular matter is confided to the Reconstruction Finance Corporation, because of all the Government agencies in Washington the Reconstruction Finance Corporation is the only one that has made money, and if the authority to make loans to small-business men and small industries is not left open we are to have soon a bill that will ruin the credit of this country.

Mr. O'MAHONEY. I should like to ask the distinguished Senator from Virginia if it is not a fact that the Banking and Currency Committee within the past month or two reported, with its recommendation for passage, a bill canceling about a billion or a billion and a half or two billion dollars of the indebtedness of the Reconstruction Finance Corporation?

Mr. GLASS. No; it has not done anything of the kind.

Mr. O'MAHONEY. What was the nature of the bill that was passed?

Mr. GLASS. The nature of the bill was simply to change the method of keeping books. The Congress of the United States imposed upon the Reconstruction Finance Corporation certain obligations to the relief fund and to other kindred funds; and the Treasury carried those obligations as obligations of the Reconstruction Finance Corporation, when they were obligations which the Congress itself, including very likely the Senator from Wyoming [Mr. O'MAHONEY], imposed upon the Reconstruction Finance Corporation. No indebtedness at all was canceled.

Mr. O'MAHONEY. It was an obligation of the Reconstruction Finance Corporation which was canceled, was it not?

Mr. GLASS. Yes; it was an obligation.

Mr. O'MAHONEY. I was using the word "indebtedness" in the sense of an obligation.

Mr. GLASS. An obligation imposed upon it by the Congress of the United States.

Mr. O'MAHONEY. Every power and authority which the R. F. C. has exercised was conferred upon it by the Congress.

Mr. GLASS. The Senator implies that the R. F. C. has deliberately gone into debt, and that we relieved it of the indebtedness.

Mr. O'MAHONEY. Mr. President, I did not even insinuate that the Reconstruction Finance Corporation had deliberately gone into debt in the sense that there was any wanton assumption of debt; but I know, as the Senator knows, that the Reconstruction Finance Corporation has made loans and expenditures. When the Reconstruction Finance Corporation was first established, it was the agency through which relief expenditures were provided.

I am not altogether certain that on the record as it stands it is possible to say with strict accuracy that the Reconstruction Finance Corporation has made money. Certainly we cannot say the Reconstruction Finance Corporation has made money when, as a result of its expenditures, the Senator has introduced a bill canceling one or two billion dollars of its obligations.

Mr. GLASS. Obligations which the Senator helped to impose upon it.

Mr. O'MAHONEY. I might have done so if I had been a Member of the Senate at the time; but I did not happen to be a Member of the Senate at the time the Reconstruction Finance Corporation was organized, so there is nothing personal about the matter.

Mr. GLASS. The Senator was a Member of the Senate.

Mr. O'MAHONEY. Not at the time the Reconstruction Finance Corporation was organized.

Mr. GLASS. I am talking about the time when the Senator voted to require the Reconstruction Finance Corporation to spend millions of dollars for relief and for other things which the Reconstruction Finance Corporation had never theretofore undertaken to do.

Mr. O'MAHONEY. I should like to have the Senator point out when I voted for such a thing.

Mr. GLASS. It is in the RECORD.

Mr. O'MAHONEY. That is unimportant. We are discussing an objective matter, and I see no reason why the mistakes of a Senator should be challenged. Even if I had made a mistake, it is of no importance.

Mr. GLASS. If the Senator questions the statement that the Reconstruction Finance Corporation has made $195,000,000, which the Director says it has made, that is a different proposition.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. LA FOLLETTE. The Senator has made some reference to the fact that if this matter were left open, some proposal would be made which would be very undesirable. What did the Senator have in mind?

Mr. GLASS. I had in mind the fact that I know a bill is in prospect which I think would be a very ruinous bill. I think the enactment of the bill under consideration will avert that disaster.

Mr. LA FOLLETTE. Does the Senator refer to a bill which has been introduced?

Mr. GLASS. No; it has not been introduced.

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

Mr. GLASS. I yield.

Mr. CONNALLY. As I understand the Senator from Virginia, he means that we permitted the Reconstruction Finance Corporation technically to charge off the items referred to so as to adjust its accounts with the Treasury, and that such items were not expenditures made by the Reconstruction Finance Corporation within the scope of its original lending authority.

Mr. GLASS. Not at all.

Mr. CONNALLY. But they were for relief and other expenses; and the Government simply utilized the Reconstruction Finance Corporation as the agency for their disbursement.

Mr. GLASS. Precisely so. It was only a readjustment of bookkeeping affairs.

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

Mr. GLASS. I yield.

Mr. BARKLEY. There has been no cancelation by the Reconstruction Finance Corporation, by any authority of Congress, of any debt which anybody in the United States owed it by reason of any loan which was made.

Mr. GLASS. Not at all.

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

Mr. GLASS. I yield.

Mr. WAGNER. I think I have a clear recollection of the relief question involved. As the Senator remembers, in 1932 when we passed the act, the Congress was not prepared to make absolute gifts to States for relief, to feed and shelter their hungry citizens. The Senate, therefore, inserted a technical provision that loans were to be made to Governors of States. The obligation was a technical one, which could not be enforced in any way. The following year, further appropriations were made as absolute gifts to the States. It is the technical debt, which really was not a debt, which was canceled by the enactment referred to.

Mr. GLASS. Exactly.

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

Mr. GLASS. I yield.

Mr. AUSTIN. Will the Senator permit me to say that not long ago, having noticed in the public press some comment about the subject of a transfer or change in the accounting system of the Reconstruction Finance Corporation, I wrote to Mr. Jesse Jones, the Chairman, trying to ascertain whether any loss had been suffered up to the time the present administration came into power. I received a reply from Mr. Jones which led me to believe that no such loss had occurred.

Mr. GLASS. The Reconstruction Finance Corporation has a surplus of profits of $195,000, if Mr. Jones and his board of directors may be believed; and I think they may be.

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

Mr. GLASS. I yield.

Mr. WAGNER. This may be repetition, but the Reconstruction Finance Corporation has made money up to date; and Mr. Jones testified before the Banking and Currency Committee that the securities which they accepted as collateral for the loans have since been sold to the public at a profit to the Reconstruction Finance Corporation. There is no doubt about that.

SEVERAL SENATORS. Vote!

Mr. WAGNER. I hope the Chair will be patient for just a moment. Nothing can be added to the clear explanation by the Senator from Virginia [Mr. GLASS] of the simple provisions of the bill. However, a question has been raised by the Senator from Montana [Mr. WHEELER] and some others as to whether the words "business enterprise" in the proposed bill might possibly authorize the Reconstruction Finance Corporation to make loans to railroads without having first secured the approval of the Interstate Commerce Commission, as the law now provides. Of course, as the Senator from Virginia will undoubtedly affirm, there was no such intention in the proposed legislation. It was not intended that loans should be permitted to be made by the Reconstruction Finance Corporation to the railroads except as the law now provides, upon the approval of the Interstate Commerce Commission. I do not think the words "business enterprise" could be so interpreted, but in order that there may be no question raised, or no apprehension among any of those interested in railroad financing, I have prepared an amendment, which I am offering with the consent of the sponsor of the bill, which will clear up any doubt on that subject.

I send to the desk the amendment which I offer, and ask that it be stated.

Mr. GLASS. I have no objection to the amendment.

The PRESIDING OFFICER. The bill is not yet before the Senate for consideration.

Mr. BARKLEY. Mr. President, I suggest that a vote be taken on the motion to consider the bill.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New York [Mr. WAGNER] to proceed to the consideration of Senate bill 3735.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3735) to amend section 5d of the Reconstruction Finance Corporation Act, as amended, to authorize loans to public agencies, to provide credit facilities for business enterprises, and for other purposes, which had been reported from the Committee on Banking and Currency with an amendment, to strike out all after the enacting clause and insert:

That section 5d of the Reconstruction Finance Corporation Act approved January 22, 1932, as amended (U. S. C., title 15, ch. 14), is amended to read as follows:

"SEC. 5d. For the purpose of maintaining and promoting the economic stability of the country or encouraging the employment of labor the Corporation is authorized and empowered, under such terms, conditions, and restrictions as the Corporation may determine, to make loans to, or contracts with, States, municipalities, and political subdivisions of States, with public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and with public corporations, boards, and commissions, to aid in financing projects authorized under Federal, State, or municipal law, such loans or contracts to be made through the purchase of their securities, or otherwise, and for such purpose the corporation is authorized to bid for such securities. The Corporation is further authorized and empowered to purchase the securities and obligations of, and to make loans to, any business enterprise when capital or credit, at prevailing rates for the character of loan applied for, is not otherwise available: *Provided*, That all such purchases of securities and obligations and all such loans shall be, in the opinion of the board of directors, of such sound value, or so secured, as reasonably to assure retirement or repayment; may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise; shall be made only when, in the opinion of the board of directors, the business enterprise is solvent; and shall be made under such terms, conditions, and restrictions as the Corporation may determine: *Provided further*, That in carrying out the provisions of this section, the Corporation may purchase securities and obligations, and may make loans, with such maturities as the Corporation may determine, notwithstanding any other provision of law.

"The powers granted to the Corporation by this section shall terminate on June 30, 1939, or on such earlier date as the President shall determine; but no provision of law terminating any of the functions of the Corporation shall be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this section prior to the close of business on June 30, 1939, or such earlier date, or (2) to affect the validity or performance of any agreement to participate in any purchase or loan authorized by this section."

The PRESIDING OFFICER. The amendment offered by the Senator from New York [Mr. WAGNER] to the committee amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert:

Nothing in this section shall be construed to authorize the Corporation (1) to purchase, or to make any commitment or agreement to purchase, any securities or obligations of any railroad engaged in interstate commerce the obligations of which may be purchased or guaranteed by the Corporation under section 5 of this act only with the approval of the Interstate Commerce Commission; or (2) to make any loan, or any commitment or agreement to make a loan, to any such railroad or to any receiver or trustee thereof.

Mr. GLASS. I have no objection to the amendment.

The amendment to the amendment was agreed to.

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

Mr. AUSTIN. Mr. President, it is now 20 minutes after 6, and there are fewer than 20 Senators present. It occurs to me that it would be unwise for us to pass the bill tonight. I think it is a matter which ought to go over until tomorrow.

Mr. GLASS. Mr. President, I have waited here for 5 days to get this bill through, although admonished by my physicians to go away. I should like to see the bill disposed of tonight. The whole matter has been discussed at length on the front pages of all the daily newspapers, and everybody ought to be able to understand it.

Mr. AUSTIN. Mr. President, if a final vote is insisted upon tonight I shall be obliged to suggest the absence of a quorum.

Mr. BARKLEY. Mr. President, will the Senator withhold his request?

Mr. AUSTIN. I withdraw the suggestion.

Mr. BARKLEY. There are more Senators present now than will probably be present when we convene tomorrow. However, I do not care to subject the Senate to a roll call at this time; so I consent that the matter may go over.

The PRESIDING OFFICER. Without objection, the bill will be temporarily laid aside.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 20 minutes p. m.) the Senate took a recess until tomorrow, Friday, April 1, 1938, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 31 (legislative day of January 5), 1938

DIPLOMATIC AND FOREIGN SERVICE

Howard K. Travers to be consul general of the United States of America.

TO BE FOREIGN SERVICE OFFICERS, UNCLASSIFIED, VICE CONSULS OF CAREER, AND SECRETARIES IN THE DIPLOMATIC SERVICE

Philip W. Bonsal	John Evarts Horner
Norman L. Christianson	Outerbridge Horsey
Leon L. Cowles	Randolph A. Kidder
H. Francis Cunningham, Jr.	William L. Krieg
Richard H. Davis	Robert W. Rinden
Roger L. Heacock	G. Lybrook West, Jr.

POSTMASTERS

RHODE ISLAND

John J. McCabe, Pontiac.

TEXAS

Leslie L. Cates, Ben Wheeler.
William T. Burnett, Brownsville.
Gilbert McGloin, Corpus Christi.
Kathleen H. Corn, Crockett.
David F. Stamps, Dime Box.
Lonnie Childs, Fairfield.
Imogene B. Dunn, Goldsmith.
Arch A. Gary, Henderson.
Samuel C. Rhinehart, Iraan.
Esther L. Berry, Joinerville.
Georgia C. Wolfe, Lefors.
Harry S. Merts, McAllen.
Evlyn M. Berry, Mesquite.
Philpott Karner, Mexia.
John A. Nicholson, Sanger.
Paullin J. Fowler, South San Antonio.

HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 31, 1938

The House met at 12 o'clock noon.

The Reverend Ralph William Loew, assistant pastor of the Lutheran Church of the Reformation, Washington, D. C., offered the following prayer:

O God, our refuge and strength, we give Thee thanks for the blessings which surround us all. Thou art always with Thy people; we ask simply to be continually aware of Thy presence. Help us to be so certain of Thee that the prayers of our lips may become as well the prayers of our minds, our hearts, and our hands.

Grant us strength, the strength to understand the puzzling problems of the oppressed, to share the burdens which beset so many individuals and weigh down their high purposes.

Grant us wisdom, not in our strength but in Thy living presence; so shall we be enabled to meet with daring the problems of our age, encouraged to seek after truth and be empowered to gain it.

Grant us the spirit of friendship, that our words, thoughts, and deeds may be tempered with love; that throughout our land there may be the healing balm of Thy grace, the soothing of embittered minds, the quiet strength of loving, understanding hearts, keeping us in peace and blessed fellowship.

In the spirit of the Savior we come to pray blessing and guidance at the beginning of this new day. For our President, our Congress, and all those who assume the responsibilities of leading the state, we pray Thy continuing blessing and strength. Keep us all secure in Thy love and grace, we humbly pray. 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 Senate had passed without amendment a bill of the House of the following title:

H. R. 8826. An act to amend section 35 of the Criminal Code, as amended (U. S. C., title 18, sec. 82), relating to purloining, stealing, or injuring property of the United States.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3691. An act to provide for the appointment of additional judges for certain United States district courts, circuit courts of appeals, and certain courts of the United States for the District of Columbia.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 8993. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1939, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. BYRNES, Mr. COPELAND, Mr. THOMAS of Oklahoma, Mr. WALSH, and Mr. HALE to be the conferees on the part of the Senate.

The message also announced that the Senate requests the House to return to the Senate the bill (S. 3096) entitled "An act to amend section 35 of the Criminal Code," as amended (U. S. C., title 18, sec. 82), relating to purloining, stealing, or injuring property of the United States.

EXTENSION OF REMARKS

Mr. BUCK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein a memorandum prepared for me by Admiral W. G. DuBose, certain extracts from his testimony before the Naval Affairs Committee as corrected and returned by him to the committee, and comparative extracts from the hearings on the bill (H. R. 9218), as printed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a radio speech I made on the subject of the Group Health Association.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a talk made by myself on the one hundred and seventeenth anniversary of Greek independence.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

QUESTION OF PERSONAL PRIVILEGE

Mr. STACK. Mr. Speaker, I rise to what I consider a matter of personal privilege.

The SPEAKER. The gentleman will state his question of personal privilege.

Mr. STACK. Mr. Speaker, I hold in my hand a sheet from the Philadelphia Record, edited by my communistic friend, Davy Stern, in which he says, among other things, "The Philadelphia delegation, all of whom are understood to favor an effective reorganization bill." I am against any kind of

reorganization bill until it is debated here in the House and I know what it is all about.

The SPEAKER. Is that the question of privilege which the gentleman wishes to submit?

Mr. STACK. Yes, Mr. Speaker.

The SPEAKER. The gentleman has very cleverly gained recognition to make a statement stating his attitude on the bill which is to come before the House, but the Chair is of the opinion the gentleman does not state a matter of personal privilege.

EXTENSION OF REMARKS

Mr. ASHBROOK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including a letter of disapproval of the reorganization bill by the American Federation of Labor and the National Grange.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOBBS. Mr. Speaker, I ask unanimous consent that on Thursday next, at the conclusion of the legislative business of the day, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

LEAVE OF ABSENCE

Mr. THOM. Mr. Speaker, I ask unanimous consent for leave of absence for my colleague the gentleman from Ohio, Mr. MCSWEENEY, who has been called out of town by reason of death in his family.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, a special Senate committee is holding hearings to investigate the causes of unemployment and to study the question of relief.

On the 19th of this month reference was made in these hearings to the general welfare bill (H. R. 4199) by Capt. Russell R. Hand and Dr. Francis E. Townsend, who testified before the committee. I desire to comment on their testimony, and, Mr. Speaker, I therefore ask unanimous consent to extend my own remarks in the RECORD and include certain quotations from the hearings.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I quote from the statements and testimony of Capt. Russell R. Hand and Dr. Francis E. Townsend, relating to the General Welfare Act, H. R. 4199, as follows, to wit:

Fundamentally the Townsend plan teaches the virtue of the acceleration of the velocity in beneficial use of the monetary mechanism to the purpose of improvement of general living standards. If a person has a dollar in his wallet and permits it to remain there for a month, he keeps it out of circulation, and it does absolutely no good service for himself nor anyone else. If, however, he spends the dollar quickly for something he wants, and the recipient, in his turn, spends the same dollar quickly for something he wants, and so on, such acceleration of the velocity of the dollar in question might conceivably in a month result in the transaction of $100 worth of business, which would not have been transacted if the dollar had remained for a month in his wallet.

The velocity theory is simple and easily understood. An economically legitimate method of putting the velocity theory to work constructively to meet the problem of the prolonged depression was not so simple. The principles of such a method have been drafted into a piece of proposed legislation, which is now before the Congress of the United States as House bill No. 4199, the General Welfare Act, which, if enacted, should prove to be the economic life preserver for all of the people of the country.

Most people who have not informed themselves thoroughly hold the totally erroneous idea that the Townsend plan is a $200 per month old-age pension for all citizens 60 years of age or over who qualify to receive the grant from the Government. The truth is that those citizens 60 years of age and over who would qualify to receive the grants proposed in the Townsend plan bill would benefit least in the long run through the provisions of the legislation, and they would not even benefit first. The bill does not guarantee any definite amount for distribution. Basically it proposes to put into operation a new principle of Federal taxation and to employ the yield of the tax as a fund of active, liquid working capital, which is made readily available currently every month in the year to the productive enterprise, industrial and agricultural, of the entire country. The old-age assistance phase of the legislation is merely the means to the end sought. The grants to the eligible aged beneficiaries with the requirement that they should be used currently each month in buying chiefly goods and services constitutes merely the method by which the fund of working capital is made available to the productive enterprise of the Nation.

The Townsend plan is aimed directly at the heart of the unsolved problem of unemployment.

The method of taxation proposed is termed a transactions tax, which becomes, as the bill is drafted, a monthly levy upon gross business income. The method is not new and untried in this country. Similar tax measures for public revenue purposes are in operation in Indiana and in the Territory of Hawaii. An article by the financial editor of the Illustrated Daily News, Los Angeles, Calif., under date of December 24, 1937, gives us much food for thought. Some excerpt quotations from the article are as follows: "The United States could wipe out its national debt and be money ahead within 5 years if the Federal Government would adopt the Hawaiian taxation system. * * * The islands have solved their tax problem by instituting a gross-income tax.

"Not only has it saved the Territory from bankruptcy, but it has simplified the revenue collection to such an extent that the most ignorant oriental peddler in the street knows how to make out his tax return. * * * The gross-income tax went into effect July 1, 1935, with a levy of 1 percent on all incomes except salaries and wages. The Territorial government was $1,259,000 in debt, had slashed the pay of all teachers and Territorial employees 10 percent, and seemed hopelessly mired. It was estimated that the gross-income tax would raise $5,108,000 in the first year of the new tax. No one believed it possible. At the end of the first year, Territory coffers had taken in $6,116,000. * * * In Hawaii they have discovered the weakness in most forms of taxation to be the extreme technicalities and the tiny loopholes that soon grow big enough for trucks to be driven through. When they had an excise tax of 2 percent on profits, the orientals in Hawaii never made any profits. They could do hundreds of thousands of dollars of business and show that everything was sold at cost. Now they have changed all of that. Everybody is paying a just share of taxes. * * * they have restored the old pay scales for all the teachers and government employees, and they have not had to borrow a penny. * * * The gross-income tax is 12 times as effective as taxes collected once a year. Hawaii gets its revenue every month, and the money is turned over 12 times a year. * * * with only a tiny levy you can get revenue figures that read like a lesson in astronomy. * * * they have made their rate 1¼ percent now and have nothing whatever to worry about. The loophole is gone forever, and nobody seems to care. * * * if you would put a 1-percent gross-income tax in the United States, you could forget all about those thirty-seven billions in debt and have money to spare within 5 years easily. * * * kick out sales taxes and take 1 percent on gross incomes and you would have three times as much cash to play around with right away."

There you have a brief report of the actual working out of the Townsend plan tax principle in revenue raising for the Territory of Hawaii. The Townsend plan proposes a 2-percent transactions or turn-over tax, which is equivalent to this Hawaiian gross-income tax, on all gross income. But the yield of the Townsend-plan tax is not used for general governmental purposes. The yield of our proposed tax is used, first, to cover the actual cost of administration of the General Welfare Act itself, and, after that need has been taken care of, the remainder of the yield is impelled into circulation through the channels of annuity payments to eligible citizens 60 years of age and over who will cease all gainful employment or occupation—thus making many positions available for persons at present unemployed—and who will covenant with the Government to spend each month the entire amount of the annuity payment received, up to a maximum of $200 per month. The amount of the payment to the individual annuitant depends upon the amount of the yield of the tax. The amount in the fund, after the administrative expenses are provided for, is to be distributed monthly pro rata to all those who have qualified as eligible, up to a maximum of $200 a month, and any surplus over and above the $200 monthly distribution to all eligible annuitants is applied to the reduction of the national debt.

It will be very apparent, from the foregoing, that the Townsend plan, as incorporated in the General Welfare Act, H. R. 4199, now pending before the Ways and Means Committee of the House of Representatives, is a measure a great deal more important than merely an old-age pension. It is truly a pay-as-we-go national-recovery measure, which solves at once the problems of unemployment, old-age security, relief, business stagnation, and three-fourths of crime. It will do all of these things through forcing idle, stagnated money and credit into beneficial use—an estimated

one and one-half billions of dollars monthly—evenly distributed throughout the country, as the aged beneficiaries are distributed, through the requirement that these beneficiaries must spend for goods and services—goods of American manufacture and services of American citizens—the full amount of each monthly payment within 30 days from its receipt. Not one cent of the money is to be raised by borrowing. Idle men will not go back to work until idle money goes to work in private, productive, and profitable enterprise.

EXCERPTS FROM STATEMENT OF DR. FRANCIS E. TOWNSEND

Senator LODGE. Your system is based on a pay-as-you-go policy rather than on a policy of building up reserves, as I understand it?

Dr. TOWNSEND. Yes.

Senator LODGE. Will you tell us why that system is superior to the reserve-fund system that is now in use under the Social Security Act?

Dr. TOWNSEND. The reserve-fund system has to come directly out of a certain class of people—the employed folks. We believe that that is not just. We believe that there is no need of a reserve system and that there is no need of borrowing whatsoever. We believe in a revised system of taxation through which the Government can acquire whatever it desires, whatever it needs for its purposes, directly from the people as they need it; and in this instance we propose to set up a system of taxation which will provide employment, through the Government, of a class of people who are going to be unemployed in spite of everything—among those employed an emolument sufficient to have a very vital effect upon the markets of the country.

It is estimated that there are some twenty-five or twenty-six million people on relief of one kind or another. That means that an army of people is accumulating which cannot help itself. Why should we not cure directly all of this difficulty by direct employment; have the Government engage in employing the unemployable and not competing with industry by employing people who are able to go to work, but through employment of the aged. In other words, let us have a blanket insurance for everybody, every citizen, an annuity retirement insurance, payable when they reach the age when they are incapacitated. Then instead of accumulating that payment to themselves, insist that it be disbursed again into the channels of trade. Then our tax system would immediately create wealth instead of destroying it, as our taxation system does today. Employment of the people through the disbursement of millions of dollars monthly would create, undoubtedly, a great demand for goods and services. That is what we are after. So let us use intelligent methods of stopping this thing—strike at the root of it; compel the Government to assume the function of circulating money—and that is all that we need to do—through employment; and then those people who otherwise are going to be useless in the matter of creating wealth shall be able to do so, indirectly, by spending the money that the Government pays them, for goods or services.

Senator LODGE. You do not specify any way that they should spend it just so long as they spend it?

Dr. TOWNSEND. Absolutely not. Why should we be concerned about that? We want as great a variety of things as we can possibly have. Let us pay these people sufficiently so that they may indulge in some of the minor luxuries. Sixty percent of our trade is made up of luxuries. Let us not strangle that trade. Let us encourage it. Pay these people liberally. We propose to pay about $200 a month as a maximum, or whatever this tax will produce. Then let them disburse it at their will, but insist that they do that; that they spend their pay for goods or services.

Senator LODGE. We are very happy to have heard you here, Dr. Townsend, and I am glad to know that they are going to give you a hearing before the House committee, where this bill will have to originate.

Dr. TOWNSEND. I am very glad to have had the opportunity of making this statement.

EXTENSION OF REMARKS

Mr. HILL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a brief article on America's defenses.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

GOVERNMENT REORGANIZATION BILL

Mr. PETTENGILL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PETTENGILL. Mr. Speaker, is it in order at the present time to make a point of order against the bill S. 3331, or should I wait until it is called up?

The SPEAKER. The Chair is of the opinion that a point of order would not lie at this juncture in the proceedings unless the gentleman desires to make some point of order affecting consideration of the bill.

Mr. PETTENGILL. It goes to that point, Mr. Speaker.

The SPEAKER. The gentleman will state his point of order.

Mr. PETTENGILL. Mr. Speaker, I make a point of order against S. 3331, Union Calendar 739, Report 2033, reported March 30, 1938, from the Select Committee on Government Organization.

The point of order is that the bill includes matters not privileged and the inclusion of such nonprivileged matters destroys the privilege of the whole, and for this reason the Select Committee on Government Organization is not privileged to report the bill, and that the bill and its accompanying report cannot be received by the House as a privileged bill, and therefore said bill (S. 3331) is not properly before the House.

I make a further point of order that, aside from the technical question of privilege, the bill contains matter which it is not within the power of the Select Committee on Government Organization to report, and that said matter is matter which this House is without power to receive from said committee or to take action upon.

In explanation of these points of order it is necessary to make a brief historical statement.

This House passed H. R. 7730 July 27, 1937, during the present Congress. The RECORD and the Journal of the House show that a motion was made to reconsider the vote by which the House passed H. R. 7730, and that said motion to reconsider was laid upon the table. See CONGRESSIONAL RECORD, page 7702, of the Seventy-fifth Congress, first session. Thereupon H. R. 7730 was messaged over to the Senate.

This action of the House finally disposed of the subject matter contained in H. R. 7730, and it is not within the power of the Select Committee on Government Organization, or any committee of the House, or of the House itself, to take any further action on said subject matter, at least until a conference shall have been asked between the House and the Senate.

Despite this action finally disposing of the subject matter of H. R. 7730, S. 3331, reported by the Select Committee on Government Organization yesterday, is again reported in haec verba in the form in which it passed the House on July 27, 1937, under title 2, section 201, of S. 3331.

For this reason, title 2, section 201, is nonprivileged matter, and the inclusion thereof under the rules of the House destroys the privilege of the whole of S. 3331 as reported.

Similarly, the House on August 13, 1937, during the present Congress, passed H. R. 8202, and the RECORD and Journal of the House show that on August 13 last a motion was made to reconsider the vote by which said H. R. 8202 passed the House, and that said motion to reconsider was laid on the table. See CONGRESSIONAL RECORD, page 8776, of the Seventy-fifth Congress, first session. H. R. 8202 was thereupon messaged over to the Senate.

An examination of S. 3331 will show that despite this action taken by the House on August 13, 1937, the same subject matter as included in H. R. 8202 in haec verba is contained in S. 3331, under title 1, part 1, section 1; part 2, section 2; and part 3, sections 3, 4, 5, 6, 7, and 8, as found on pages 43–46, S. 3331.

The matter thus described in S. 3331 having heretofore been finally disposed of by the House, at least pending a conference with the Senate, it is not within the privilege of the Select Committee on Government Organization to include the same in S. 3331, and that the inclusion of the same destroys the privilege of all of S. 3331.

For the reasons stated, I make the further point of order that it is not within the power of the House to receive as a privileged bill and privileged report S. 3331 and its accompanying report, and that the same is not properly before this House for action.

Putting aside, for the moment, the technical question of privilege, I make a further point of order that S. 3331 with reference to the matters therein set forth which I have above described contains matter which it is not within the power of the Select Committee on Government Organization, or any committee of the House, or any member thereof, or the House itself, to report or to receive or to take any committee or legislative action thereon; and for this reason

S. 3331 is not properly before the House, nor can the House take action thereon in the form in which S. 3331 has now been reported from the Select Committee on Government Organization. For the reason as above stated, that by taking the action to which I have referred with reference to H. R. 7730 on July 27, 1937, and H. R. 8202 on August 13, 1937, this House has divested itself of any further authority, at least at the present time, to take any legislative action whatsoever with respect to the subject matter therein set forth.

On these points I call the attention of the Speaker to Hinds' Precedents, volume 4, sections 4622, 4623, and 4633.

It must be perfectly obvious, Mr. Speaker, that if the Chair were to overrule these points of order and thus in effect hold that S. 3331 is now in order before the House for legislative action, that under the rules of the House it would be permissible to proceed to again consider the subject matter contained in H. R. 7730 and H. R. 8202, to amend the same, to strike out such subject matter in whole or in part, and thus take action on said subject matters, despite the final action of this House in the passing of said bills H. R. 7730 and H. R. 8202, in considering a motion to reconsider and laying said motion to reconsider on the table.

In a word, Mr. Speaker, I conclude by respectfully submitting that either as a question of privilege or as a question of power it is not within the privilege or the power of the Select Committee on Government Organization to have taken any action whatever at this time with reference to the subject matters set forth in S. 3331, to which I have called the Chair's attention, nor is it within the privilege or power, at this time, of the House of Representatives to take any action with respect to said subject matter except to refuse to receive from the Select Committee on Government Organization S. 3331.

It must be obvious, Mr. Speaker, if a committee, whether it has the privilege of bringing in a privileged bill or not, brings in a bill and the House passes it, and a motion to reconsider is laid on the table and the bill is messaged over to the Senate, and it is not now back on a conference report, and the same committee, disagreeing in part, we will say, with the action taken by the House in the first instance, can again bring the same bill before the House, then that the House is without power to bring to an end its legislative action with reference to any bill.

Mr. O'CONNOR of New York. Mr. Speaker, will the gentleman yield?

Mr. PETTENGILL. Certainly.

Mr. O'CONNOR of New York. Is not the question simply whether or not we are going to be asked to pass again two laws that we have already passed and upon which House action is concluded?

Mr. PETTENGILL. That is it exactly—and which we do not have the power to pass upon in the meantime, under the present situation in the House.

Mr. WARREN. Mr. Speaker, I rise to answer the gentleman from Indiana [Mr. PETTENGILL] in just two sentences, if I may. As to the question of privilege, I call the Speaker's attention to House Joint Resolution 81, and especially to House Resolution 60, conferring privilege upon the select committee to report upon the subject matter contained in the message of the President of the United States, January 12, 1937. I do not think that is even worthy of further argument and discussion, Mr. Speaker. The resolution is clear-cut.

As to the second point of order made by the gentleman from Indiana, that the House is precluded from again considering title I and title II of the committee substitute amendment because it had passed upon them at another session of Congress, I call the attention of the Chair to the fact that we seek to bring in today not a House bill but the Senate bill, with all after the enacting clause stricken out, and to bring in these two titles formerly passed by the House as separate bills, as an amendment to the Senate bill.

Further, I call the attention of the Speaker to the fact that these bills were passed at another session of the Seventy-fifth Congress, to wit, the first session, while we are now in the third session. Just by way of illustration, if the argument of the gentleman from Indiana is sound, then the House would be absolutely precluded from considering at this session any form of wage and hour measure, because that measure was voted upon and the vote was reconsidered, while, of course, we all know that a wage and hour bill can again be considered.

Mr. PETTENGILL. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Yes.

Mr. PETTENGILL. I insist that there is a distinction between the wage and hour bill and the present situation. The House did not take final action on the wage and hour bill. It voted to recommit that bill to the committee. It did not pass the bill, or table it, and again, if a new wage and hour bill comes out in different form, containing new subject matter or excluding matter in the previous bill, I would not contend it was not within the power of Congress to act, but here we are called upon to pass for a second time, and in the exact language of the previous bills subject to amendment, discussion, and repeal, two bills upon which the House has already acted. As illustration, take the six administrative assistants provided for in the bills which we have passed. If this bill is in order, despite the action taken last August, we can amend that by making the number 16 or 60 or any other number and thus pass on the subject matter after the House had finally divested itself of any authority to deal with it last August. Of course, Mr. Speaker, under the decisions and precedents of the House, the identical wage and hour bill could be considered again at this session of Congress if the Labor Committee again reports it or the House has taken no final action on it.

Mr. O'CONNOR of New York. The very same bill, the wage and hour bill, which is no analogy at all to this situation, could be brought out, because it was recommitted to the committee, but that is not what happened in this case. We passed these two bills. The suggestion is now that we may have a second consideration of them. It is certainly an innovation of parliamentary procedure.

Mr. WARREN. But we are doing it in the form of an amendment rather than a separate bill.

Mr. RAYBURN. Mr. Speaker if the gentleman will yield in that connection that was a point I intended to make. This is in no form a new bill, it is simply an amendment to a Senate bill.

The SPEAKER. The Chair is ready to rule on the points of order raised by the gentleman from Indiana.

The gentleman from Indiana makes two points of order against the consideration of Senate bill 3331. The first point of order is based upon the ground that the select committee of the House of Representatives appointed to deal with this matter does not have authority to report a bill of this character. Under these circumstances, in order that the whole situation may be presented to the House, in the opinion of the Chair, it is necessary to incorporate in the ruling at least a part of House Resolution 60 specifically setting up this select committee and designating certain powers that it might have the right to exercise. The Chair quotes from that resolution the following language:

> *Resolved*, That the Speaker of the House of Representatives be, and he is hereby, authorized to appoint a select committee of seven Members of the House to be known as the Select Committee on Government Organization, for the purpose of considering and reporting upon the subject matter contained in the message of the President of the United States of January 12, 1937. All bills and resolutions introduced in the House proposing legislation concerning reorganization, coordination, consolidation, or abolition of, or reduction of personnel in, organizations or units in the Government shall be referred by the Speaker to the said Select Committee on Government Organization. The said Select Committee on Government Organization is hereby authorized to report to the House at any time by bill or otherwise with recommendations upon any matters covered by this resolution; and any bill or resolution so reported shall be placed upon the calendar and have a privileged status.

In order further to clarify the powers bestowed upon that committee and the range of its jurisdiction as expressed in

the resolution itself, the Chair will quote the following extract from the message of the President of the United States referred to in the resolution:

Over a year ago it seemed to me that this problem of administrative management of the executive branch of the Government should be a major order of business of this session of Congress. Accordingly after extended discussions and negotiations I appointed a committee on administrative management to examine the whole problem broadly and to suggest for my guidance and your consideration a comprehensive and balanced program for dealing with the overhead organization and management of the executive branch as it is established under the Constitution.

So it appears clear to the Chair that under the special authority granted by the House itself to this select committee they were given the privilege to report at any time, either by bill or otherwise, any matters covered by the recommendations of the President of the United States in the message referred to in the resolution. While it is true that at a former session of the Seventy-fifth Congress two separate bills were passed by the House and sent over to the Senate for the consideration of that body, yet that, in the opinion of the Chair, is not the direct parliamentary problem here presented.

Assuming, and the Chair thinks it is clear, that the committee had the right to make any report that it saw fit upon these problems, the question here is whether or not the select committee had the right under this power delegated by the House and under general parliamentary practice in addition to these powers to report a bill passed by the Senate and to which the House committee has stricken out all after the enacting clause and submitted, as is the case here, an amendment in the nature of a substitute for the Senate bill. The Chair is clearly of the opinion that the committee had that authority. Here is a bill sent over by the Senate and referred to this select committee, and under the jurisdiction conferred they have reported back to this House a Senate bill with one amendment. The whole action of the select committee constitutes an amendment and only one amendment to a Senate bill; and despite the fact that the House may have heretofore passed in a former session two bills touching upon certain phases of the President's recommendation, the Chair is of the opinion that this would not prevent the select committee from reporting an amendment to a Senate bill.

Mr. PETTENGILL. May I make one observation?

The SPEAKER. The Chair will be glad to hear from the gentleman briefly.

Mr. PETTENGILL. I think the Chair has stated the situation very logically down to a certain point, and, referring back to the resolution, the House did grant this committee certain powers, but it is my contention that that power with reference to these subject matters was terminated by the action taken on the bills presented by that committee, with reference to the subject matter set forth in those bills.

The SPEAKER. The Chair is of the opinion this resolution conferred power upon the committee to make reports at any time it saw fit to report on the subject matter committed to it. That committee is here presenting a Senate bill with House amendments, covering not only two phases of the President's recommendation, but other phases of a more comprehensive nature.

The Chair's attention has been called to the fact that the Senate bill now in controversy that passed the Senate was messaged to the House and referred by the Speaker to this select committee. Inasmuch as this bill was referred to the committee, the committee had jurisdiction of it and could report it back to the House with such recommendations as it saw fit.

The Chair, therefore, is clearly of the opinion that this committee under the powers stated and under the construction that the Chair has attempted to give to its jurisdiction, does have the power and right to present this amended bill.

The Chair, therefore, overrules the points of order.

GOVERNMENT REORGANIZATION

Mr. COCHRAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3331) to provide for reorganizing agencies of the Government, extending the classified civil service, establishing a general auditing office and a department of welfare, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be confined to the bill, to be equally divided and controlled by the gentleman from New York [Mr. TABER] and myself.

Mr. WITHROW. Will the gentleman withhold that motion?

Mr. COCHRAN. Yes.

PERMISSION TO ADDRESS THE HOUSE

Mr. WITHROW. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. WITHROW. Mr. Speaker, 7 years ago today a great American finished his tour of duty upon this earth when a plane, winging its way across the middle western prairies, crashed and Knute Rockne, the famous coach at Notre Dame, was killed.

Knute Rockne was a Norwegian-American boy who went from the city of Chicago to receive his education at Notre Dame University in South Bend, Ind. While in college he was an outstanding student and athlete, beloved for his ready wit and his unfailing courage to tackle any problem, either academic or athletic, and carry on to a winning conclusion in a clean American way.

I had the privilege of meeting Knute Rockne on a number of occasions, and the imprint of his personality will always remain one of my cherished memories.

It has been my good fortune while in Washington to become acquainted with Arthur J. "Dutch" Bergman, athletic director at Catholic University, and his assistant, Forrest "Fod" Cotton, as well as my colleague and friend, the gentleman who so ably represents his district in Iowa, Hon. VINCENT HARRINGTON. All of these men were pupils of Knute Rockne at Notre Dame. Through them I have learned more of the greatness of this fine man—how he understood and studied the problems of every boy with whom he came in contact; how he dreamed dreams of making American football the greatest of our national collegiate sports; and how he drove through to accomplish this very thing.

Certainly all of America can take time out for just a moment each year on this date to remember this great man.

Perhaps no one in our lifetime has left a more definite impression upon the minds of the youth of America. Worshipped from afar, Knute Rockne was the idol of every boy who ever kicked a football.

And so I am pleased to have the privilege of paying this short tribute to the scholar, the teacher, and the great football coach of Notre Dame University, Knute Rockne, who was killed 7 years ago today.

GOVERNMENT REORGANIZATION

Mr. COCHRAN. Mr. Speaker, I renew my motion and unanimous-consent request.

The SPEAKER. The gentleman from Missouri moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 3331; and pending that motion asks unanimous consent that during general debate on the bill one-half of the time be controlled by himself and one-half by the gentleman from New York, and, further, that the debate be confined to the bill. Is there objection?

Mr. O'CONNOR of New York. Mr. Speaker, reserving the right to object, how can you figure one-half if you do not know what the whole is? One-half of what?

Mr. COCHRAN. One-half of the time we are allowed to proceed.

Mr. O'CONNOR of New York. Why does not the gentleman try to fix the time? I think 3 days would be about the proper time.

Mr. COCHRAN. We have tried to do that without success.

Mr. BOILEAU. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. BOILEAU. Mr. Speaker, I make a point of order against the consideration of this bill at the present time. I grant, Mr. Speaker, that the committee has jurisdiction of the subject matter contained in the Senate bill.

I make the point of order, however, that the resolution setting up this committee and giving the committee privileged status gave privileged status only to House bills and not to Senate bills, and therefore the bill cannot be brought up in this manner.

The SPEAKER. The Chair just a few moments ago read into the RECORD the comprehensive powers of the select committee. The Chair is of the opinion that the point of order is not well taken, and, therefore, overrules the point of order.

Is there objection to the request of the gentleman from Missouri [Mr. COCHRAN]?

Mr. RABAUT. Mr. Speaker, reserving the right to object, how much time is to be allowed on this bill?

The SPEAKER. Under the request stated by the gentleman from Missouri, there was no limitation of the time.

Mr. COCHRAN. We propose to go along and see if we can reach an agreement.

Mr. O'CONNOR of New York. Further reserving the right to object, Mr. Speaker, from a practical standpoint, how are you going to figure one-half of the time when you do not have the whole? Suppose the gentleman from Missouri [Mr. COCHRAN] uses an hour and the gentleman from New York [Mr. TABER] uses 2 hours and then a motion is made to close debate. The gentleman may have in mind a moment some hours hence when he will move to close debate. Why does he not try to fix the time? As I have stated, 3 or 4 days should be allowed, and if the gentleman had come to the Committee on Rules that probably would have been the time he would have got on this bill.

Mr. COCHRAN. I may say to the gentleman from New York we have no desire to go along for 3 or 4 days. We tried to reach an agreement and failed.

Mr. MOTT. Reserving the right to object, Mr. Speaker, I will not consent to this unanimous-consent request unless some understanding is had in regard to the time. Many gentlemen want to talk upon this bill. I want to talk upon it myself. My constituents have asked me to speak on the bill and I have agreed to do so. I shall consent to no procedure of this kind unless some sort of an understanding is to be had now as to the time to be consumed in debate.

Mr. SNELL. Mr. Speaker, will the gentleman yield to me for a question?

Mr. MOTT. I yield to the gentleman from New York.

Mr. SNELL. I may say to the gentleman that very often at the start of the discussion of an important measure we let the debate go along for a day and then later on take up for definite consideration how much time we shall allow for debate. All the gentleman will be consenting to at the present time is that the debate may continue for the present, the time to be equally divided.

Mr. MOTT. I may say I want to be sure I am not consenting to a procedure whereby debate may be closed by a majority vote at the conclusion of today's session.

Mr. SNELL. Of course, I cannot answer as to that. The majority leader can answer it.

Mr. MOTT. If I can get that assurance it will satisfy me.

Mr. MICHENER. Mr. Speaker, reserving the right to object in order to make a parliamentary inquiry, if no unanimous-consent agreement is entered into, the first Member who is recognized by the Chair will be recognized for how long?

The SPEAKER. Under the general rules of the House he will be recognized for 1 hour.

Mr. MICHENER. And each Member recognized by the Chair will be recognized for 1 hour?

The SPEAKER. Under the rules of the House any gentleman recognized by the Chair will be entitled to an hour.

Mr. MICHENER. Pursuing that point further, under the decisions of the House as many Members as the Chair recognizes may have an hour each, and under the recent rulings each one of those Members will be permitted to yield time during his hour?

Mr. SNELL. If the gentleman will yield, I believe the gentleman has in mind a misinterpretation of the unanimous-consent request. The time is to be equally divided and controlled by the gentleman from Missouri [Mr. COCHRAN], and the gentleman from New York [Mr. TABER].

Mr. MICHENER. The point I am making is that if there is not a unanimous-consent agreement and we go into the Committee of the Whole, every Member who is recognized by the Chair is recognized for 1 hour, and under the holdings of the Chair and the precedents within the last year, to which I have objected, each Member may yield portions of his time, so a condition may exist where 40 Members will have 40 hours to yield as they see fit. I am perfectly willing that they have the 40 hours.

Mr. O'CONNOR of New York. Further reserving the right to object, Mr. Speaker, so there may be no misunderstanding about the statement of the gentleman from Michigan, there are not going to be any 40 hours, and there are not going to be any 435 hours, with 1 hour for each Member, because, after debate continues for some time in the Committee of the Whole, undoubtedly a motion will be made that the Committee rise, and then in the House a motion will be made to limit debate or close debate. This is the situation you are going to run into.

Mr. MICHENER. Yes; the gentleman is talking about what we are going to run into as a practical matter. I am calling the attention of the gentleman to the rules of the House, which I am sure are confirmed by the Speaker of the House. The purpose of this unanimous consent is to cut off debate.

The SPEAKER. The gentleman from Michigan [Mr. MICHENER] has submitted a parliamentary inquiry which the Chair thinks should be answered.

Under the rules of the House, unless the control of the time is fixed before the House goes into Committee of the Whole, any Member obtaining recognition from the Chair would be entitled to 1 hour and would be entitled to yield a part of the time controlled by him during that hour, and he must conclude his time before any other Member can be recognized for 1 hour in the Committee of the Whole.

Mr. RAYBURN. Mr. Speaker, further reserving the right to object, of course, the answer of the Speaker to the parliamentary inquiry of the gentleman from Michigan is what was expected. There is no disposition on this side of the House or on the part of those in control of this legislation not to be liberal in general debate or under the 5-minute rule, and therefore my appeal is that gentlemen who think they would be serving some purpose by objecting would be defeating the orderly and ordinary procedure of the House of Representatives.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. MICHENER. Is it the purpose of the gentleman, the majority leader, to force a vote on this bill tomorrow or some time this week?

Mr. RAYBURN. It is the purpose to reach a final vote on this bill this week, I will say to the gentleman, and we can do that, I think, and have very liberal debate with time yielded in the ordinary and orderly fashion.

Mr. MICHENER. Does the gentleman think that, in view of the fact the committee has denied hearings and the American Federation of Labor, the Grange, and several other organizations, including the Dairymen's Association and many others vitally interested in this bill, have asked this morning, that we be given time to consider the measure so that we may know what the people at home think about it?

Mr. RAYBURN. We certainly intend to give liberal time for its consideration.

Mr. MICHENER. In view of the weeks and weeks consumed in the Senate and in view of the fact that this is a measure that affects every home and every citizen in America, does the gentleman consider today and tomorrow liberal time?

Mr. RAYBURN. Yes, I do.

Mr. MICHENER. And a measure that has been before the House for a year.

Mr. WOODRUM. Mr. Speaker, I call for the regular order.

The SPEAKER. The gentleman from Virginia demands the regular order.

Mr. STACK. Mr. Speaker, reserving the right to object——

Mr. WOODRUM. Mr. Speaker, I demand the regular order.

Mr. STACK and Mr. RABAUT objected.

Mr. MAY. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from Kentucky rise?

Mr. MAY. To submit a unanimous-consent request.

Mr. Speaker, I ask unanimous consent that debate on the pending Senate bill be confined to the bill and limited to 16 hours.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. RAYBURN. I object, Mr. Speaker.

The SPEAKER. The question is on the motion of the gentleman from Missouri that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3331) to provide for reorganizing agencies of the Government, extending the classified civil service, establishing a general auditing office and a department of welfare, and for other purposes.

Mr. STACK. A point of order, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. STACK. Mr. Speaker, I object on the ground a quorum is not present, and make the point of order a quorum is not present.

The SPEAKER. The gentleman from Pennsylvania makes the point of order a quorum is not present. The Chair will count. [After counting.] Two hundred and fifty-three Members are present, a quorum.

The question was taken; and on a division (demanded by Mr. RUTHERFORD) there were—ayes 135, noes 81.

Mr. RABAUT, Mr. SHAFER of Michigan, and Mr. STACK demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 202, nays 143, not voting 84, as follows:

[Roll No. 48]

YEAS—202

Aleshire	Dies	Jacobsen	Norton
Allen, Del.	Dingell	Johnson, Luther A.	O'Brien, Ill.
Amlie	Dixon	Johnson, Lyndon	O'Brien, Mich.
Anderson, Mo.	Dorsey	Johnson, Okla.	O'Connell, Mont.
Arnold	Doughton	Johnson, W. Va.	O'Connell, R. I.
Atkinson	Doxey	Keller	O'Day
Barden	Dunn	Kelly, N. Y.	O'Malley
Barry	Eicher	Kennedy, N. Y.	O'Toole
Bigelow	Evans	Keogh	Pace
Binderup	Farley	Kerr	Patman
Boland, Pa.	Ferguson	Kitchens	Patterson
Boren	Fernandez	Kniffin	Pearson
Boyer	Fitzgerald	Kopplemann	Peterson, Fla.
Bradley	Fitzpatrick	Lambeth	Pierce
Brooks	Flaherty	Lanzetta	Quinn
Brown	Flannery	Larrabee	Ramsay
Buck	Ford, Calif.	Lea	Randolph
Bulwinkle	Ford, Miss.	Leavy	Rayburn
Burch	Fuller	Lesinski	Richards
Byrne	Fulmer	Lewis, Colo.	Rigney
Cannon, Mo.	Garrett	Lewis, Md.	Robertson
Cannon, Wis.	Gavagan	Ludlow	Robinson, Utah.
Celler	Gingery	Luecke, Mich.	Rogers, Okla.
Chandler	Goldsborough	McAndrews	Romjue
Citron	Gray, Ind.	McCormack	Sacks
Clark, N. C.	Greenwood	McFarlane	Sadowski
Cochran	Gregory	McGehee	Sanders
Coffee, Wash.	Griffith	McGrath	Satterfield
Collins	Haines	McGroarty	Schaefer, Ill.
Colmer	Hamilton	McReynolds	Schulte
Connery	Hancock, N. C.	Magnuson	Scott
Cooley	Harlan	Mahon, S. C.	Scrugham
Cooper	Harrington	Mahon, Tex.	Secrest
Cox	Hart	Maloney	Shanley
Cravens	Havenner	Mansfield	Sheppard
Creal	Healey	Martin, Colo.	Sirovich
Crowe	Hendricks	Massingale	Smith, Va.
Cullen	Hildebrandt	May	Smith, Wash.
Cummings	Hill	Mead	Smith, W. Va.
Curley	Hobbs	Mitchell, Ill.	Snyder, Pa.
Daly	Honeyman	Mouton	South
Delaney	Hook	Murdock, Ariz.	Spence
DeRouen	Houston	Murdock, Utah	Starnes
Dickstein	Izac	Nelson	Sumners, Tex.
Sutphin	Thomas, Tex.	Vinson, Fred M.	West
Swope	Thomason, Tex.	Voorhis	Whelchel
Tarver	Tolan	Wallgren	Whittington
Taylor, Colo.	Transue	Walter	Williams
Taylor, S. C.	Turner	Warren	Woodrum
Terry	Umstead	Wearin	
Thom	Vincent, B. M.	Wene	

NAYS—143

Allen, Ill.	Eaton	Kleberg	Reed, Ill.
Allen, Pa.	Eberharter	Knutson	Reed, N. Y.
Andresen, Minn.	Eckert	Kvale	Rees, Kans.
Andrews	Edmiston	Lambertson	Reilly
Arends	Engel	Lamneck	Rich
Ashbrook	Englebright	Lanham	Robsion, Ky.
Bacon	Faddis	Lemke	Rockefeller
Barton	Fletcher	Lord	Rogers, Mass.
Bates	Forand	Luce	Rutherford
Beiter	Frey, Pa.	Luckey, Nebr.	Ryan
Bell	Fries, Ill.	McClellan	Sauthoff
Boileau	Gamble, N. Y.	McLaughlin	Schneider, Wis.
Burdick	Gambrill, Md.	Maas	Seger
Carlson	Gearhart	Mapes	Shafer, Mich.
Carter	Gehrmann	Martin, Mass.	Simpson
Case, S. Dak.	Gifford	Mason	Smith, Conn.
Champion	Gray, Pa.	Maverick	Smith, Maine
Chapman	Greever	Meeks	Snell
Church	Griswold	Michener	Stack
Clark, Idaho	Guyer	Mills	Stefan
Clason	Gwynne	Moser, Pa.	Taber
Claypool	Halleck	Mott	Thompson, Ill.
Cluett	Hancock, N. Y.	O'Connor, N. Y.	Thurston
Coffee, Nebr.	Hartley	O'Neill, N. J.	Tinkham
Cole, N. Y.	Hoffman	Palmisano	Tobey
Costello	Holmes	Parsons	Towey
Crawford	Hope	Patton	Treadway
Culkin	Hull	Peterson, Ga.	Wigglesworth
Dempsey	Hunter	Pettengill	Withrow
DeMuth	Imhoff	Phillips	Wadsworth
Dirksen	Jarrett	Plumley	White, Ohio
Ditter	Jenkins, Ohio	Polk	Wolcott
Dondero	Jenks, N. H.	Powers	Wolfenden
Dowell	Johnson, Minn.	Rabaut	Wolverton
Drew, Pa.	Kennedy, Md.	Ramspeck	Woodruff
Driver	Kinzer	Reece, Tenn.	

NOT VOTING—84

Allen, La.	Disney	Kocialkowski	Rankin
Beam	Dockweiler	Kramer	Sabath
Bernard	Douglas	Long	Schuetz
Biermann	Drewry, Va.	Lucas	Shannon
Bland	Duncan	McGranery	Short
Bloom	Elliott	McKeough	Smith, Okla.
Boehne	Fish	McLean	Somers, N. Y.
Boykin	Flannagan	McMillan	Sparkman
Boylan, N. Y.	Fleger	McSweeney	Steagall
Brewster	Gasque	Merritt	Sullivan
Buckler, Minn.	Gilchrist	Mitchell, Tenn.	Sweeney
Buckley, N. Y.	Gildea	Mosier, Ohio	Taylor, Tenn.
Caldwell	Green	Nichols	Teigan
Cartwright	Harter	O'Connor, Mont.	Thomas, N. J.
Casey, Mass.	Hennings	O'Leary	Vinson, Ga.
Colden	Jarman	O'Neal, Ky.	Weaver
Cole, Md.	Jenckes, Ind.	Oliver	Welch
Crosby	Jones	Owen	White, Idaho
Crosser	Kee	Patrick	Wilcox
Crowther	Kelly, Ill.	Pfeifer	Wood
Deen	Kirwan	Poage	Zimmerman

So the motion was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Vinson of Georgia (for) with Mr. Fish (against).
Mr. Flannagan (for) with Mr. Gilchrist (against).
Mr. McMillan (for) with Mr. Douglas (against).
Mr. Duncan (for) with Mr. Brewster (against).
Mr. White of Idaho (for) with Mr. McLean (against).
Mr. Biermann (for) with Mr. Short (against).
Mr. Long (for) with Mr. Taylor of Tennessee (against).
Mr. Cartwright (for) with Mr. Thomas of New Jersey (against).
Mr. Sullivan (for) with Mr. Crowther (against).
Mr. Boylan of New York (for) with Mr. Oliver (against).
Mr. Bloom (for) with Mr. Buckler of Minnesota (against).

General pairs:

Mr. Rankin with Mr. Welch.
Mr. Drewry of Virginia with Mr. Teigan.
Mr. Somers of New York with Mr. Bernard.
Mr. Steagall with Mr. Pfeifer.
Mr. Jones with Mr. Harter.
Mr. Sabath with Mr. Jarman.
Mr. Weaver with Mr. Shannon.
Mr. Mitchell of Tennessee with Mr. Allen of Louisiana.
Mr. Disney with Mr. Wood.
Mr. Boehne with Mr. McGranery.
Mr. Bland with Mr. Crosser.
Mr. Schuetz with Mr. O'Leary.
Mr. Gildea with Mr. Kirwan.
Mr. Merritt with Mr. Sparkman.
Mr. Buckley of New York with Mr. Kramer.
Mr. Beam with Mr. Kee.
Mr. Hennings with Mr. Smith of Oklahoma.
Mr. Colden with Mr. Mosier of Ohio.

Mr. Fleger with Mr. Zimmerman.
Mr. Sweeney with Mr. Boykin.
Mr. Kelly of Illinois with Mr. Caldwell.
Mr. Crosby with Mr. McSweeney.
Mr. Owen with Mr. Green.
Mr. Poage with Mr. Kocialkowski.
Mr. Wilcox with Mr. McKeogh.
Mr. Casey of Massachusetts with Mr. Dockweiler.
Mr. Gasque with Mr. Patrick.
Mr. O'Connor of Montana with Mr. Elliott.
Mr. Deen with Mr. O'Neal of Kentucky.
Mr. Nichols with Mr. Cole of Maryland.
Mrs. Jenckes of Indiana with Mr. Lucas.

The result of the vote was announced as above recorded.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 3331, with Mr. McCORMACK in the chair.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

Mr. MICHENER. Mr. Chairman, I object. I ask for the reading of the bill. It is new, we have not had any hearings upon it, and I think it advisable that at least it be read.

The CHAIRMAN. The Clerk will read the Senate bill.

The Clerk read the bill, as follows:

Be it enacted, etc.,

TITLE I—REORGANIZATION

DECLARATION OF STANDARD

SECTION 1. The President shall investigate the organization of the various agencies of the Government and shall determine what changes therein are necessary to accomplish any of the following purposes:

(a) To reduce expenditures to the fullest extent consistent with the efficient operation of the Government;

(b) To increase the efficiency of the operations of the Government to the fullest extent practicable within the revenues;

(c) To group, coordinate, consolidate, reorganize, and segregate agencies and functions of the Government, or any part thereof, as nearly as may be, according to major purposes;

(d) To reduce the number of such agencies by regrouping or consolidating those having similar functions under a single head, and for such purpose to abolish such agencies as may not be necessary for the efficient conduct of the Government; and

(e) To eliminate overlapping and duplication of effort.

POWER OF PRESIDENT

SEC. 2. (a) Whenever the President, after investigation, shall find and declare that any transfer, retransfer, regrouping, coordination, consolidation, reorganization, or segregation of the whole or any part of any agency, or the functions thereof, or that the abolition of any agency is necessary to accomplish any of the purposes set forth in section 1 of this title, he may, by Executive order, subject to the limitations hereinafter provided:

(1) Transfer or retransfer the whole or any part of any agency, or the functions thereof, to the jurisdiction and control of any other agency; or

(2) Regroup, coordinate, consolidate, reorganize, or segregate the whole or any part of any agency, or the functions thereof; or

(3) Abolish any agency whenever all of its functions are transferred to the jurisdiction and control of any other agency or agencies; and

(4) Prescribe the name and the functions of any agency affected by any such Executive order, and the title, powers, and duties of its executive head.

(b) Nothing in subsection (a) shall be construed to authorize the President (1) to abolish any executive department or independent establishment, the municipal government of the District of Columbia, the Board of Governors of the Federal Reserve System, or the General Auditing Office; (2) to transfer to any other agency all of the functions of any executive department; (3) to abolish or transfer to any other agency any of the functions of the municipal government of the District of Columbia, the Board of Governors of the Federal Reserve System, the General Auditing Office, or any independent establishment; (4) to regroup, coordinate, consolidate, reorganize, or segregate the whole or any part of the Board of Governors of the Federal Reserve System, the General Auditing Office, or any independent establishment, or the functions of any of them; (5) to abolish or transfer to any other agency any of the functions exercised by the Engineer Corps of the Army or the Mississippi River Commission in administering any laws relating to rivers and harbors or flood control; (6) to authorize any agency to exercise any functions which are not expressly authorized by law in force on the date of enactment of this act; (7) to abolish or to transfer to any other agency the functions of audit and settlement vested in the Bureau of the Budget by section 301 of this act; or (8) to abolish any function transferred to any agency or agencies.

(c) Any Executive order issued by the President under this title shall make provision for the transfer or other disposition of the records, property (including office equipment), and personnel of the agency or agencies affected by such Executive order. In any case of a transfer under this title, the Executive order issued by the President shall also make provision for the transfer of such unexpended balances of appropriations available for use in connection with the agency or function transferred as he deems necessary by reason of the transfer, but such unexpended balances so transferred shall be used only for the purposes for which such appropriation was originally made. The appropriations or portions of appropriations not so transferred shall not be used for any purpose but shall be impounded and returned to the Treasury.

(d) In the case of the abolition of any agency pursuant to this title, the Executive order providing for such abolition shall also make provision for winding up the affairs of the agency abolished.

(e) The President is authorized to make such rules and regulations as may be necessary to carry out his functions under this title.

(f) Any transfer of personnel under this title or under titles II, III, or IV shall be without change in classification or compensation, except that this requirement shall not operate after the end of the fiscal year during which the transfer is made to prevent the adjustment of classification or compensation to conform to the duties to which such transferred personnel may be assigned.

(g) Whenever the employment of any person is terminated by a reduction of personnel as a result of an order of the President under the authority of this title or title III, such person shall thereafter be given preference, where qualified, whenever an appointment is made in any agency; but such preference shall not be in force for a period longer than 12 months from the date the employment of such person is terminated as a result of such order.

SAVING PROVISIONS

SEC. 3. (a) All orders, rules, regulations, permits, or other privileges made, issued, or granted by or in respect of any agency or function transferred to any other agency under the provisions of this act, and in effect at the time of the transfer, shall continue in effect to the same extent as if such transfer had not occurred, until modified, superseded, or repealed.

(b) No suit, action, or other proceeding lawfully commenced by or against the head of any agency or other officer of the United States, in his official capacity or in relation to the discharge of his official duties, shall abate by reason of any transfer of functions from one officer or agency to another under the provisions of this act, but the court, on motion or supplemental petition filed at any time within 12 months after such transfer takes effect, showing a necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, may allow the same to be maintained by or against the head of the agency or other officer of the United States to whom the functions are transferred.

(c) All laws relating to any agency or function transferred to any other agency under the provisions of this act shall, insofar as such laws are not inapplicable, remain in full force and effect, and shall be administered by the head of the agency to which the transfer is made.

EFFECTIVE DATE OF EXECUTIVE ORDER

SEC. 4. (a) Whenever the President issues an Executive order under the provisions of this title, such Executive order shall be submitted to the Congress while in session and shall not become effective until after the expiration of 60 calendar days after such transmission, unless Congress shall by law provide for an earlier effective date of such Executive order: *Provided*, That if Congress shall adjourn before the expiration of 60 calendar days from the date of such transmission such Executive order shall not become effective until after the expiration of 60 calendar days from the opening day of the next succeeding regular or special session.

(b) No Executive order issued by the President under the provisions of this title shall become effective unless transmitted to the Congress within 2 years from the date of the enactment of this act.

(c) The Secretary of State is authorized and directed to include in the United States Statutes at Large all Executive orders issued under this title which have become effective.

DEFINITIONS

SEC. 5. When used in this act, unless the context otherwise requires—

(1) The term "agency" means any executive department, independent establishment, independent agency, commission, board, bureau, service, office, administration, authority, division, or activity in the executive branch of the Government, whether in the District of Columbia or elsewhere, and shall include the municipal government of the District of Columbia, and any corporation a majority of the stock of which is owned by the United States and any nonstock, nonprofit corporation organized by the United States or any agency thereof, of which no member of the board of directors is elected or appointed by private interests.

(2) The term "independent establishment" means the legislative courts and the Board of Tax Appeals, the Federal Communications Commission, the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission, the National Bituminous Coal Commission, the National Labor Relations Board, the Securities and Exchange Commission, and the United States Maritime Commission.

TITLE II—CIVIL SERVICE AND CLASSIFICATION

CIVIL SERVICE ADMINISTRATION

SEC. 201. (a) There is hereby established in the executive branch of the Government an organization to be known as the Civil Service Administration (hereinafter referred to as the "Administration"), at the head of which shall be a Civil Service Administrator (hereinafter referred to as the "Administrator"), who shall

be appointed by the President, by and with the advice and consent of the Senate, for a term of 15 years and shall receive a salary at the rate of $10,000 per annum. The Administrator shall be selected without regard to any political affiliations, shall be a person specially qualified for the office of Administrator by reason of his executive and administrative qualifications, with particular reference to his actual experience in, or his knowledge of, accepted practices in respect to the functions vested in that office by law.

(b) The Administrator shall appoint a Deputy Civil Service Administrator, subject to the civil-service laws, and his salary shall be fixed in accordance with the Classification Act of 1923, as amended. The Deputy Civil Service Administrator shall perform such functions as the Administrator may prescribe, and shall act as Administrator in the absence of the Administrator or in the event of a vacancy in that office.

(c) The United States Civil Service Commission and the offices of Civil Service Commissioners are abolished, and all functions vested in such Commission are hereby vested in the Administration. The records, property (including office equipment), personnel, and unexpended balances of appropriations of such Commission are hereby transferred to the Administration.

(d) The Administrator is authorized to delegate to any officer or employee of the Administration any functions vested in the Administrator or the Administration by law, and to make such rules and regulations as may be necessary to carry out any of such functions; but any rules and regulations so made which would require the approval of the President if they were made by the United States Civil Service Commission shall be submitted to the President for approval and shall not become effective until approved by him.

(e) The Administrator shall cause a seal of office to be made for the Administration, of such device as the President shall approve, and judicial notice shall be taken of such seal.

SEC. 202. (a) In addition to the functions vested in the Administrator by section 201 of this title the Administrator shall prepare and recommend to the President plans for the development and maintenance of a career service in the Federal Government.

(b) The Administrator is further authorized to—

(1) Cooperate with or assist the agencies of the Government in the planning, establishment, or coordination of employee-training programs, and plan and establish, but not require attendance at, central employee-training programs;

(2) Obtain information, through the Administration, or in cooperation with other agencies, organizations, or groups, relating to personnel standards, practices, or policies in other governmental jurisdictions or in private industry, and make such information available to the various agencies of the Government;

(3) Cooperate with the public personnel agencies of States, Territories, and possessions of the United States (including the Philippine Islands), and political subdivisions thereof, and the District of Columbia, in the adoption, development, or extension of the merit system in their respective jurisdictions, and upon the request of any such agency render advisory or consultative personnel service or establish eligible registers for such agency or establish or assist in the establishment of joint eligible registers;

(4) At the direction of the President, or upon the request of the head of any agency of the Government, cooperate or assist in the installation or development of personnel standards, practices, or policies for any agency of the Government, or review and investigate personnel standards, practices, or policies of such agency, and report thereon to the President or the officer making the request. Any agency receiving any cooperation or assistance under this or the preceding paragraph may be required to reimburse the Administration for all necessary expenses incurred in connection therewith, and the payments representing such reimbursements shall be deposited as refunds to the appropriations from which such expenses were originally paid, instead of being covered into the Treasury as miscellaneous receipts;

(5) Request persons not in the service of the Federal Government who are experts in some aspect of personnel administration to attend conferences with representatives of the Administration or to consult or advise with them, in the District of Columbia or elsewhere, and reimburse such experts for their subsistence and other expenses at a rate of not to exceed $25 per day for time spent in attending and traveling to and from such conferences, or in consulting or advising with such representatives, plus the actual cost of transportation;

(6) Purchase manuscripts from private persons, corporations, or other organizations, or meet the costs of special studies made by them, at the request of, or in cooperation with, the Administration; and

(7) Pay in advance membership fees or dues in personnel associations, or in organizations which issue publications to members only or to members at a lower price than to others.

CIVIL SERVICE ADVISORY BOARD

SEC. 203. (a) There is hereby established in the Administration a Civil Service Advisory Board (hereinafter referred to as the "Board") to be composed of seven members to be appointed by the President, by and with the advice and consent of the Senate. Not more than four of the members of the Board shall be members of the same political party, and in making appointments members of different political parties shall be appointed alternately as nearly as may be practicable.

(b) The terms of office of the members of the Board first taking office shall expire, as designated by the President at the time of nomination, one at the end of each of the first 7 years after the date of enactment of this act. The term of office of a successor to any such member shall expire 7 years from the date of the expiration of the term for which his predecessor was appointed, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(c) The President shall annually designate one of the members of the Board as Chairman and one as Vice Chairman of the Board. The Vice Chairman shall act as Chairman in case of the absence or disability of the Chairman. A majority of the members of the Board in office shall constitute a quorum for the transaction of business, but the Board may function notwithstanding vacancies.

(d) The members of the Board shall be compensated at the rate of $50 per day for time spent in attending and traveling to and from meetings, or in otherwise exercising the functions of the Board, plus the actual cost of transportation: *Provided*, That in no case shall a member be entitled to receive in any calendar year an amount in excess of $1,500 in addition to costs of transportation.

(e) The Board shall determine the rules of its own proceedings, and the meetings of the Board shall be held at least four times each year upon the call of the Chairman. In addition to such meetings, other meetings shall be called by the Chairman upon the request of any four members of the Board.

SEC. 204. (a) The Board is authorized to assist the Administrator in an advisory capacity in connection with matters relating to personnel administration in the various agencies of the Government; to confer with the Administrator and make recommendations with respect to personnel standards, practices, or policies for any such agency; and to make recommendations to the President and the Congress with respect to the development, improvement, and extension of the merit system and the laws relating to personnel administration.

(b) The Board is further authorized to make such investigations and reports with respect to personnel administration as it may initiate or as the President or the Congress may request, and the Board shall make an annual report to the President and the Congress concerning its activities during the year for which such report is made.

(c) The Board is further authorized, subject to the civil-service laws, to appoint a secretary and such other officers and employees as the Board deems necessary to enable it to exercise the functions vested in it by law; and the compensation of the secretary and all such officers and employees shall be fixed in accordance with the Classification Act of 1923, as amended.

EXTENSION OF CLASSIFIED CIVIL SERVICE

SEC. 206. (a) In addition to the authority vested in the President by the civil-service laws, the President is authorized to cover into the classified civil service any offices or positions in any agency of the Government, except offices or positions to which appointments are required to be made by the President by and with the advice and consent of the Senate: *Provided*, That in the case of any such agency which is a corporation organized under the laws of any State, Territory, or possession of the United States (including the Philippine Islands), or the District of Columbia, the President is authorized to direct that such action be taken as will require appointments to such offices or positions in such corporation to be made in accordance with the civil-service laws, but such action shall not be inconsistent with the laws under which such corporation was organized or with the charter or articles of incorporation of such corporation.

(b) The provisions of this title relating to the covering into the classified civil service of offices and positions shall, in addition to being applicable to any office or position authorized by existing law, be applicable to any office or position authorized by this act, or by any subsequent act unless the Congress specifically provides otherwise.

SEC. 207. The incumbent of any office or position which is covered into the classified civil service under the provisions of this title, or who does not have a classified civil-service status on the date his office or position is transferred under this act to the Civil Service Administration, the General Auditing Office, the Bureau of the Budget, the National Resources Planning Board or any other agency, shall not thereby acquire a classified civil-service status, except (1) upon recommendation by the head of the agency concerned within 1 year after such office or position has been covered into the classified civil service or so transferred, and certification within such period by such head to the Administrator that such incumbent has served with merit for not less than 6 months prior to the date such office or position was covered into the classified civil service or so transferred, and (2) upon passing such suitable noncompetitive examination as the Administrator may prescribe.

EXTENSION OF CLASSIFICATION ACT

SEC. 208. (a) Subject to the limitations hereinafter provided, whenever the President, after such classification and compensation surveys or investigations as he may direct the Administrator to undertake, and after consideration of the Administrator's resulting reports and recommendations, shall find that an extension of the provisions of the Classification Act of 1923, as amended, to any office or position not at the time subject to such provisions in any agency of the Government is necessary to the more efficient operation of the Government, he may by Executive order extend the provisions of such act to such office or position: *Provided*, That any action taken under this subsection with respect to any office or position in any such agency which is a corporation organized under the laws of any State, Territory, or possession of the United States (including the Philippine Islands), or the District of Columbia shall not be inconsistent with the laws under which such

corporation was organized or with the charter or articles of incorporation of such corporation.

(b) Whenever the President, upon report and recommendation by the Administrator, shall find that the rates of the compensation schedule of such act are inadequate for any office or position which is located at a station that is isolated, remote, or inaccessible when compared with stations at which offices or positions of the same character are usually located, or which involves physical hardships or hazards that are excessive when compared with those usually involved in offices or positions of the same character, or which is located outside the States of the United States and the District of Columbia, he may by Executive order establish necessary schedules of differentials in the rates prescribed in such compensation schedules, but the differential in the compensation of any such office or position shall not exceed 25 percent of the minimum rate of the grade to which such office or position is allocated under such compensation schedules: *Provided*, That if the Administrator finds that the factor of isolation, hardship, hazard, or foreign service is uniformly applicable to each office or position in any given class of offices or positions, the differential provided for in this subsection shall not apply to any office or position in such class.

(c) Except as Congress may otherwise provide by law, the power granted to the President by this section shall not apply to the following—

(1) Offices or positions in the Postal Service the compensation of which is fixed under the act of Congress approved February 28, 1925 (43 Stat. 1033), as amended;

(2) Offices or positions of teachers, librarians, school-attendance officers, and employees of the community-center department under the Board of Education of the District of Columbia, the compensation of which is fixed under the act of Congress approved June 4, 1924 (43 Stat. 367), as amended;

(3) Offices or positions in the Metropolitan Police, in the fire department of the District of Columbia, and in the United States Park Police, the compensation of which is fixed under the act of Congress approved July 1, 1930 (46 Stat. 839);

(4) Commissioned officers and enlisted personnel in the military and naval services and the Coast Guard, and commissioned officers in the Public Health Service and the Coast and Geodetic Survey, the compensation of which is fixed under the act of Congress approved June 10, 1922 (42 Stat. 625), as amended;

(5) Offices or positions in the Government Printing Office the compensation of which is fixed under the act of Congress approved June 7, 1924 (43 Stat. 658);

(6) Offices or positions of Foreign Service officers in the Foreign Service of the United States the compensation of which is fixed under the act of Congress approved May 24, 1924 (43 Stat. 140), as amended;

(7) Offices or positions of clerks in the Foreign Service of the United States the compensation of which is fixed under the act of Congress approved February 23, 1931 (46 Stat. 1207);

(8) Offices or positions of commercial attachés, assistant commercial attachés, trade commissioners, assistant trade commissioners, and clerks and other assistants to officers, including clerical and subclerical assistants, in the Foreign Commerce Service of the Department of Commerce, the compensation of which is fixed under the act of Congress approved March 3, 1927 (44 Stat. 1394), as amended;

(9) Offices or positions of verifier-openers-packers, clerks, guards, inspectors, station inspectors, and laborers, in the Customs Service of the Treasury Department, the compensation of which is fixed under the act of Congress approved May 29, 1928 (45 Stat. 955), as amended;

(10) Offices or positions of inspectors in the Immigration and Naturalization Service of the Department of Labor the compensation of which is fixed under the act of Congress approved May 29, 1928 (45 Stat. 954), as amended;

(11) Offices or positions the duties of which are to serve as an officer or member of the crew of a vessel; and

(12) Offices or positions the duties of which are to perform the work of an apprentice, helper, or journeyman in a recognized trade or craft, or other skilled mechanical craft, or the work of an unskilled, semiskilled, or skilled laborer; except that whenever such offices or positions involve work in the regular custody, operation, or maintenance of a Government building, or other Government property, or work which is subordinate, incidental, or preparatory to work of a professional, scientific, or technical character, the President, upon a finding that the characteristics and working conditions of such offices or positions render them substantially the same as comparable offices or positions in the District of Columbia included within the Classification Act of 1923, as amended, may by Executive order extend the provisions of such act to include them.

SEC. 209. The President is authorized, after suitable investigation by the Administrator, which shall include consultation with representatives of the heads of the executive departments, independent establishments, or independent agencies in or under the jurisdiction of which the offices or positions hereinafter designated are located, and upon finding that such action is necessary to the more efficient operation of the Government, to exclude, by Executive order, from the provisions of the Classification Act of 1923, as amended and extended—

(1) Offices or positions the work of which is financed jointly by the United States and a State, Territory, or possession of the United States (including the Philippine Islands), or political subdivision thereof, or cooperating persons or organizations outside the service of the Federal Government, the pay of which is fixed under a cooperative agreement with the United States;

(2) Offices or positions none or only part of the compensation of which is paid from funds of the United States;

(3) Offices or positions filled by inmates, patients, students, or beneficiaries in Government institutions;

(4) Offices or positions outside the States of the United States and the District of Columbia filled by natives of Territories or possessions of the United States (including the Philippine Islands) or foreign nationals;

(5) Emergency or seasonal offices or positions in the field service, or other field offices or positions the duties of which are of purely temporary duration or which are required only for brief periods at intervals; and

(6) Offices or positions filled by persons employed locally on a fee, contract, or piecework basis who may lawfully perform their duties concurrently with their private profession, business, or other employment, and whose duties require only a portion of their time, where it is impracticable to ascertain or anticipate the proportion of time devoted to the service of the Federal Government.

SEC. 210. Whenever an extension of the Classification Act of 1923, as amended, becomes effective under this title with respect to any office or position—

(1) The allocation of such office or position to the appropriate service, grade, and class shall be made as provided in section 4 of such act and in accordance with a uniform procedure to be prescribed by the Administrator; and

(2) The initial compensation of the incumbent of such office or position shall be fixed in accordance with section 6 of such act; except that if such incumbent is receiving compensation in excess of the maximum rate prescribed for the appropriate grade, no change shall be made in his compensation so long as he continues to occupy the same office or position, but the office or position shall be correctly allocated and whenever it becomes vacant the compensation attached thereto shall be brought within the proper compensation schedule.

SEC. 211. Nothing herein contained shall be construed to prevent the promotion of an officer or employee from an office or position in one class to a vacant office or position in a higher class at any time in accordance with civil-service laws, and when so promoted the officer or employee shall receive compensation according to the schedule established for the class to which he is promoted. Nor shall anything in this act be construed to prevent the application of the existing veteran preference provisions in civil-service laws, Executive orders, and rulings.

SEC. 212. Section 9 of the Classification Act of 1923, as amended (42 Stat. 1490; U. S. C., 1931 ed., title 5, sec. 669), is hereby further amended by adding at the end thereof the following paragraph:

"Under such regulations as may be prescribed by the Civil Service Administrator with the approval of the President—

"There shall be established in each Department one or more Boards of Review, each of which shall be composed of three or more members, the chairman to be designated by the Civil Service Administrator and the other members to be designated by the head of the Department concerned. The Boards of Review shall meet at the call of their respective chairman for the purpose of considering the passing upon the merits of such efficiency ratings assigned to employees as may be submitted to such Boards of Review as hereinafter provided. Any employee shall, upon written request to the chairman of the appropriate Board of Review of his Department, be entitled, as a matter of right, to a hearing and a review by such Board of Review of his efficiency rating. After any such hearing, the Board of Review may make such adjustments in any such efficiency rating as it may find to be proper."

TITLE III. ACCOUNTING AND AUDITING

TRANSFER OF ACCOUNTING FUNCTIONS

SEC. 301. (a) The General Accounting Office and the offices of Comptroller General and Assistant Comptroller General are hereby abolished, and all functions relating to any agency of the Government vested in the General Accounting Office, the Comptroller General, and the Assistant Comptroller General by law in force on the date of enactment of this act (including the function of determining the availability of appropriations), except functions vested in the General Auditing Office by this act, are hereby vested in the Bureau of the Budget and the Director of such Bureau. Nothing in this section shall be construed to authorize the Bureau of the Budget to exercise any functions vested in the General Auditing Office by this act or to direct the manner in which such functions shall be exercised.

(b) The Attorney General of the United States shall render an opinion with respect to the jurisdiction of the Director of the Bureau of the Budget in connection with the settlement of any public account or any claim or demand against the United States, upon request therefor, within 60 days after receipt of notice of such settlemen, by the said Director or the head of the executive department, independent establishment, or independent agency concerned, and any such opinion of the Attorney General shall be final and conclusive upon the said Director and all other officers and agencies of the Government.

(c) The records, property (including office equipment), personnel, and unexpended balances of appropriations of the General Accounting Office shall be transferred to the General Auditing Office and the Bureau of the Budget upon the effective date of this section as the President shall prescribe by Executive order.

(d) The Director of the Bureau of the Budget, with the approval of the President, shall make such rules and regulations as may be necessary to carry out the functions vested in him by this section.

(e) Section 2 of the Budget and Accounting Act, 1921 (U. S. C., 1934 ed., title 31, sec. 2), is amended by inserting after the word "including" the words "any independent establishment as defined in section 5 of the Reorganization Act of 1937 and."

(f) The first two sentences of section 207 of the Budget and Accounting Act, 1921 (U. S. C., 1934 ed., title 31, sec. 16), are amended to read as follows: "There is hereby created an independent agency to be known as the Bureau of the Budget. There shall be in the Bureau a Director and an Assistant Director. The Director shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of $10,000 a year. The Director shall appoint the Assistant Director, subject to the civil-service laws, and his salary shall be fixed in accordance with the Classification Act of 1923, as amended."

GENERAL AUDITING OFFICE

SEC. 302. (a) There is hereby established a General Auditing Office which shall be an agency of the Congress and independent of the executive branch of the Government and shall be under the direction and control of an Auditor General. The powers granted to the Auditor General and the General Auditing Office by this act shall be exercised for the purpose of aiding the Congress in obtaining information to be used as a basis for legislation, or for such other action as the Congress may deem necessary and proper.

(b) The Auditor General and an Assistant Auditor General shall be appointed by the Joint Committee on Public Accounts established by section 307 of this act. The Auditor General shall receive a salary at the rate of $10,000 per annum, and the salary of the Assistant Auditor General shall be fixed in accordance with the Classification Act of 1923, as amended. The Assistant Auditor General shall perform such functions as the Auditor General may prescribe, and shall act as Auditor General in the absence of the Auditor General or in the event of a vacancy in that office.

(c) Except as hereinafter provided in this subsection, the Auditor General and the Assistant Auditor General shall hold office for 15 years. The Auditor General shall not be eligible for reappointment. The Auditor General or the Assistant Auditor General may be removed at any time by concurrent resolution of the Congress after notice and hearing, when, in the judgment of the Congress, the Auditor General or the Assistant Auditor General has become permanently incapacitated or has been inefficient, or guilty of neglect of duty, or of malfeasance in office, or of any felony or conduct involving moral turpitude. Any Auditor General or Assistant Auditor General removed in the manner herein provided shall be ineligible for reappointment to that office. When an Auditor General or Assistant Auditor General attains the age of 70 years he shall be retired from his office.

SEC. 303. (a) The Auditor General shall make an audit of the receipts, expenditures, money, securities, and funds of the Government (including any corporation a majority of the stock of which is owned by the United States and any nonstock, nonprofit corporation organized by the United States or any agency thereof, of which no member of the board of directors is elected or appointed by private interests), and shall make a complete annual report to the Congress not later than March 1 of each year with respect to such audit made during the preceding fiscal year. Such report shall be made as nearly as practicable in accordance with accepted principles of auditing, and shall contain all necessary memoranda and tables, together with an appropriate certificate of audit and such comments as may be pertinent to the subject matter of the audit.

(b) Claims and demands against the United States shall be audited by the General Auditing Office promptly after payment, but prior to final settlement of the disbursing officers' accounts. Each such audit shall be conducted as nearly as practicable in the vicinity of disbursing offices of the United States in the District of Columbia and elsewhere.

(c) Claims which the Director of the Bureau of the Budget is authorized by law to adjust and settle prior to payment shall be audited by the General Auditing Office after payment, and the certificates of settlement in such cases shall be accompanied by a certificate of the administrative officer, if any, having jurisdiction over the appropriation involved in the settlement, setting forth his recommendations thereon.

(d) The disbursing officers of agencies of the Government shall transmit daily to the General Auditing Office copies of all checks, and the vouchers, pay rolls, and other documents, relating to expenditures made by them, but in any case in which such daily transmission is not practicable then transmission shall be made at such time or times as the Director of the Bureau of the Budget shall prescribe. Whenever the General Auditing Office takes exception to any item of disbursement, notice thereof shall be immediately given by the General Auditing Office to the disbursing officer concerned and to the Director of the Bureau of the Budget, together with a statement of the reasons for such exception, and a report concerning such exception may, in the discretion of the Auditor General, be made to the Congress. All such exceptions shall be taken into consideration by the Director of the Bureau of the Budget in settling the accounts of disbursing officers. At the time such notice is given to the disbursing officer, or immediately after audit when no exceptions are taken, the General Auditing Office shall return the original documents transmitted to it by the disbursing officer.

(e) On and after the effective date of this section, the periodic accounts which disbursing and collecting officers of agencies of the Government are required by law to render shall be transmitted by them to the Director of the Bureau of the Budget for settlement, and the periodic accounts which disbursing and collecting officers within the legislative branch of the Government and of the United States Supreme Court are required by law to render shall be transmitted to the Auditor General for settlement.

(f) The Director of the Bureau of the Budget is authorized to transmit the accounts of disbursing and collecting officers to the agency concerned for administrative examination upon a showing by such agency, satisfactory to the Director of the Bureau of the Budget, that the public interest requires such an examination, and the Director of the Bureau of the Budget may provide by regulations for such examination in the District of Columbia or elsewhere.

(g) The Director of the Bureau of the Budget shall furnish promptly to the General Auditing Office copies of all certificates issued by him in settlement of accountable officers' accounts, and the General Auditing Office shall examine the copies of such certificates of settlement. The Auditor General shall report promptly to the said Director and to the Congress all public accounts deemed by him to have been improperly settled by the said Director; but no such report shall be made to the Congress with respect to any disagreement between the General Auditing Office and the said Director until the expiration of 30 days after the said Director has been notified of such disagreement, and no such report shall be made to the Congress if the said Director revises his decision in accordance with the views of the General Auditing Office.

(h) The Auditor General shall also report to the Director of the Bureau of the Budget and to the Congress any of the following matters which come to his attention in the course of his audit: (1) Any expenditure of public funds which he deems to have been unwisely or improvidently made by or under the authority of the head of any agency of the Government, and (2) any procedures which he deems to be inadequate for full protection against loss of revenue.

(i) The Auditor General shall make such investigations and reports as shall be requested by either House of Congress, or by the Joint Committee on Public Accounts, or by any other committee of either House having jurisdiction over expenditures, appropriations, or revenue; and the Auditor General shall furnish any such committee such aid and information as it may request.

(j) All reports required by this section to be made to the Congress shall be made to the Joint Committee on Public Accounts when the Congress is not in session.

(k) The Auditor General shall have authority to prescribe the manner in which public accounts and information accompanying such public accounts shall be submitted to him for audit.

SEC. 304. The Auditor General, or any officer or employee of the General Auditing Office when duly authorized by him, shall, to the extent necessary to perform the functions vested in the General Auditing Office, have access to and the right to examine any books, documents, papers, or records of the Bureau of the Budget or of any other agency of the Government; but nothing in this section shall be construed to repeal or modify the provisions of section 291 of the Revised Statutes (U. S. C., 1934 ed., title 31, sec. 107), or any other provisions of law expressly restricting the audit of expenditures or receipts.

SEC. 305. (a) The Auditor General is authorized, subject to the civil-service laws, to appoint such officers and employees as he deems necessary to enable the General Auditing Office to exercise the functions vested in it by law; and the compensation of all such officers and employees shall be fixed in accordance with the Classification Act of 1923, as amended.

(b) The Auditor General is authorized to delegate to any officer or employee of the General Auditing Office any functions vested in the General Auditing Office by law.

(c) The Auditor General is authorized to adopt an official seal for the General Auditing Office, and judicial notice shall be taken of such seal.

(d) The Auditor General is authorized to prescribe such rules and regulations as may be necessary to carry out the functions vested in the General Auditing Office by this title.

SEC. 306. The General Auditing Office shall not exercise any functions except those vested in it by this title, and nothing contained in this title shall be construed to authorize the General Auditing Office to revise the settlements of public accounts made by the Bureau of the Budget, or to direct the manner in which the functions vested in the Bureau of the Budget by this title shall be exercised.

JOINT COMMITTEE ON PUBLIC ACCOUNTS

SEC. 307. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Public Accounts (hereinafter referred to as the "Joint Committee"), to be composed of seven Senators, not more than five members to be of the same political party, to be appointed by the President of the Senate, and seven Members of the House of Representatives, not more than five members to be of the same political party, to be appointed by the Speaker of the House of Representatives.

(b) Any member of the joint committee who has been reelected to the House of Representatives may continue to serve as a member of the joint committee notwithstanding the expiration of the Congress.

(c) A vacancy in the joint committee shall not affect the power of the remaining members to execute the functions of the joint committee and shall be filled in the same manner as the original selection.

(d) The joint committee shall elect a chairman and a vice chairman from among the members of the joint committee, and shall have the power to appoint and fix the compensation of a clerk and such experts and clerical stenographic, and other assistants, as it deems advisable.

(e) The members of the joint committee shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the exercise of the functions vested in the joint committee, other than expenses in connection with meetings of the joint committee held in the District of Columbia during such times as the Congress is in session.

(f) It shall be the duty of said joint committee to examine and study the public debt and the statutes authorizing the borrowing of money by the United States Government; and to submit from time to time recommendations for the orderly reduction of the debt.

(g) It shall be the duty of the joint committee to examine and study all reports submitted to the Congress and to the joint committee by the Auditor General as provided in section 303. The joint committee shall submit to the Senate and the House as promptly as possible such findings and recommendations with respect to any such reports as the joint committee deems advisable.

(h) The joint committee, or any subcommittee thereof, shall have power to hold hearings and to sit and act at such places and times, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to have such printing and binding done, and to make such expenditures, as it deems advisable. Subpenas shall be issued under the signature of the chairman of said joint committee, and shall be served by any person designated by him. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (relating to examination and testimony of witnesses) shall apply with respect to any person who is summoned as a witness under authority of this subsection.

(i) Amounts appropriated for the expenses of the joint committee shall be disbursed one-half by the Secretary of the Senate and one-half by the Clerk of the House of Representatives.

TITLE IV—DEPARTMENT OF WELFARE AND NATIONAL RESOURCES PLANNING BOARD

DEPARTMENT OF WELFARE

SEC. 401. (a) There shall be at the seat of government an executive department to be known as the Department of Welfare, and a Secretary of Welfare, who shall be the head thereof, and shall be appointed by the President, by and with the advice and consent of the Senate, and shall have a tenure of office and salary like those of the heads of the other executive departments. Section 158 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 5, sec. 1), is amended to include such department, and the provisions of title IV of the Revised Statutes, including all acts amendatory and supplementary thereto, shall be applicable to such department.

(b) There shall be in the Department of Welfare an Undersecretary of Welfare and two Assistant Secretaries of Welfare, who shall be appointed by the President, by and with the advice and consent of the Senate, and a Solicitor, who shall be appointed by the Secretary of Welfare, all of whom shall exercise such functions as may be prescribed by the Secretary of Welfare or required by law. The Undersecretary and the Solicitor shall each receive a salary of $10,000 per annum, and the compensation of the Assistant Secretaries shall be fixed in accordance with the Classification Act of 1923, as amended.

(c) The Secretary of Welfare shall administer the laws relating to any agency or function transferred to or brought within the jurisdiction and control of the Department of Welfare pursuant to law which relate to public health and sanitation, the protection of the consumer, education, the relief of unemployment and of the hardship and suffering caused thereby, the relief of the needy and distressed, the assistance of the aged, and the relief and vocational rehabilitation of the physically disabled: *Provided*, That nothing in this section shall be construed to authorize the continuation of any temporary agency or function beyond the period authorized by law.

(d) The Secretary of Welfare shall cause a seal of office to be made for the Department of Welfare, of such device as the President shall approve, and judicial notice shall be taken of such seal.

(e) The Secretary of Welfare shall annually, at the close of each fiscal year, make a report in writing to the Congress giving an account of all money received and expended by the Department of Welfare and describing the work done by that Department. He shall also from time to time make such special investigations and reports as he may deem necessary or as he may be required to make by the President or by either House of Congress.

NATIONAL RESOURCES PLANNING BOARD

SEC. 402. (a) There is hereby established in the executive branch of the Government a National Resources Planning Board (hereinafter referred to as the "Board") which shall be composed of five members to be appointed by the President, by and with the advice and consent of the Senate. At least two of the members of the Board shall be citizens and residents of States west of the Mississippi River. One of the members of the Board shall be designated by the President as chairman, and one of such members shall be designated by the President as vice chairman. The vice chairman shall act as chairman in the absence of the chairman or in the event of a vacancy in that office. The members of the Board shall be compensated at the rate of $50 per day for time spent in attending and traveling to and from meetings, or in otherwise exercising the functions of the Board, plus the actual cost of transportation: *Provided*, That in no case shall a member be entitled to receive compensation for more than 30 days' services in any 2 consecutive months.

(b) The Board shall cause a seal of office to be made for such Board, of such device as the President shall approve, and judicial notice shall be taken of such seal.

(c) The Board shall determine the rules of its own proceedings, and a majority of its members in office shall constitute a quorum for the transaction of business, but the Board may function notwithstanding vacancies.

SEC. 403. The Board is authorized to—

(1) Investigate, examine, study, analyze, assemble, and coordinate and periodically to review basic information and materials appropriate to plans or planning policies for the development and utilization of the natural resources of the Nation;

(2) To obtain data and reports from, and to consult with, any agencies of the Federal Government and of any State, Territory, or possession of the United States (including the Philippine Islands), or political subdivisions thereof, with their consent as well as any public planning or research agencies and institutions; and

(3) Prepare and submit studies, reports, and recommendations upon matters within its jurisdiction under this act for presentation to the President and the Congress or upon the request of the President or the Congress.

SEC. 404. (a) The Board is authorized, without regard to the civil-service laws, to appoint a director, and, subject to the civil-service laws, to appoint such other officers and employees as may be necessary to carry out its functions. The compensation of the director and such other officers and employees shall be fixed in accordance with the Classification Act of 1923, as amended.

(b) The Board shall prepare and submit annually to the President and to the Congress a report setting forth and summarizing its work during the preceding year, and shall include therein such information, data, and recommendations concerning matters within its jurisdiction as the Board may deem advisable.

(c) The Board is authorized to prescribe such rules and regulations as may be necessary to carry out its functions.

SEC. 405. The National Resources Committee, established by Executive Order No. 7065 of June 7, 1935, is hereby abolished, and the records, property (including office equipment), and personnel of such Committee, and the unexpended balances of funds available for expenditure by such Committee shall be transferred to the Board.

TITLE V—MISCELLANEOUS

SEC. 501. The President is authorized to appoint six administrative assistants without regard to the provisions of other laws applicable to the employment of officers and employees of the United States, and to fix the compensation of each of them at not to exceed $10,000 per annum. Said administrative assistants shall perform such duties as the President may prescribe.

SEC. 502. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this act.

SEC. 503. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 504. (a) Subsection (c) of section 201 shall become effective when the first Civil Service Administrator appointed under section 201 takes office.

(b) Sections 301 to 306, inclusive, and section 401 shall become effective upon the expiration of 180 days after the date of enactment of this act unless the President shall by Executive order provide for an earlier effective date.

(c) Section 405 shall become effective when a majority of the members of the National Resources Planning Board first appointed under the provisions of section 402 take office.

SEC. 505. This act may be cited as the "Reorganization Act of 1938."

During the reading of the bill the following occurred:

Mr. DIES (interrupting the reading). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. HOFFMAN (and several other Members). I object.

Mr. THURSTON. Mr. Chairman, I desire to make a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. THURSTON. Mr. Chairman, I have been a Member of this body for a good many years. I never before have raised the question of a point of order because of the absence of a quorum, but I make that point of order now. I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Iowa makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and forty-two Members present, a quorum. The Clerk will continue with the reading.

Mr. FORD of California (interrupting the reading). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. REED of New York. Mr. Chairman, I object.

Mr. FORD of California. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FORD of California. Is it proper that gentlemen who ask for the reading of the bill should leave the Chamber while it is being read?

The CHAIRMAN. That is not a subject of parliamentary inquiry, and the Chair has no knowledge that such a thing has happened.

Mr. FORD of California. Mr. Chairman, is it a parliamentary inquiry then to ask that the bill be reprinted in words of one syllable so that the Republicans can understand it?

Mr. HOFFMAN. Mr. Chairman, I demand that those words be taken down.

Mr. KNUTSON. Mr. Chairman, I make the point of order that the gentleman from California is filibustering.

The CHAIRMAN. That is not the subject of a point of order.

Mr. HOFFMAN. Mr. Chairman, I demand that the words be taken down.

The CHAIRMAN. Will the gentleman indicate what words he wishes taken down?

Mr. HOFFMAN. The words of the gentleman from California to the effect that the bill be reprinted in words of one syllable so that we could understand it.

The CHAIRMAN. Will the gentleman from Michigan inform the Chair wherein such a statement violates any rule of the House?

Mr. HOFFMAN. Yes. That is an intimation that on the Republican side we do not understand the bill, that we do not get the import of it. We think we do, in view of the statement of the President last night, when he got the reporters out of bed at 1 o'clock in the morning to tell them he did not want to be a dictator.

The CHAIRMAN. The Chair is prepared to rule.

Mr. KNUTSON. Mr. Chairman, I respectfully submit that it is up to the Speaker to rule on a question of whether words should be stricken from the RECORD.

The CHAIRMAN. The gentleman from Michigan raised the point of order, but he did not move that words should be stricken from the RECORD.

Mr. HOFFMAN. Mr. Chairman, I demand that the words be taken down, and that the Speaker pass upon them.

The CHAIRMAN. Does the gentleman desire the words to be taken down?

Mr. HOFFMAN. Yes.

Mr. DOWELL. The words should be taken down and then submitted to the Speaker of the House.

The CHAIRMAN. The gentleman is correct. Does the gentleman from Michigan insist upon it?

Mr. HOFFMAN. Yes.

The CHAIRMAN. The Clerk will report the words.

The Clerk read as follows:

Mr. FORD of California. Is it a parliamentary inquiry to ask that the bill be printed in words of one syllable so that the Republicans can understand it?

The CHAIRMAN. The Committee will rise.

Mr. COCHRAN. Will not the gentleman from Michigan withdraw his request?

Mr. HOFFMAN. Is the gentleman going to insist on a vote on the bill today?

Mr. COCHRAN. Oh, no, no.

Mr. HOFFMAN. When is the vote going to come on it?

Mr. COCHRAN. Not until Friday or Saturday.

Mr. HOFFMAN. Not until Saturday?

Mr. COCHRAN. Certainly not before Friday night.

Mr. HOFFMAN. Mr. Chairman, the gentleman from Missouri tells me we are not going to vote on this bill before Friday night or Saturday. If it is not to be until Saturday, I do not feel as bad as I did a moment ago.

The CHAIRMAN. Does the gentleman from Michigan insist upon his request that the words be taken down?

Mr. HOFFMAN. Yes, Mr. Chairman.

Mr. BULWINKLE. Regular order, Mr. Chairman. No business may be transacted until this matter is disposed of, and the gentleman from Michigan should know that.

Mr. POWERS. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman from New Jersey rise?

Mr. POWERS. To submit a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. POWERS. Now that the proceedings of the committee are so delightfully informal, may I ask the reason for the delay?

Mr. BULWINKLE. Regular order, Mr. Chairman.

Mr. SNELL. The regular order is, what is the reason for the delay?

The CHAIRMAN. Pending the arrival of the Speaker, the Chair will feel constrained not to recognize any Member until the demand of the gentleman from Michigan that the words be taken down is acted upon.

Does the gentleman from Michigan insist upon his demand?

Mr. HOFFMAN. I certainly do.

The CHAIRMAN. The Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 3331, the reorganization bill, certain words used in debate were objected to and on request were taken down and read at the Clerk's desk, and that he herewith reported the same to the House.

The SPEAKER. The Clerk will report the words objected to.

Mr. POWERS. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. POWERS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count.

Mr. SNELL (interrupting the count). Mr. Speaker, I make a point of order against Members coming in on the other side and saying "two more" or "three more."

Mr. RAYBURN. Mr. Speaker, I was not counted.

Mr. SNELL. I did not have reference to the gentleman from Texas.

Mr. RAYBURN. I understand.

Mr. SNELL. I have reference to that crowd right over there.

Mr. FORD of California. Mr. Speaker, is the word "crowd," when used to designate a number of Members of the House, a parliamentary word?

The SPEAKER. The Chair cannot recognize any Member when a question of no quorum is pending. The Chair is in doubt as to whether a quorum is present. The Chair will recount.

Mr. FITZPATRICK (interrupting the count). They are going out on the other side.

Mr. SHAFER of Michigan. They are coming in over there, Mr. Speaker.

The SPEAKER. Two hundred and sixteen Members are present, a quorum.

The Clerk will report the words taken down.

The Clerk read as follows:

Mr. FORD of California. Is it a parliamentary inquiry to ask that the bill be printed in words of one syllable so that the Republicans can understand it?

Mr. HOFFMAN. Mr. Speaker——

The SPEAKER. The Chair has read the words that were requested to be taken down, in the following language:

Is it a parliamentary inquiry to ask that the bill be printed in words of one syllable so that the Republicans can understand it?

Mr. HOFFMAN. Mr. Speaker, may I be heard?

The SPEAKER. This is a matter for the Chair to determine.

The Chair is clearly of the opinion that the language used is not objectionable under the rule.

The Committee will resume its sitting.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 3331, the reorganization bill, with Mr. McCORMACK in the chair.

The Clerk resumed the reading of the bill.

Mr. KNUTSON (interrupting the reading of the bill). Where is the Clerk reading?

The CHAIRMAN. Page 7, line 16, for the information of the Committee.

The Clerk continued the reading of the bill.

Mr. SHAFER of Michigan (interrupting the reading of the bill). Mr. Chairman——

Mr. COCHRAN. Mr. Chairman, I demand the regular order, which is the reading of the bill.

Mr. SHAFER of Michigan. Mr. Chairman, I ask unanimous consent that further reading of the bill may be dispensed with.

Mr. POWERS and Mr. CHURCH objected.

The Clerk continued the reading of the bill.

Mr. LORD (interrupting the reading of the bill). Mr. Chairman, will the Chair inform me where the Clerk is reading?

The CHAIRMAN (Mr. DRIVER). Page 20, line 3.

The Clerk concluded the reading of the bill.

The CHAIRMAN (Mr. McCORMACK). Under the rules, the gentleman from Missouri [Mr. COCHRAN] is recognized.

Mr. POWERS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Missouri [Mr. COCHRAN] yield?

Mr. COCHRAN. Mr. Chairman, I refuse to yield.

The CHAIRMAN. The gentleman from Missouri is recognized for 1 hour.

Mr. COCHRAN. Mr. Chairman, I refuse to yield during the statement which I am about to make.

Mr. PARSONS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman declines to yield for a parliamentary inquiry.

Mr. COCHRAN. Mr. Chairman, last year your Select Committee on Executive Organization reported four bills. Two of the bills passed the House. One bill was debated all afternoon, then passed with practically no opposition. There was not even a record vote. The second bill was the general reorganization bill, debated at length, and any number of amendments were offered. There was a record vote on the general reorganization bill and it passed the House by a vote of 283 to 75.

On August 18 and 19 the committee reported two additional bills, one having to do with the civil service and the other with the Comptroller General and General Accounting Office. The two bills the House passed went to the Senate and were referred to the select committee in the Senate, which reported a Senate bill containing all four subjects. You know what happened the last few weeks in the Senate.

When an attempt was made to substitute the language in the Senate bill by striking out all after the enacting clause in the House bill and adding it to that House bill, objection was made and the Senate bill was messaged to this House. Under the rules it was referred to your select committee.

That committee brings in today as an amendment to the Senate bill the four identical bills reported to the House last year by the committee. There are four titles now included to the Senate bill. First, the general reorganization bill. Title II provides for six additional assistants for the President. Title III covers the Comptroller General and General Accounting Office feature. Title IV deals with the civil service.

Mr. Chairman, everyone knows it is the duty of the Congress of the United States to reorganize the executive branch of the Government and everyone knows that every attempt made by the Congress to reorganize the executive branch of the Government for 50 years or more has failed. President after President, Republican and Democrat alike, appealed to the Congress for authority to reorganize the executive branch of the Government.

In 1932 I was a member of the select committee which brought to the floor of the House a bill granting to a Republican President power to reorganize the executive branch of the Government. That bill went much farther than the provisions found in title I of the pending bill.

Mr. Chairman, I not only joined the Republicans in giving this power to Mr. Hoover, but I came down in the well of the House and urged the membership of the House, Democrats and Republicans, to give him the power.

In 1933 far greater power was given Mr. Roosevelt than is provided by title I of this bill to reorganize the executive branch of the Government.

Mr. SNELL. Will the gentleman yield?

Mr. COCHRAN. I refuse to yield at this moment, as I desire to complete my statement.

Mr. Chairman, was there any cry of dictatorship when we granted such authority in 1932 and 1933? Was there any cry of dictatorship last August when the reorganization bill passed this House by a vote of 283 to 75. You know as well as I know dictatorship was never mentioned one time during the debate.

If we could give Mr. Hoover this power in 1932 and Mr. Roosevelt this power in 1933 which he could not exercise, due to the situation which confronted him when he took charge of the White House, why should we refuse to give him less power now? Do the Democrats who voted for the reorganization bill August 13, 1937, have less confidence in the President now than they had then?

Mr. Chairman, there will be read to the House by the gentleman from North Carolina [Mr. WARREN], who will follow me, a letter written by the President last night. When I secured a copy of the President's letter this morning I personally had it mimeographed and sent a copy to the office of every Member of the House. I hope you will read it carefully.

As I said a moment ago, this amendment is divided into four titles. The purpose of it is in the main to stop duplication of effort. I certainly do not want in this debate to have questions asked of me that will be later asked of the chairmen of the subcommittees, who will explain the various titles. There is not a question you can ask me that I cannot answer. I understand the amendment from the first page to the last, but I am going to leave the explanation of various titles to the chairmen of the subcommittees as they appear on the floor.

Mr. POWERS. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I cannot yield to my friend at this time.

Mr. Chairman, I believe in the right of petition. I welcome expressions of views from my constituents. However, there is a vast difference between the opinion of an individual or a group and inspired or organized propaganda. Chambers of commerce, boards of trade, and businessmen from all over the country have been complaining for years about the inefficient set-up of the executive branch of this Government. They have been complaining that when they come to Washington it takes days to locate the man it is necessary for them to see in order to transact their business. The purpose of this legislation is to simplify Government procedure and make it more efficient. We are doing exactly what organizations of businessmen and individual businessmen have been requesting.

Now, Mr. Chairman, I wish to set aside just one fear that some Members of this House have, and then I am going to conclude. I feel I violate no confidence when I make this

statement. A large number of the Members of this House fear we are going to destroy the Comptroller General's office and the General Accounting Office. The Senate bill provides for a great deal of the work in these offices to be transferred to the Bureau of the Budget and the Treasury Department. The nine men who compose this select committee, your servants, will never at any time agree to transfer the activities of the offices mentioned to the Treasury Department, the spending agency, or to the Bureau of the Budget as long as it is under the Treasury Department. [Applause.] Of this you can be assured. If I am in error, I will yield to any member of the select committee to correct me.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I regret I cannot yield.

Mr. Chairman, we have wasted a lot of time today, and I am not going to consume any more, because what I might say now would be duplicated by other speakers, members of the select committee. Title I of the bill deals with the general reorganization plan and authority granted the President. Therefore, I yield such time as he may desire to the gentleman from North Carolina [Mr. WARREN] who is chairman of the subcommittee. [Applause.]

Mr. WARREN. Mr. Chairman, I should like to get somewhat into my statement before being interrupted, and later on I will be pleased to yield in accordance with the time I may have remaining.

Mr. Chairman, it is apparent on account of things that have transpired in another body that the wisdom of the House committee in handling this question of Government reorganization has been demonstrated. As the gentleman from Missouri has stated, we originally planned this measure as four separate bills. As the House knows, two of those bills were passed last August, and the other two have been on the calendar, with the reports on them, since that time. I may say to the committee that had this bill gone to conference the majority members of the select committee had agreed far in advance that when the bill came back on a conference report there should be full discussion and a separate vote on every extraneous matter the Senate had added. I again assure you there is one matter the Senate has added which we have not incorporated in this bill, and this is the creation of a National Resources Board. If this measure should go to conference, and if we come back here from conference with an agreed-upon measure, I am prepared now to assure the House there will be full opportunity for discussion and a separate vote upon that measure.

We are opposed in toto to the Senate bill. We have brought in this bill without undotting an "i" or uncrossing a "t," according to the way two of the bills were passed in August and according to the way the other two measures were reported out of the committee. Why, may I ask, has this great change come over some even here in the House of Representatives? On August 13 we had debate on title I of this bill, which, according to the gentleman from New York [Mr. TABER], in his own language, was sufficient.

Amendment after amendment was offered, and not a single one was adopted. When it came time to vote on title I there were 283 for it, with its delegation of power, and 75 against it. We were joined in that vote by all the Progressives and Farmer-Labor Members except one, and we welcomed the support of 15 outstanding Republicans in this House, including such men as the gentleman from Michigan [Mr. MAPES]. We did not make it a partisan issue. We did not propose it for that purpose. But now the lines have been drawn. The Republicans, in spite of their past votes, make it an issue. The whole thing is now clear-cut. The Democratic majority in this House is willing to take the responsibility for proper and sufficient legislation to reorganize the Government of the United States. [Applause.]

What did we do? We could have considered this matter from now until doomsday and we would inevitably have come back to one simple proposition. We did not bring in here the so-called Brownlow report. We junked that report practically in toto. We brought in here a bill which is title I of this bill, giving to the President of the United States in practically the identical language far less power than the Congress had given to Mr. Hoover or had given to Mr. Roosevelt during the first 2 years of his administration.

I am now going to make a statement that has not been made in debate in either branch during the discussion of this bill. I challenge you to answer it. I defy you, before a vote comes on this measure, to answer it, if you can.

The Congress of the United States in 1932, with a Democratic House by a majority of four and a Republican Senate, placed on the books permanent legislation and gave it to Mr. Hoover, not for Mr. Hoover alone but for every President that might follow him; and not only did we do this, but we gave Mr. Hoover the right to transfer all of the functions of any agency to another one. Under that he could have transferred from the Interstate Commerce Commission every single, solitary one of its functions and placed them under the Department of Commerce. He could have wiped out overnight by transferring the functions of the Federal Trade Commission. In the same manner he could have wiped out overnight the functions of every quasi-legislative body that exists in this Government today, and who voted for it? Heading the list was my friend the distinguished minority leader, the gentleman from New York, Mr. SNELL. Who else voted for it? The gentleman from New York, Mr. TABER, the gentleman from Massachusetts, Mr. GIFFORD, and practically every one of you that was here in 1932 who is here today. Oh, when I look over that list I see our distinguished constitutionalist on the Democratic side, the gentleman from Indiana, Mr. PETTENGILL. Yes; he voted for it. [Laughter.] He voted to give Mr. Hoover the right to transfer from every agency of this Government any of its functions and put them under some other department.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. WARREN. I yield.

Mr. SNELL. If I recall correctly in connection with the authority given to Mr. Hoover, a resolution of either House of Congress would set it aside. Is not that correct?

Mr. WARREN. Of course it is.

Mr. SNELL. Is there any such provision in your bill?

Mr. WARREN. Of course, there is not, and I will tell the gentleman why there is not.

Mr. SNELL. The gentleman said it was exactly the same thing.

Mr. WARREN. All right; I am going to answer that.

Mr. SNELL. This is an entirely different proposition. If you put that same proposition in this bill, we will consider it from a different angle.

Mr. WARREN. Let me answer the gentleman. Yes; there was written into the so-called Hoover power a proposition that either House by resolution could stop the effective date of an order. What happened? The Attorney General of the United States, a Republican Attorney General, if you please, Mr. Mitchell, promptly advised Mr. Hoover that such a provision was not worth the paper it was written on and that it was clearly unconstitutional [applause], and that same Congress, not another Congress but that same Congress, realizing the soundness of Attorney General Mitchell's opinion, struck it out of the law in an amendment signed by Mr. Hoover himself. [Applause.]

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. WARREN. I yield to the gentleman.

Mr. TABER. It is generally understood, however, that a provision in a bill which would postpone the effective date of an order of that kind until Congress by a concurrent resolution should approve it would be valid.

Mr. WARREN. I want now to ask the gentleman from New York if he would support this bill if there is a provision in it which would authorize the Congress to disapprove an Executive order by concurrent resolution within the 60-day period?

Mr. TABER. I would for that part of it, but not for the Department of Public Welfare.

Mr. WARREN. It is my purpose to offer an amendment for the Executive orders to be submitted to Congress 60 days before adjournment.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield for a question?

Mr. WARREN. In just a minute.

Mr. Chairman, I hold in my hand a letter written by the President of the United States and given out by him today.

Oh, I know that this question of a concurrent resolution is going to be raised. We desire no better legal opinion than that rendered by the last Republican Attorney General as to its invalidity, and that would be the opinion of any lawyer in this House who would study it; but the President of the United States in this letter makes this statement, and I ask you, after hearing it, could we expect any President to go further than he has in this letter?—

WARM SPRINGS, *March 29, 1938.*

MY DEAR ———: Many thanks for your letter telling me that you are concerned over the charges in several newspapers that the reorganization bill now before the Congress would make me a dictator.

(1) As you well know I am as much opposed to American dictatorship as you are, for three simple reasons.

(A) I have no inclination to be a dictator.

(B) I have none of the qualifications which would make me a successful dictator.

(C) I have too much historical background and too much knowledge of existing dictatorships to make me desire any form of dictatorship for a democracy like the United States of America.

(2) The reorganization bill now before the Congress is the culmination of an effort starting over 40 years ago to make the business end—i e., the executive branch—of the Federal Government more businesslike and more efficient. Seven or eight of my immediate predecessors in the Presidency have recommended similar reorganization measures.

There are two methods of effecting a business-like reorganization. It can be done by complex and detailed legislation by the Congress going into every one of the hundreds of bureaus in the executive departments and other agencies.

Or it can be done by giving to the President as Chief Executive authority to make certain adjustments and reorganizations by Executive order, subject to overriding of these Executive orders by the Congress itself.

I would have been wholly willing to go along with the first method, but attempts at detailed reorganization by the Congress itself have failed many times in the past, and every responsible Member of the Senate or the House is in agreement that detailed reorganization by the Congress is a practicable impossibility.

We come then to second alternative—reorganization by Executive order subject to overriding by the Congress.

(3) In any reorganization you will realize, I am sure, that if it changes existing administrative set-ups, consolidates jobs, or makes other kinds of savings either from the point of view of cost or from the point of view of bureaucratic authority, such changes are bitterly fought by those who stand to lose some authority and by those who are so wedded to existing practices that they go to any length to prevent the slightest change which seeks greater efficiency.

Several States have put into effect reorganizations of their departments. The changes have resulted in some economy. But chiefly these reorganizations in State governments have increased the efficiency of these State governments to a very marked extent. That result is what we seek in the bill now before the Congress.

(4) You know that when over a year ago I recommended a reorganization to the Congress, all parties and all factions agreed on the need for such a measure. You know, too, that a year later a carefully manufactured partisan and political opposition to any reorganization has created a political issue—created it deliberately of whole cloth.

(5) The opposition has planted bogies under every bed. It was said, for example, that the work of the Army engineers was to be abolished in spite of the fact that the Congress, and the Congress alone, can determine who will do river and harbor dredging and build flood-control levees. It is charged that the splendid work of the Forestry Service is to be hamstrung—hamstrung I suppose by the best friend forestry ever had in the United States. It is charged that the extremely efficient Veterans' Bureau or the excellent Railroad Mediation Board is to be damaged beyond repair. I cite these merely as example of a score of equally silly nightmares conjured up at the instigation either of those who would restore the Government to those who owned it between 1921 and 1933, or those who for one reason or another seek deliberately to wreck the present administration of the Government of the United States.

(6) One point remains:

"There are those who honestly believe that every minor change, every minor detail of conducting the business of the administrative branch of the Government, should receive in effect a positive congressional approval before such changes go into effect. The bill in its present form makes the Executive orders relating to such changes—and most of them are minor—subject to disapproval by the Congress within 60 days by joint resolution. Let me state to you categorically that if such a joint resolution were passed by the Congress disapproving an order, I would, in the overwhelming majority of cases, go along with carefully considered congressional action.

I can think of no cases where the President would not gladly yield to a clear expression of congressional opinion.

But there are two cogent reasons why the bill should go through as it is now drawn. The first is the constitutional question involved in the passage of a concurrent resolution, which is only an expression of congressional sentiment. Such a resolution cannot repeal Executive action taken in pursuance of a law. The second is the very remote possibility that some legislative situation might possibly arise in the future where the President would feel obligated to veto a joint resolution of the Congress and properly require a two-thirds vote to override his veto. I repeat that I visualize no such possibility between now and 1940, when the authority given is to end. Thus you will see that charges of dictatorship are made out of whole cloth—even if I wanted to be a dictator, which Heaven knows, I do not.

With every good wish, always sincerely,

FRANKLIN D. ROOSEVELT.

[Applause.]

Can any reasonable-minded man, can any Democrat, desire more from the President of his party than that clear-cut and simple statement?

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. WARREN. Yes.

Mr. EBERHARTER. When the President wrote that letter he was referring of course in the main to the Senate bill which entirely abolishes the office of the Comptroller General. Is not that so?

Mr. WARREN. The President was referring in that letter to the House bill, and the question asked by the gentleman from Pennsylvania has no connection whatever, because the Comptroller General provisions are carried in title 3, while this letter deals only with orders under title 1.

Mr. EBERHARTER. Will the gentleman yield further? Then, in effect, that letter does not approve of the action of the Senate in abolishing the Comptroller's office, and approves of the House bill?

Mr. WARREN. I state to the gentleman that that letter has nothing whatever to do with title 3, affecting the Comptroller General. Mr. Chairman, what have we done in this bill? I have told the committee what we did for Mr. Hoover. I have told them what we did during the first 2 years of the Roosevelt administration, but we bring in this bill, and exempt from any form of reorganization the regulatory or so-called quasi legislative agencies of the Government. Every one of them is specifically exempt under the terms of the House bill.

Mr. McREYNOLDS. Mr. Chairman, will the gentleman yield?

Mr. WARREN. In just a minute. But we did one thing to those exempted agencies. Do gentlemen know that under the decision in the Humphrey case they contend that they are in the legislative branch and are exempt from Budget control? We brought them under budgetary control, as they ought to be. So far as their other functions are concerned, so far as transferring one single solitary feature of any of them, they cannot be touched under the express provisions of this bill. Something else we brought under this bill. We have brought, for the purposes of reorganization, corporations owned or controlled by the United States. Mr. Hoover thought he had the power over them and Mr. Roosevelt thought he had power over them under the 2-year provisions we gave him in 1933. Under the advice of two Attorneys Generals we have found that they were not included. Is there anything wrong about that? We know that there are about 130 overlapping and duplicating agencies in the Government. How much longer are we going on creating these bureaus and independent organizations, many of them having almost identical functions or overlapping functions?

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. WARREN. Yes.

Mr. BANKHEAD. Of course, it is not my usual practice to participate in debate in the Committee of the Whole, but I regard this as a very important measure. On the question of the attitude of the Republicans in the House, when this matter of conferring power upon President Roosevelt was under consideration I am wondering if the gentleman from North

Carolina [Mr. WARREN] would care to read in that connection the statement made by Mr. Hoover in connection with the powers that he, a Republican President, thought ought to be conferred upon the Executive with reference to the reorganization of the Government?

Mr. WARREN. Yes, Mr. Chairman; I have the same clipping that has just been handed to me by you. Here is what Mr. Hoover said in signing the act of March 3, 1933:

Either Congress must keep its hands off now, or they must give to my successor much larger powers of independent action than given to any President if there is every to be reorganization; and that authority, to be effective, should be free of the limitations in the law passed last year which gives Congress the veto power, prevents the abolition of functions, and prevents the rearrangement of major departments. Otherwise it will, as is now being demonstrated in the present law, again be merely make-believe.

Mr. McREYNOLDS. Mr. Chairman, will the gentleman yield?

Mr. WARREN. Yes.

Mr. McREYNOLDS. The gentleman stated that all these certain departments were exempted, such as the Interstate Commerce Commission, the Federal Trade Commission, and so forth, the Engineer Corps of the Army of the United States. In the Senate bill I find there is set up a National Resources Planning Board, which has been stricken out in this House bill. I presume the gentleman thinks by that that he has gotten rid of it. I am asking for information. The amendment to the section which the gentleman refers to here as I understand it, is the section under which the President has set up already a National Resources Planning Board. The Senate provided that it shall be made up from certain sections of the country, but the present Planning Board has no member on it from below the Ohio River or west of the Mississippi. The gentleman says that that is cut out. I call the attention of the gentleman to the language on page 43, line 16:

But shall not include, except as to the function of preparing estimates of appropriations, the Interstate Commerce Commission, the Federal Trade Commission, the Federal Power Commission, the Securities and Exchange Commission, the Federal Communications Commission, the National Labor Relations Board the National Bituminous Coal Commission, the United States Maritime Commission, the Engineer Corps of the United States Army, the Coast Guard, the General Accounting Office, and the United States Tariff Commission.

I understood the gentleman to say that this merely refers to the Budget Bureau but as I get this it would also go to the Planning Board for the function of preparing estimates of appropriations. Take the Engineering Corps of the United States Army. It is their duty to make estimates and submit them to the Secretary of War and they are then passed on to the President and to the Budget Bureau.

Mr. WARREN. That is true as to the Corps of Engineers.

Mr. McREYNOLDS. Would not this Board pass on it in that way also?

Mr. WARREN. I assure the gentleman from Tennessee that the present National Resources Planning Board was set up under Executive order.

Mr. McREYNOLDS. I know that, but does not have the effect of law.

Mr. WARREN. As the gentleman also knows, contained in the Senate bill is a provision to make it a law which, I will assure the House, if it is agreed to in conference, will come back here for a final vote; and there is upon the calendar today a bill reported out by the Committee on Rivers and Harbors, introduced by our friend the gentleman from Texas [Mr. MANSFIELD] for practically the same purpose.

Mr. McREYNOLDS. But will not that Commission pass on the estimates?

Mr. WARREN. This bill does not in any way affect the present Board about which the gentleman has been talking.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. WARREN. I yield.

Mr. GIFFORD. I want merely to complete the statement about the granting of power to Mr. Hoover in 1932. We did, and on December 9, 1932, a very important message was reported to the Congress telling us what we ought to do, and then we did not do something for Mr. Hoover; we did something to him by refusing, by the 60-day limit, to allow him to proceed. That was done by a Democratic Congress in 1932.

Mr. WARREN. Let me again make it clear that this was the challenge I issued sometime ago: We made the Hoover legislation permanent legislation. I do not mean to convey that we gave Mr. Hoover the power to abolish functions or agencies; no, that was not given him; but by a peculiar quirk in the law he was given the power to transfer all functions of every single agency of this Government and leave the agency from which he transferred the functions a mere shell with nothing in the world but a name. That is what the gentleman voted to give him; that is what the House voted to give him; and that is infinitely more and greater power than we now propose to give the present President of the United States. [Applause.]

Mr. GIFFORD. If the gentleman will yield further, answer what you did to Mr. Hoover in December when you made the report? What did you do to him and tell him? Certainly it was no wonder that he wrote the letter he did, saying that if you did not keep hands off you would have to give greater power to his successor.

Mr. WARREN. Mr. Hoover had been advised by his own Attorney General, Mr. Mitchell, that the section requiring a resolution by either House was not worth the paper it was written on; and I repeat that that is so.

We do something else in title I—we create a department of public welfare, and the standards for setting up this department are clearly defined in this bill. Did you know that there are 26 different welfare agencies today in the United States Government? President Harding recommended and demanded a department of public welfare; a commission appointed by President Coolidge likewise strongly recommended it; and every committee, and every board, and every investigation that has been made into this subject has recommended the establishment of such a department. Now, all of this on title I, Mr. Chairman, is just a rehash of what took place here on August 13, 1937. Do we favor a reorganization of the Government? We say that we do. Every board and every agency down the street here says that they believe in reorganization, but say, "For the Lord's sake, don't touch us." Congress can try from now until eternity—and they have tried time after time—but we shall never make even a dent in the bureaucracy that exists in Washington today. It can be done only by one man. If you lack confidence in that man; if you distrust him; if you are not willing to take his word that he will do a careful and thoroughgoing job; if you are not willing to accept his statement contained in the letter today that if it is the will of Congress by joint resolution that an order issued by him should not become law he will not veto the joint resolution, then you ought to vote against this bill. [Applause.]

Here is the list, Mr. Chairman, of those Democrats and Republicans who are now Members of Congress who voted to give President Hoover such extraordinary powers on May 3, 1932:

YEAS—106

Democrats, 68: Bankhead, Alabama; Bland, Virginia; Cannon, Missouri; Celler, New York; Clark, North Carolina; Cochran, Missouri; Cole, Maryland; Collins, Mississippi; Cooper, Tennessee; Cox, Georgia; DeRouen, Louisiana; Dies, Texas; Disney, Oklahoma; Doughton, North Carolina; Doxey, Mississippi; Drewry, Virginia; Driver, Arkansas; Fernandez, Louisiana; Flannagan, Virginia; Fuller, Arkansas; Fulmer, South Carolina; Gambrill, Maryland; Gasque, South Carolina; Goldsborough, Maryland; Greenwood, Indiana; Haines, Pennsylvania; Harlan, Ohio; Hill, Lister, Alabama; Johnson, Jed, Oklahoma; Johnson, Luther, Texas; Jones, Texas; Kniffin, Ohio; Lambeth, North Carolina; Lanham, Texas; McMillan, South Carolina; McReynolds, Tennessee; Maloney, Louisiana; Mansfield, Texas; May, Kentucky; Miller, Arkansas; Mitchell, Tennessee; Nelson, Missouri; Palmisano, Maryland; Parsons, Illinois; Patman, Texas; Pettengill, Indiana; Polk, Ohio; Ramspeck, Georgia; Rankin, Mississippi; Rayburn, Texas; Reilly, Wisconsin; Romjue, Missouri; Sanders, Texas; Shannon, Missouri; Smith, Joe L., West Virginia; Spence, Kentucky; Steagall, Alabama; Sumners, Texas; Tarver, Georgia; Taylor, Colorado; Thomason, Texas; Vinson, Carl, Georgia; Vinson, Fred M., Kentucky;

Warren, North Carolina; Weaver, North Carolina; Whittington, Mississippi; Williams, Missouri; Woodrum, Virginia.

Republicans, 38: Andresen, Minnesota; Andrews, New York; Crowther, New York; Culkin, New York; Dowell, Iowa; Eaton, New Jersey; Englebright, California; Fish, New York; Gifford, Massachusetts; Gilchrist, Iowa; Goodwin, New York; Guyer, Kansas; Hancock, New York; Holmes, Massachusetts; Hope, Kansas; Jenkins, Ohio; Kinzer, Pennsylvania; Lambertson, Kansas; Luce, Massachusetts; Mapes, Michigan; Martin, Massachusetts; Michener, Michigan; Millard, New York; Reed, Daniel A., New York; Rich, Pennsylvania; Rogers, Massachusetts; Seger, New Jersey; Snell, New York; Taber, New York; Taylor, Tennessee; Thurston, Iowa; Tinkham, Massachusetts; Treadway, Massachusetts; Wigglesworth, Massachusetts; Wolcott, Michigan; Wolfenden, Pennsylvania; Wolverton, New Jersey; Woodruff, Michigan.

And here, Mr. Chairman, is the list of those Democrats, Republicans, Progressives, and Farm-Labor Members of the present Congress who on August 13, 1937, voted for the identical provisions of title I of the bill we are now considering:

Yeas—283: Aleshire, Allen, Pa., Amlie, Anderson, Mo., Andrews, Arends, Arnold, Ashbrook, Atkinson, Bacon, Barden, Barry, Beam, Beiter, Bell, Bernard, Biermann, Bigelow, Bland, Bloom, Boehne, Boileau, Boland, Pa., Boren, Boykin, Boylan, N. Y., Bradley, Brooks, Brown, Buck, Buckler, Minn., Burch, Burdick, Byrne, Caldwell, Cartwright, Case, S. Dak., Casey, Mass., Celler, Champion, Chandler, Citron, Claypool, Cochran, Coffee, Wash., Colden, Cole, N. Y., Collins, Colmer, Cooley, Cooper, Costello, Cox, Cravens, Creal, Crosser, Crowe, Curley, Daly, Deen, Delaney, Dempsey, DeMuth, DeRouen, Dies, Dingell, Dixon, Dockweiler, Dorsey, Doughton, Drew, Pa., Driver, Duncan, Dunn, Eberharter, Eckert, Edmiston, Eicher, Elliott, Engel, Englebright, Farley, Ferguson, Fitzgerald, Flannagan, Flannery, Fleger, Fletcher, Forand, Ford, Calif., Frey, Pa., Fries, Ill., Fuller, Garrett, Gearhart, Gehrmann, Gildea, Gingery, Goldsborough, Green, Greenwood, Greever, Gregory, Griffith, Haines, Halleck, Hamilton, Hancock, N. C., Harlan, Harrington, Havenner, Healey, Hendricks, Hennings, Hildebrandt, Hill, Okla., Hill, Wash., Honeyman, Hook, Hope, Houston, Hunter, Imhoff, Izac, Jacobsen, Jarman, Jenckes, Ind., Johnson, Luther A., Johnson, Lyndon, Johnson, Minn., Johnson, Okla., Johnson, W. Va., Jones, Kee, Keller, Kelly, Ill., Kelly, N. Y., Kennedy, Md., Kennedy, N. Y., Kenney, Keogh, Kerr, Kirwan, Kitchens, Kloeb, Kniffin, Kocialkowski, Kopplemann, Lanzetta, Larrabee, Lea, Leavy, Lesinski, Lewis, Colo., Long, Lucas, Luecke, Mich., McAndrews, McCormack, McFarlane, McGehee, McGranery, McGrath, McReynolds, McSweeney, Magnuson, Mahon, S. C., Mahon, Tex., Maloney, Mapes, Martin, Colo., Massingale, Maverick, Mead, Merritt, Miller, Mills, Mitchell, Ill., Mitchell, Tenn., Moser, Pa., Mosier, Ohio, Mouton, Murdock, Ariz., Murdock, Utah, Nelson, Nichols, Norton, O'Brien, Ill., O'Brien, Mich., O'Connell, Mont., O'Connell, R. I., O'Connor, Mont., O'Connor, N. Y., O'Day, O'Leary, O'Malley, O'Neill, N. J., O'Toole, Oliver, Pace, Parsons, Patman, Patrick, Patterson, Patton, Pearson, Pettengill, Pierce, Poage, Polk, Rabaut, Ramsay, Randolph, Rankin, Rayburn, Reece, Tenn., Reilly, Richards, Rigney, Robertson, Robinson, Utah, Rogers, Okla., Romjue, Ryan, Sabath, Sacks, Sadowski, Sanders, Sauthoff, Schaefer, Ill., Schneider, Wis., Schuetze, Schulte, Scott, Scrugham, Secrest, Seger, Shanley, Shannon, Sheppard, Smith, Conn., Smith, Va., Smith, Wash., Snyder, Pa., South, Sparkman, Spence, Stack, Starnes, Steagall, Stefan, Sumners, Tex., Sutphin, Sweeney, Swope, Teigan, Terry, Thom, Thomas, Tex., Thomason, Tex., Thompson, Ill., Tolan, Transue, Turner, Vincent, B. M., Vinson, Fred M., Voorhis, Wallgren, Walter, Warren, Wearin, Weaver, Welch, Wene, West, Whelchel, Whittington, Wilcox, Williams, Wolverton, Wood, Wocdrum, Zimmerman.

Paired for: Withrow, Boyer, Mansfield, Kramer, Meeks, Cullen, Vinson, Ga.

The CHAIRMAN. The gentleman from North Carolina has now consumed 30 minutes.

Mr. COCHRAN. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. Mr. Chairman, judging from the violent opposition that has been heard in both Houses of the Congress for the past several weeks, one might reasonably come to the conclusion that the pending reorganization bill has suddenly emanated from the minds of one of President Roosevelt's alleged "brain trusters." But the facts are, as set forth very clearly in the remarks this afternoon by the gentleman from Missouri [Mr. COCHRAN] and also by the gentleman from North Carolina [Mr. WARREN] that there is nothing new and startling about the pending proposal. It has been advocated by many Presidents, both Democrats and Republicans, as well as many economists and leading Members of Congress for the past half a century.

If Members will take the time to inform themselves upon this important legislation, they will find that after many years of debate a serious effort was made by Congress to reorganize and regroup what was thought then to be entirely too many boards and bureaus back in the year of 1894. At that time Congress attempted to solve the problem and a committee known as the Dockery committee was appointed. After much investigation, the effort failed, not only because of opposition from the various departments of government affected but because some leading Members of Congress, then as now, were afraid it might mean the elimination of political jobs in the districts they represented in Congress.

It might be interesting to know that every President from the time of Theodore Roosevelt down to and including the sad and sorrowful days of the Hoover regime openly and enthusiastically advocated governmental reorganization.

The RECORD will show that when the late President Taft demanded that Congress give him power to eliminate overlapping boards and bureaus no one stood on the Republican side of this aisle and charged him with being a dictator or desiring dictatorial powers. But the enemies of reorganization then, as now, in order to defeat the proposal suggested that a committee be appointed to make a survey. I have noticed, Mr. Chairman, in the comparatively few years that I have served in this Congress that the most common practice of those who would defeat a proposal to which they are violently opposed is to offer the suggestion that a survey be made to ascertain the facts, and so forth, and report back to Congress. That is what happened to President Taft's proposal. The RECORD shows that a committee was appointed to make the survey and that it took 10 years for that committee to even make its report of its findings to the Congress of the United States. Since that time committee after committee has been appointed, survey after survey has been made, but no actual legislation was enacted until President Hoover demanded of a Democratic Congress a bill similar to the pending legislation.

I see before me today many Members of this Congress who were here in 1932, and who, as Members of this House, voted to give President Hoover more power by far than is even contemplated under the terms of the pending bill. There are a few Democrats and many Republicans on this floor today who supported the Hoover reorganization bill but who are violently opposed to less drastic legislation as recommended by Franklin D. Roosevelt. Let me say to Members frankly that it is possible to understand how some of the minority Members of this House, blinded by vicious partisanship, might work themselves into a frenzy and be so inconsistent as to vote against giving the present national administration the same authority to reorganize the many overlapping boards and bureaus that they gave their patron saint, the great engineer. But how any Democrat who has any regard for consistency can justify a vote against the present measure after having voted to give a Republican President much more far-reaching power is, I must confess, beyond my understanding. [Applause.]

Mr. Chairman, may I state that I have for many years felt the urgent necessity for the regrouping of the all too many and constantly growing departments, commissions, boards, and bureaus. The longer I serve in this House the more and more I have become convinced that if we are ever to have a real efficient government that functions properly we must pass legislation similar to that now pending before this body. I have also become more convinced year after year that as a practical matter it is absolutely impossible for any select committee from Congress to actually reorganize and properly regroup the many overlapping governmental functions.

As a member of the independent offices subcommittee on appropriations, it has fallen my lot to question many of those in authority representing the various and sundry independent offices of the Government of the United States. Many of them are functioning in a splendid efficient manner. Such boards and bureaus should not and I feel confident will not be seriously disturbed. Moreover, I have found by experience that almost without exception the

heads of the various boards, bureaus, and commissions admit that this legislation is right in principle and yet almost without exception they point out that their particular board or bureau should be exempt from the bill. "Don't touch me," has become a byword of many of the heads of countless boards and commissions, some of whom I regret to say have been spending a lot of time in the corridors of this Capitol, in the offices of Members of Congress and on the telephone lobbying against this legislation.

They usually start in by saying they are for the President, but * * *. Many assure you over and over they are for the objectives of the President's reorganization bill, but * * *. Most of them agree that we cannot go on indefinitely with the constantly mounting expenses of government and especially the many boards, bureaus, and commissions that are admittedly overlapping, but * * *. If it were not for that word "but," a sane, sensible, and practical reorganization bill would have been enacted into law long before now. We simply have too many "butters" here, in and out of Congress, as well as in the one-hundred-and-thirty-odd boards and bureaus here in the National Capital. [Applause.]

One of the most common objections raised against this proposal is that it would replace from three to seven members of a board with one director and to those who have been successful in securing some of these high powered jobs there might be some objection strictly from a selfish standpoint. But as a practical proposition, it has been demonstrated over and over that one responsible and efficient director is much more satisfactory from every possible standpoint of efficient government than a three-, five-, or seven-man board. I have observed also without calling names or being specific, that as a rule the larger a board is, the more difficult it is for members to get together on any kind of a policy or to function efficiently. [Applause.]

[Here the gavel fell.]

Mr. COCHRAN. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. JOHNSON of Oklahoma. Mr. Chairman, I have stated that for many years I have been a consistent and enthusiastic advocate of governmental reorganization and that the more I come in contact with governmental agencies, the more I have been forced to realize the dire necessity of this legislation. Speaking on this floor January 6 last, I said, in part:

> I stand ready to reduce all governmental department functions and set-ups 10 percent or more. Economies can and must be effected in every department of government. We have too many overlapping bureaus of government; we have been hoping and praying for a reorganization bill that would correct a very embarrassing situation. The members of the committee know that for years and years the suggestion of having experts to go into the various departments to make investigations and suggest economies has been discussed. But that is as far as we seem to get. As one who has made considerable study of government, its many departments and functions, I say to this body deliberately that if each subcommittee of the Appropriations Committee were given an expert to go into each one of the departments and make proper investigations that Congress could undoubtedly save millions of dollars annually and improve the efficiency of government.

Mr. HOUSTON. Is it not a fact that under this bill Congress has more power than it ever had?

Mr. JOHNSON of Oklahoma. Replying to the suggestion of the distinguished gentleman from Kansas, I will say that he is absolutely correct, in that this bill will give Congress considerable additional authority which it does not have at the present time. For example, the Comptroller General under the present set-up is actually not responsible to Congress and under the system that has grown up he is not required to make any reports to anyone. Although the Comptroller General's office is supposed to be nonpolitical, it is well known that pressure has come from that office on Members of Congress against the President's reorganization bill. [Applause.]

[Here the gavel fell.]

Mr. COCHRAN. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, the present bill on page 43 exempts various independent agencies of the Government, but it leaves out an exemption for what some of us believe is a very important agency that should be exempt. I refer to the Veterans' Administration. At the proper time an amendment will be offered to add the Veterans' Administration to the organizations exempted.

Mr. Chairman, on August 9, 1921, when the old Veterans' Bureau was established, the Congress, by legislative enactment after a careful study, established that Bureau through a consolidation and merger of the old Rehabilitation Service, the Vocational Service, and certain parts of the Health Service. After further study later on July 3, 1930, the Congress again effected a consolidation by legislative enactment for that Bureau. They changed the name to the Veterans' Administration and at that time the Congress transferred from the Interior Department the old Pension Bureau in order to bring all legislative matters and veterans' claims and allowances under the jurisdiction of the Veterans' Administration. At that time were also transferred to the Administration the National Military Homes which had been operated by an independent agency. Again in the Economy Act the Congress granted power by legislative enactment to transfer certain divisions out of the Veterans' Administration that did not belong there. Litigation in reference to war-risk insurance claims was transferred from this Administration to the Department of Justice and certain civil-service retirement matters were transferred to the Treasury Department. In every instance this has been done by legislative enactment until we have effected a merger of all veterans' affairs to function under one head efficiently and well so that the care of the veterans, the primary purpose of the Veterans' Administration, will be accomplished.

We are establishing under this bill a department of welfare. Who knows but at some future time the Veterans' Administration may be transferred over to that department unless it is specifically exempted? We have in the past transferred from the Department of Public Health to the Veterans' Administration certain functions. We have insofar as the litigation end is concerned in our war-risk-insurance cases made such transfer. Under the wide authority in this bill the veterans might easily find themselves subject to the will and whim of Mr. Hopkins in the newly created welfare department or the Department of Public Health. Such a transfer would be almost criminal when the welfare of the veteran is considered.

Mr. WARREN. Will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from North Carolina.

Mr. WARREN. I may say to the gentleman this authority only extends for 2 years, and if he will read all of the President's letter, a portion of which I read today, he will see that the President mentions the Veterans' Administration. Of course, if the Veterans' Administration should be exempted from the bill, you might as well exempt every other board, agency, and bureau in the Government, because you are over the floodgate.

Mr. GRISWOLD. I may say in answer to the gentleman's statement that the Veterans' Administration looks after these paralyzed men I have seen in hospitals. Are they not entitled to be assured of the care they are now getting? Are they not as much entitled to that assurance as the Federal Trade Commission, the Interstate Commerce Commission, or the other agencies that deal with merely monetary matters are entitled to the assurance that they will not be interfered with? The Veterans' Administration makes as many or more decisions than any one of the agencies you have exempted—decisions on both the law and the evidence—decisions that mean almost life and death to thousand of disabled veterans. Each individual case calls for the presentation of evidence and an individual decision. Every Member who ever filed a claim for a veteran knows it.

Mr. WARREN. No; because they are quasi-legislative agencies.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Is it not true that every veteran in the committee wants the Veterans' Administration kept independent, as it is? There was perfect chaos in veterans' activities before they were consolidated into the Veterans' Administration. I happened to be working with the veterans at that time, as many of you were, and we know when these activities were in different departments the men did not get prompt care. Their cases are much facilitated now. We are not yet satisfied, but conditions are better than they were.

Mr. GRISWOLD. The gentlewoman is correct. I cannot speak for all the veterans of the country but certainly the veterans' organizations of the country want the Veterans' Administration exempted. I think, had all the veterans been contacted, they would think so too. We have the word of their official representatives of their veterans' organizations that it should be exempted. Those officials are emphatic in saying so.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Missouri.

Mr. COCHRAN. I may say to the gentleman from Indiana that only yesterday General Hines sent word to me that if anyone stated he was speaking for the Veterans' Administration and said the Administration was opposed to this legislation, he was speaking without authority. General Hines wanted me to know and to tell the committee that he as well as the other officials of the Veterans' Administration are 100 percent for this legislation.

Mr. GRISWOLD. I have not at any time, and I have not heard anyone else make the statement that the Veterans' Administration was opposed to this legislation. I presume General Hines is not opposed to it, but the veterans of the country, of whom General Hines is merely a representative, are opposed to it. [Applause.] The question is not, does General Hines want it, but do the veterans want it?

Mr. COCHRAN. The gentleman knows the Veterans' Administration was created as an independent agency and helped me to create it, as I did.

Mr. GRISWOLD. I do know it was created as an independent agency, and I want to keep it independent as it was created and intended to be when the legislation was enacted. I do not want to destroy its independence and make it subject to interdepartment jealousy and the envious grasping of some other department that desires to assume its functions.

Mr. COCHRAN. I believe if there is any one thing in the world I can assure the gentleman, it is if there is one agency that will not be disturbed it is the Veterans' Administration. Please read the letter written and made public this morning by the President. There is your assurance.

Mr. GRISWOLD. I am pleased to hear the gentleman say that. I hope if it is not the intent to interfere with it that he will accept my amendment. That will make certain there will be no interference.

Mr. ANDERSON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Missouri.

Mr. ANDERSON of Missouri. Does the gentleman know that under the Code of 1934, as shown on page 1356, the President has always had this power to reorganize? I will read the law to the gentleman:

DETAILED STUDY OF DEPARTMENTS AND ESTABLISHMENTS BY BUREAU

The Bureau, when directed by the President, shall make a detailed study of the departments and establishments for the purpose of enabling the President to determine what changes (with a view of securing greater economy and efficiency in the conduct of the public service) should be made in (1) the existing organization, activities, and methods of business of such departments or establishments.

Under that law has not the President the same power, and has he not had the same power to reorganize?

Mr. GRISWOLD. I do not know about the law, but I may say that if the President has had the power which he did have under the act reported out of the Committee on Expenditures in the Executive Departments, and passed in 1932——

Mr. ANDERSON of Missouri. I will explain further if the gentleman will yield.

Mr. GRISWOLD. I regret that I cannot yield further to the gentleman from Missouri. My time is very limited, as the gentleman is aware.

If the President did have the power, he has never exerted it except in one instance, and that was the transfer from the Veterans' Administration to the Department of Justice of the litigation end of the war-risk insurance cases. This transfer was made under authority granted by legislative enactment in the Economy Act. Congress granted to the President the authority to act in that specific regard.

Mr. Chairman, I hope the Committee will adopt this amendment. It will at least put one of the biggest administrative agencies of the Government, with vast governmental functions, among the agencies you exempt. I hope you will give this agency the same consideration you give all these other agencies.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. GRISWOLD. I yield to the gentleman from Missouri.

Mr. SHORT. May I reiterate what I said on this floor 2 or 3 years ago, that assurances are not worth a continental when they come from men who care no more for their word than a tomcat cares for a marriage license in a back alley on a dark night. What the American people want is a government of laws and not of men.

Mr. GRISWOLD. We are not dealing with tomcats. I would like to convince the gentleman, if it is possible, that we are dealing with human beings in the particular department I am trying to save from the operation of this act.

The gentleman from Missouri [Mr. COCHRAN] has stated that General Hines has authorized him to state that neither the general, nor any other officer of the Veterans' Administration, is opposed to bringing the Administration under the terms of the act. With the Veterans' Administration acting as an independent agency responsible to the Congress, there has been built up a system of hospitals wherein the disabled veteran gets hospital care as good or better than in any public hospital in the Nation. We want that care and treatment to continue. We know it will so long as we hold the reins and know that it will function as an independent agency. We do not know what will happen if it becomes a subservient agency in some other department of government. For 17 years Congress has by study of the problem and legislative enactment placing in effect the result of the information obtained steadily progressed toward an ideal. Why should we now, with one stroke of the pen, wipe out all the progress we have made? If, as we are assured by the committee members, there is no disposition on the part of the President, the committee, or anyone else to make any changes in the Veterans' Administration, then there is no excuse for not exempting it from the act. There is no excuse for a grant of power that we are told there is no intent to use. Is Congress being asked to insert in a written statute something that is unnecessary and useless? If so, why?

If the amendment to be offered is adopted, then we can be sure that we are not going to grant a dormant power.

Mr. TABER. Mr. Chairman, I yield 30 minutes to the gentleman from Ohio [Mr. LAMNECK].

Mr. LAMNECK. Mr. Chairman, we are today considering, as I see it, very serious business. I want you not to let political considerations determine your decision on this matter, because we might not make the right decision. In considering this bill, I also want you to consider what the original intent of this reorganization program was. I hold in my hand a certified photostatic copy of the original bill prepared by the sponsors of this legislation. This was never introduced as a bill, but I had it inserted in the RECORD yesterday. If you will open the RECORD to page 4376, I call

your attention to one paragraph which shows what the sponsors of this legislation really intended and wanted when they sponsored this legislation. This is paragraph (d) under the heading of "Power of the President":

Abolish the whole or any part of any agency, or the functions thereof, and this shall include the liquidation and dissolution of any federally owned and controlled corporation in accordance with the laws of the United States.

There are a lot of other sections in there.

Then, I want you to turn over to page 4382 and read under title V what the term "agency" means and what they intended it to mean.

What they intended it to mean was that the term "agency" means the President or any executive department, independent establishment, commission, legislative court, board, bureau, service, administration, authority, Federal owned or controlled corporations, or any office, and so forth.

Mr. WARREN. Mr. Chairman, will the gentleman yield?

Mr. LAMNECK. I decline to yield, as I will not have time.

Now, I claim that under that bill, if it had been passed, the President of the United States would have had the power under the legislation to abolish the office of President. He would have had the power to abolish the office of any member of his Cabinet. He would have had the power under that bill to abolish the job of a Congressman or a Senator or anything else he wanted.

Mr. WARREN. Mr. Chairman, will the gentleman yield? The gentleman is talking about a bill that was never introduced.

Mr. LAMNECK. I understand that, but I want to call again to the attention of the country and of this House what the real intent was of these words back there when they proposed the legislation. [Applause.]

On March 24 I stood here and warned the House of a secret plan of Senate administration leaders to substitute its reorganization bill for a minor House measure and send the amended bill immediately to conference. This trick, designed to defeat full and free discussion of reorganization on the floor of this House, was attempted as predicted. Fortunately, the alertness and wisdom of Senator CLARK, of Missouri, who, as House Parliamentarian, obtained the basis of his profound knowledge of congressional procedure, thwarted this subtle effort to choke off expression by the people's representatives. Failure of the cleverly conceived Senate plan is the only reason for the bill now being up for debate here. If the Senate program had worked out as planned, House Members would be sitting here helplessly waiting for a report from our conference representatives.

Prompt action of the House committee in charge of the proposed legislation in reporting the bill to the floor is gratifying, but do not be misled into thinking that the Senate leaders, upon whom the executive department is depending to pass this legislation despite the overwhelming public sentiment against it, have played their last card. Rather, they are merely permitting the House to indulge in debate. Regardless of what kind of a bill is passed in the House, if one is passed, Senate leaders intend to use every means in their power to force adoption of the Senate measure by the conference committee. Because the leadership of this House is favorable to this proposed legislation, unquestionably if a bill is passed, a conference committee composed chiefly of House Members favorable to the Senate bill will be appointed. The only possible way to prevent the Senate bill in substantial form from becoming law is for the House to defeat the entire measure that its committee has reported. My purpose in addressing you today is to point out some of the most vicious features of this proposed bill and to urge you with all possible force to vote against passage of it in any form. Any other action by the House will mean a total disregard of the wishes of a majority of the voters of this country.

I am opposed to the entire reorganization scheme, both as embraced in the Senate and the House bill. I regard this proposed legislation as a plan not only to strip Congress of powers which the people want exercised by it, but to enormously increase the cost of government, wreck the civil-service system, and saddle upon the country a malodorous bureaucratic one-man control of education, food distribution, public health, and relief.

Sponsors of this program now are seeking to leave the impression that it really is just an innocent little plan for revising Government charts. Do not let them kid you for a minute in this respect. This scheme is the culmination of the administration's paramount dream, that of carrying out its enormous social-welfare and vote-getting program. This would be accomplished first by perpetuating the Nation-wide political-welfare machine and insuring its continuance by wrecking the civil service and obtaining control of the General Accounting Office so that jobs and money can be provided.

This is the scheme in a nutshell. If Congress votes approval of this reorganization in any form thus far suggested, it is going to awaken very soon to find that what I say is a fact. Incidentally, that awakening will be hastened by the constantly increasing volume of protest from the voters of this country. Whether the Members of Congress realize it or not, the citizens of the United States are keenly aware of the basic purpose of this legislation. The flood of protesting telegrams and letters which are coming to Congress are not being inspired. I know, because I and other Members are getting them from our friends and neighbors. They are in no sense form messages. Any assertion that these protests spring from any other cause than a real conviction that this is bad legislation is clear proof that the facts are not known to those who make the charges.

I cannot emphasize too strongly the importance of the tremendous possible cost of this measure. One of the outstanding arguments in other Congresses in behalf of reorganization has been the economy to be effected. In the consideration of the present bill, however, the question of cost has been carefully avoided. The reason for this side-stepping is that the carrying out of the program suggested by this measure would result in greatly increased spending. Nobody has the temerity to say that any saving could be effected under this bill. Its sponsors know why. Under this bill, with expert spenders in the saddle and the restraining influence of the Comptroller General removed, the spending of the past would fade into insignificance.

At a time when all thinking men are endeavoring to encourage business by cost reductions it is a brutal thing to attempt to unload on the taxpayers such enormous and uncontrolled additional costs as enactment of this measure would produce.

I especially desire to call attention to the possible cost of maintaining the so-called welfare department. This innocuous-appearing plan, which passed this House as a separate bill, will, if enacted, prove one of the most dangerous and expensive measures ever written into the statutes of our country.

Here is the realization of the dreams of the leading dreamers of the New Deal inner circle. Here is the culmination of a political welfare program operating under the cloak of humanitarianism that has been years in the making. Enactment of this measure into law would guarantee perpetuation of the octopuslike relief machine which Harry Hopkins has been building. Made a permanent part of the Government, with Hopkins at its head, and given the money and power to carry on, this machine would be the most potent force in the United States for many years to come. Who knows, say the members of the Hopkins "tub-thumpers," it might make Harry President; and the possibility of returning relief work to States and communities, where it belongs, would be gone forever.

Make no mistake about Harry Hopkins being chosen as the head of this department if Congress should vote approval of it. He is the fair-haired boy of this administration. What he wants he gets. The reason is, he thinks right. He also spends right—and left. His life has been devoted to giving

away other people's money. His frequently expressed conviction is that persons who have been provident enough to keep themselves solvent must support improvident persons in perpetuity. He also has that desirable ability to make votes in the name of Federal relief. There is no question but that he is the man whom the administration would like to see the next President of the United States. Hence what could be more fitting than that he be given unlimited power and limitless tax money to carry out the joint social and political ambitions of himself and administration heads?

I would not object so violently to the creation of this so-called welfare department if it were not so far reaching in its control. Heaven knows that if Congress were to incorporate only the present Hopkins machine into a permanent part of government, that would be bad and expensive enough, but the proposed bill goes much further. Under it Hopkins would be charged—and I quote from the bill—with the promotion of public health, safety, and sanitation; the protection of the consumer; the cause of education; the relief of unemployment and the hardship and suffering caused thereby, the relief of the needy and distressed; the assistance and benefits of the aged, and the relief and vocational rehabilitation of the physically disabled; and, in general, shall coordinate and promote education and welfare activities.

Under this bill Harry would do everything for the worthy voters except wash their faces and comb their hair.

I desire to call the attention of the House to the plan to put Hopkins in charge of education. You know and I know of the battles which we have had for years in Congress to prevent the education of our children from being taken over by the Federal Government. There has not been a time in decades when in the offing there was not a bill bearing a substantial appropriation to put the control of education into the hands of some Washington bureaucrat. The last bill that we had before us proposed an initial appropriation of $500,000,000 for this work. This was a large amount, but it was proposed by a mere amateur in the expenditure of the taxpayers' money. With an expert spender like Hopkins in control, this initial appropriation might easily start at a billion. Our past experience with him shows that he is incapable of thinking in terms of less than billions. The amount involved, however, in this case is a minor matter. I am opposed to the Federal Government controlling education in any way, and I am particularly opposed to the control of education being put in the hands of a man without teaching experience and whose outstanding desire seems to be to encourage permanent poverty.

That mild-appearing provision in the welfare department section which says the secretary of welfare shall promote "the protection of the consumer" would set up another means of having bureaucrats interfere with business. The inevitable result of arming Hopkins and the nosey kind of people he employs with this authority would be to unleash a swarm of jobholders on the producers and sellers of foodstuffs. What would follow would be interference on a national scale. Hundreds of callow theorists of the Hopkins type would go poking about retail food stores and farms seeking information to help substantiate their theories that something was crooked and wrong with the way foods were being raised and retailed. Naturally, legislation to provide some sort of Federal licensing and further inspection by more Hopkins employees would follow. The net result of the whole activity would be more Federal jobs, a great deal of interference for the raiser and seller of foodstuffs. The only effect on the consumer would be a higher tax bill to pay the salaries of this new crowd of snoopers.

The Public Health Bureau of the Government has always done a good job. It is filled with conscientious workers. I never have heard it criticized. One thing that has made it popular, I think, is that it has had capable employees who knew their business and were not filled with fantastic theories. They got at the facts, presented them and went on about their work. Nobody familiar with the type of uplifters employed by Hopkins would ever think for a minute that his group could follow such a common-sense program. Given health to toy with, his jobholders would have a grand field day. Health, either good or bad, is everywhere. Think of the jobs that could be created in the name of health!

There is another neat provision in this bill. It calls for the assistance and benefits of the aged. Of course, you all know why we are not paying old-age pensions now. The Constitution does not permit it. Nevertheless I feel certain that armed with such a law as now is proposed a keen mind like Hopkins' could easily vault a minor hurdle like the Constitution. This matter would be taken care of; of course, with the naming of a proper number of assistants.

The final provision in this section of the measure is all-inclusive. It says that the secretary of welfare, who will be Hopkins, "in general shall coordinate and promote public health, education, and welfare activities." If that is not an assignment that would take more than a standing army to carry out, I cannot conceive of one. Have no fear of its failure, however. Hopkins could man such an army. He is convinced and has demonstrated his conviction by action that the financial resources of the solvent persons of this country are limitless. All he would have to do to carry out this program would be to levy some more taxes and employ some more persons.

In passing from this section of the bill I merely want to point out that Hopkins is a man without any practical business experience. And, so far as the records show, no experience in the promotion of either health or education. Yet this measure would put an inexperienced tyro like him in charge of consumer food problems, education, and health. This is just one of the features this apparently harmless bill, which its friends say looks to the changing of a few Government charts.

The most indefensible feature of this whole reorganization plot is that designed to wreck the civil-service system. As a Democrat I always have been proud that it was a great Democrat, Grover Cleveland, who really put the civil service on its feet in the Federal Government. I cannot say that I regard the civil-service reorganization provision of the present bill as adding anything to my pride in our party's accomplishments. It looks to me as though enactment of this measure would mean the crucifixion of the merit system in civil service.

My most diligent efforts to determine a sound reason for abandoning the bipartisan control system in the Civil Service Commission have brought no results. Nobody, so far as I can learn, has successfully charged that either the system or the Commissioners occupying office under it has any fault. Perhaps the best answer to this situation may be found in the fact that Senator WAGNER, of New York, one of the President's most ardent supporters, refused to vote for the Senate bill because of the civil-service wrecking provision.

Of course you understand that there is no intention in substituting one commissioner for the three now in office to make the single appointment a political one. If you will read the bill carefully, you will find that the President is empowered to choose a commissioner "without regard to any political qualification." When and if this administrator is chosen, I am sure that the scene to be enacted in the executive offices will be one to warm the hearts and inspire confidence in every true believer in the civil-service system. Undoubtedly, the Chief Executive will call in my good friend, Jim Farley, from the Post Office Department, who is acquainted with a great many politicians in the United States, and get his counsel and advice on the selection of the administrator. Emphasis undoubtedly will be placed on the fact that this administrator shall not have any political qualifications because the sanctity of the civil service must be maintained at all cost. Of course, a man without any political qualifications then will be selected. This will be a great improvement on the present bipartisan system now in force.

The civil-service provision of the plan also has some other protections for persons who wish to devote their lives to the service. Civil-service status may be acquired easily. It may

be by the recommendation of the head of the agency after a year of service; upon certification by the head that the incumbent has served with merit and by passing a noncompetitive examination prescribed by the administrator. These are splendid improvements on competitive examinations. Especially if the aspirant has a drag with his boss. The President also may except from or cover into the classified civil service any office or position with an agency of the Government, with minor exceptions. It is calculated, according to authorities, that some 275,000 new civil service places thus will be provided. So, you see, the rights of civil-service employees are made more secure, the standing of the service is enhanced and, just in passing, a few hundred thousand more jobs are made. When and if this law is enacted, it will be a sorry day, indeed, for the civil service.

Equally repugnant is the proposal to abolish the office of the Comptroller General. I have always classified this office as one of the safeguards of government. It has been especially helpful in recent years when at times it seemed that the Comptroller General was the only man who had the same regard for the taxpayer's dollar as the taxpayer had himself. The House committee has done some tinkering with this phase of the bill, but at best it is only a switching about of authority. There is not any question that the control of expenditures should be made a legislative function and it would be a mighty fine thing if the Comptroller General's office were left just as it is. At least, it would help inspire confidence in the taxpayers back home and a lot of us fellows who are going back to campaign shortly will find need for much of this type of confidence. The fact that the Comptroller General's office always has seemed to be functioning in behalf of the taxpayer and that it was unpopular with the executive department of the Government is the answer of the average taxpayer to the value of the office. If Congress insists on joining the Executive in a plan to eliminate a man who has tried to prevent dollars from being tossed out the window, then Congress will have to share the blame for his demise equally with the executive department.

Although I did not vote for the House bill designed to give the President six additional assistants, I have no serious objection to it. The fact is I think he needs a few more messengers. With the number of telephone calls and personal visits that the White House staff has had to make to the Hill in recent years in order to tell Congress how to vote, I do not see how such a small staff as is now at the Executive Mansion could get all this work done. If Congress continues to take orders from the White House as in the past, I should say that six additional assistants will not be enough. We probably will be asked for more at the next session of Congress.

A great deal of opposition to the reorganization plan has sprung from the ranks of labor. To me this has been a matter of the utmost significance. Workers generally are more familiar with their rights under government than any other class of persons. Hence the intelligent workers of the United States know that anything looking toward dictatorship, such as this bill proposes, is a step toward the abrogation of their rights. In Russia, Italy, and Germany, where one-man control is dominant today, workers have virtually no rights. For instance, in all three of these countries the right to general freedom, to combine in unions, and to strike are absolutely denied. In all of them, too, the right to bargain collectively is ineffectual. These restrictions have come about through the centralization of power in one man.

Briefly, this bill would give the President as much power as 64 Senators and 290 Representatives. That is too much power for any one man. The Nation was pleased this morning to read a statement from the President saying that he had no desire to be a dictator. The way for him to escape the unpleasant consequences of dictatorship is clear. All he has to do is to join practically every other person in the United States in indicating his disapproval of the pending reorganization measure. One word from him to this effect and the bill will be thrown on the trash pile where it belongs. [Applause.]

To my mind, the most serious phase of this whole situation is not the immediate result of centralizing more power in the hands of the Executive, but, rather, in the ambitions for more power which it may cause. I am, for instance, very fearful, indeed, that the creation of an economic council for the control of the business affairs of the United States may not be very far in the offing. This proposal, designed to break up the United States into nine sections and place nine puppets under the control of the Executive in charge of them, has been toyed with seriously by some of the new dealers for a matter of 2 years. If such a scheme ever is adopted, the State governments had just as well lock up shop and go fishing. At present, of course, it is improbable that any such a thing could come to pass; but do not forget the steps I have outlined in my previous remarks are excused by the rabid new dealers as just the changing of a few charts.

It is about time Congress quit delegating blanket authority to other departments. We have been delegating it almost without stint. Under the neutrality bill, the President can do about whatever he pleases in matters relating to war. Under the May bill, looking to universal service, the Executive again is given far-reaching powers. The State Department has unlimited rights under the Reciprocal Trade Act. The Secretary of Agriculture held kingly sway when it came to levying processing taxes. The way Congress has permitted control of relief money to slip out of its hands and seen it squandered on such projects as the Florida Canal, tide control in Maine, and other projects is little short of an outrage. I think it is about time that Congress insisted upon its right to pass only specific bills and quit granting blanket authority to others to carry on its business. If it does not do that pretty soon, there will not be any use for Congress. Members, for all practical purposes, might just as well stay at home and endorse Executive desires by mail. I do not believe the voters of this country want Congress to reduce itself to quite such an impotent state as that. Whether it will or not depends entirely upon the independence of Congress itself.

This reorganization measure in any form is a bad piece of proposed legislation. Nothing that has been before Congress since I arrived here has aroused such widespread protest. Taxpayers are against it because they know it is going to involve new and unnecessary costs. Businessmen are opposed because they see in it just an increase in bureaucratic control. Labor fears it because it is a definite move toward dictatorship. Parents of children who want to control the educational destinies of their offspring oppose it because they see a scheme to regiment their children. Friends of civil service are opposed to it because they see in it a wholly unwarranted assault on the merit system. Everyone who is interested in Government economy is opposed because of the obvious intention to remove control of spending from the hands of Congress. About the only persons so far that I have found that have not expressed their opposition to the bill are the Senators who dutifully voted for the measure. Here is an unusual opportunity for the House, which is supposed to represent the wishes of the majority of the people of this country, to get in step with the folks back home. The way to get in step is to defeat this bill in its entirety. I hope you will join with me in voting against the measure. [Applause.]

Mr. TABER. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Chairman, I wish every liberty-loving citizen of this country could have heard the address of the gentleman from Ohio [Mr. LAMNECK], who has just preceded me. There would be no question of the result of the vote on this bill.

As the bill before us, if passed, must go to conference, both the House bill and the Senate bill are in reality now under consideration. I shall discuss three provisions included in these two Government reorganization bills.

When, like a thunderclap, a proposal was presented to the Congress to empower the President to pack the Supreme Court and to impress his will upon the Federal judiciary, the time had arrived for plain talk—and there was plain talk. The country in positive terms voiced its opposition to that

proposal. The Members of the Congress expressed emphatically their opposition to that proposal. The final result of that plain talk was the refusal of the Congress to jeopardize constitutional democracy in America by granting such dictatorial power to the President as he sought in that measure.

The reorganization bill, as it was sent to Capitol Hill, was a companion measure to the Court-packing bill. It was designed for the same purposes—to vest the Chief Executive with broader powers than, as someone has said, a good man would want or a bad man should have. It was all-inclusive. Nothing even approaching it in vicious implications has been submitted to Congress by any predecessor of the present occupant of the White House, the statement of the President at his press conference at 2 o'clock this morning to the contrary notwithstanding.

While it is true that some of the dangerous proposals contained in the original bill have been eliminated, it is also true that, in spite of the most intense lobbying, the most brazen exercise of patronage, pet projects, punishment, and persuasion on the part of the executive branch of the Government ever witnessed in this Capitol, there still remain at least three proposals in the measure which should be stricken out. Every Member here who prizes liberty, who loves constitutional government, who actually desires efficiency in government should vote to eliminate these three dangerous proposals.

I said a moment ago that it is time for plain talk, as it was when the Court-packing proposal was up. I mean by that statement that we face again an occasion when all this false sense of empty courtesy to rank needs to be stripped away because free government is at stake here. Free government is more important to the world, it is more important to the men, women, and children of these United States, it is more important to posterity, and it is more important to us here than empty gestures to a false courtesy that would seal the lips of the people's representatives in this Chamber, and repress into silence truths which should for the sake of liberty, free government, and constitutional democracy be frankly voiced.

Mr. Chairman, there is a widespread fear throughout this Nation that we are moving toward a dictatorship under a political autocracy.

That fear has been fed by one incident after another in almost unbroken procession for the past 5 years. That fear was brought to an outburst of vocal protest when the Court-packing proposal was being fought out in this Congress.

That fear was further heightened by the original proposals in this Government reorganization bill. That fear is still abroad in this land. It is not confined to any political party. It is not limited to any special class of citizens; to any particular locality or to any special group of individuals. Whether it is well-founded or unfounded it is there—and it is that fear that today is operating to hold us in the depression; that is preventing capital from venturing into investment; that is causing people to spend cautiously; to refuse to embark in business; to have the confidence that is necessary if we are to face conditions courageously and fight our way out of this depression.

I want it clearly understood, Mr. Chairman, that I am not charging any individual in this country with harboring an ambition to become a dictator over the people of the United States. I am simply stating the fact when I say that the fear is abroad in this land that we are moving in the direction of a dictatorship under a political autocracy. It makes little difference in the effects upon the Nation whether such a fear is well-founded or unfounded. It is the fear that does the damage, and anything and everything that feeds this fear, that seems to justify or to confirm it, is as dangerous as though the fear were well-founded. The Court-packing proposal went far, indeed, to feed and to confirm that fear. The recent incident surrounding the attempted removal of the Chairman of the T. V. A. has fed that fear. Three propositions in this bill feed that fear.

Until it is set at rest there will be no emergence from the depression because that fear is causing a depression of men's spirits, of men's hopes, of men's confidence in the future of this Nation, and in their own future.

I repeat I do not charge any individual or any group of individuals with either the desire or the intention to set up a dictatorship under a political autocracy in this country; but I do say, Mr. Chairman, if any individual or any group of individuals did desire or intend to set up such a dictatorship in this country, one of the things they would do would be just what was sought to be done under the Court-packing proposal. I say that if any individual or any group of individuals did desire and intend to set up a political autocratic dictatorship in this country there are three proposals embraced in this bill that they would want enacted.

The first of those proposals is that the Chief Executive shall be clothed with power to reorganize the boards and bureaus of the Government, and if the Congress of the United States shall object to anything the Chief Executive may do, it shall require a two-thirds vote of Congress to prevent him from doing it.

Who has been more insistent, I ask you, who has been louder in his demands for "democracy and more democracy," for "rule by the majority," than Mr. Roosevelt and his advisers? Yet, when it is proposed that a majority of this Congress retain its constitutional right and function of passing upon the wisdom of any act of the Chief Executive in the vastly important business of reorganization in government, Mr. Roosevelt abandons his "democracy and more democracy," he rejects his "rule of the majority," and he demands rule by a minority one-third of this Congress.

It is all well and good for the Congress to pass billions of dollars of appropriations by a majority vote. Had the Congress by a bare majority of one in each House passed the President's Court-packing bill we would have heard no complaint from him about that. He would have accepted it and would have counted it a great victory won. But when Members of this Congress demand that the legislative branch retain its right and its function of disapproving any of the President's Government reorganization acts by a majority, he exclaims, "Ah, no; I want the veto power, so you will have to muster a two-thirds vote of the Congress to overrule me."

In all the debate, in all the thousands upon thousands of words spoken and printed about this bill, Mr. Chairman, there has not been a single sentence of valid argument offered as to why this Congress should not by a majority vote be able to prevent the Chief Executive from doing some act in reorganizing the Government that the Congress might regard as unwise.

Has this legislative branch of the Government became so deficient in honor, integrity, and intelligence that a majority of its members cannot continue to be trusted with the power, now theirs, to prevent an act of one man, the Chief Executive? If that is so, then it is time to abolish the Congress and frankly embrace the doctrine of one-man government. I for one am not ready to do that and this country is not ready to do it.

I say that in all the millions of written and spoken words concerning this proposal not one single sentence of valid reason has been expressed as to why a majority of the Congress should not have the power to estop the President from some act the majority of the Congress might think unwise. I go further and say that there cannot be shown any valid reason why the Congress should not retain the power to reject, by a majority vote, without submitting its action to a veto power of the President, any action of his it may believe unwise. And I warn this House that if the Congress yields to the pressure of the White House and passes this measure with this provision giving the President the power of veto, it will further confirm the fear rampant in this Nation that we are traveling toward a political autocratic dictatorship.

Now, Mr. Chairman, there is another proposition in this measure that cannot by any logic or any reason be excused, condoned, or supported. It is the proposal to abolish the

Civil Service Commission and to replace it with a one-man commission—a single commissioner.

It has been claimed that this single commissioner would be independent of the Executive will; that he would be wiser than the three-man Commission as now constituted. It has been claimed that he would be able to better conduct the vastly important merit system in government. Does anybody believe that? Does anybody believe that this lone commissioner would be independent of the Executive will? If so, let them ponder the Humphrey case. Let them study the implications in the more recent case of Dr. Arthur Morgan, Chairman of the T. V. A. Board. Does anybody believe that if this bill passes and this change is made in the Civil Service Commission that the Executive will not personally control? Let them study the condition of the civil service and its trend during the last 5 years. Does anybody believe that the merit service will not be made a political pie counter and that the efforts of Republican and Democratic Presidents and Congresses alike for the past 50 years to build up the civil service will not be frustrated and ruined within the next 3 years? If so, let them study the percentage tables which have recently been placed in the CONGRESSIONAL RECORD by the distinguished Member from Massachusetts, Congresswoman EDITH NOURSE ROGERS, showing what has happened to the civil service under Mr. Roosevelt's administration. The story is there. The prophecy is there.

If anybody believes that the merit service will not be prostituted to political ends if this change, as proposed in this bill, is made, let them ponder the prostitution of the purposes and the funds of the various relief agencies to political ends.

If this measure passes with this provision making possible the destruction of all that has been accomplished over half a century of strenuous effort in the interest of good government and a sound merit system in administration, the people will be further justified in their fear that we are tending toward a political autocratic dictatorship in this country.

Oh, I know, Mr. Chairman, it has been declared and again declared that the President would not use or abuse the power placed in his hands by these provisions. My answer to that is that if he does not intend to use the power, then there is no need for him to have the power, and if he does intend to use it, then he ought not to have the chance to use it.

There has been a widespread protest from organizations and citizens of every class against these dangerous and objectionable provisions of this bill. This is not a partisan matter. The protest has not been a partisan or a sectional protest. It has been general; it has been emphatic; it has been plain and unmistakable; and its volume is rising. I do not hesitate to say that if this measure had continued under debate for another week in the Senate the protest of the people would have grown to such volume that it would never have passed that body; that the power of persuasion, patronage, projects, and punishment would have failed exactly as it failed in the Court-packing attempt.

The third objectionable feature of this proposal, and the worst, perhaps, of the three, is the proposed abolition of the Comptroller General's office and its replacement by an Auditor General, whose function will be a post audit after the funds are spent. He will be under the control of the spending agency, the executive department. His tenure of office will depend upon the will of the Executive. Does anybody believe that he will be a brave, independent official who will defy the heads of the executive branch and boldly disclose their financial mistakes or misdeeds?

What is the objection to the Comptroller General's office? Why, Mr. Chairman, the objection has been that the Comptroller General was beyond the reach of the President's power of dismissal or control, and that he was able to enforce the laws passed by the Congress governing the expenditures of the people's money. It was because the Comptroller General enforced the law that the administration objected to him. The Comptroller General did not make the laws. Congress made them. He enforced them; he executed them as he was expected to do and as he took a solemn oath to do; and because he did his duty the President objected to him and his independent power to enforce the statutes. That is the only objection to him. Nobody has ever charged that the Comptroller General's department ever broke the law. Nobody has ever charged that it made or attempted to make any laws. Nobody has ever charged that it attempted to legislate by regulation. Ah, no, Mr. Chairman; the objection is that the Comptroller General enforced the statutes passed by the Congress.

Mr. Roosevelt and his advisers successfully insisted that several spending agencies of the Government under the New Deal should be exempt from the authority of the Comptroller General's department; that their records and their acts should not be subject to the scrutiny of that department. And in many of those agencies today there are ugly rumors of waste, corruption, and political manipulation of funds.

What could the proposed Auditor General do even if he had the moral courage to face probable dismissal? He could not prevent misapplication of Government funds. He could not even lock the stable after the horse was stolen. He could only tell Congress after it was too late that the horse had been stolen. Such an accounting agency would be a farce. So far as effective administration and safeguarding of the Treasury are concerned you might just as well write into this bill a provision that Congress shall merely appropriate a lump sum to be spent by the President as he sees fit, and let it go at that.

Now, Mr. Chairman, if we want to take this Nation a long step nearer to the possibility of a political autocratic dictatorship then pass this bill with these three objectionable features in it. If we want to convince this country that we are not concerned about its fear of a political autocracy then pass this bill with these provisions in it. If we want to convince the people that in spite of their most earnest protests we are willing to make it easier for a political autocratic dictatorship to operate in this country then pass this bill with these three dangerous provisions in it.

But remember, Mr. Chairman, the people will speak next November at the polls. They will then have a chance to register their protests in an effective manner. They will not then be able to change this act, but they will be able to make their protest felt just the same.

And a great and wise President of these United States once said:

> You can fool all of the people part of the time, and part of the people all of the time, but you cannot fool all of the people all of the time.

[Applause.]

Mr. TABER. Mr. Chairman, I yield the balance of my time to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, obviously, it is quite impossible to discuss the various features of this bill or its implications in a 14½-minute period. I shall not attempt to do so. Rather I shall confine my remarks largely to a discussion of that feature of the bill which has been very, very lightly touched upon by those who have thus far addressed the Committee in support of the measure.

The only direct reference to the title of the bill that I want to discuss has just been made by the gentleman from Michigan [Mr. WOODRUFF] and I concur in what he has said upon this. I would like to enlarge upon it a little, if I may.

In the defense of this measure made by the gentleman from North Carolina and the gentleman from Missouri, constant reference was made to the powers sought by previous occupants of the White House starting, as I recall, with Mr. Harding and going on down through Mr. Coolidge and Mr. Hoover, and up to the present time when the present occupant seeks this bill or its equivalent; and great emphasis was laid by these gentlemen upon the fact that the Congress of those days, of a different political complexion, sought to grant powers to the President in excess of those carried in this bill. I was not a Member of the Congress during those days, during the Hoover Administration, when those measures were before the House and

the Senate. So I am not familiar with them, but I venture the suggestion that in none of them was it suggested or proposed that the Congress should give up its control over the purse.

True, proposals were made that the President should have authority to transfer functions and agencies from one department to another, but I do not recollect that it was ever proposed that we should write into substantive law the abolition of that machinery established by the Congress in the Budget Act of 1921, and which is the most effective weapon which Congress possesses in its attempt—not always successful—to control the purse. The act of 1921, generally known as the Budget and Accounting Act, was supported when it passed this House by all but three Members, if my recollection is correct. I was a Member of the Senate at the time, and remember that the vote in this House was overwhelming. An essential element of that Budget Act of 1921 was the establishment of the office of Comptroller General and the General Accounting Office. That act definitely placed in the Comptroller General responsibility of seeing to it that appropriations made by the Congress should be expended in accordance with the intent of the Congress, and clothed him with power, with the aid of the General Accounting Office, either directly or indirectly, to prevent and forbid an expenditure deemed by him contrary to the wishes of the Congress. For 16 years the Government has gone along with the office of Comptroller General undisturbed. It is not at all surprising that from time to time during those 16 years officials of departments or bureaus have complained against decisions of the Comptroller General. If there had not been such complaint, if there had not been from time to time evidences of friction between him and the bureaucracy, I would begin to suspect that the Comptroller General was not doing his duty.

It is inevitable that with an officer of that kind established as a part of the Government, someone is going to complain; and yet when we look back over the 16 years, we cannot reach the conclusion that the complaints even in the aggregate are today of serious account or dimensions. Yet it is proposed in this House bill, as well as in the Senate bill, to take away from the office of Comptroller General the power to settle accounts in the name of the Congress, the power to readjust and settle claims as the agent of the Congress, the power to issue advance decisions, if you please, in the name of the Congress; because under the House bill now before us the Comptroller General is no longer to be the agent of the Congress and responsible to the Congress, as he is under existing law, but is to be appointed by the President for an indefinite term and may be removed by the President at any time. No provision is laid down in this bill governing, controlling, or limiting the power of the President to remove the Comptroller General. Under this bill he is to be the servant, the subordinate of the President; and the instant we do that, the instant we consent to do that, then the Congress no longer has control over the making of the rules by which the appropriations shall be spent.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. PETTENGILL. The gentleman is aware of the fact that if the Senate bill or the House bill passes and there is an illegal expenditure of public money, which is O. K.'d by the Bureau of the Budget, thereafter it would be impossible for the Government of the United States to recover against the disbursing officer, or his bondsmen, or the person that received the money.

Mr. WADSWORTH. That is my understanding.

Mr. FRED M. VINSON. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I have only a very short time. This bill, apparently in an effort to conciliate and reassure those who are nervous about this loss of control of the purse, establishes a new office, the auditor general, and with a generous gesture which is made to assure us all, provides that officer, the new auditor general, shall be appointed for a 15-year term, and shall be removable only by a concurrent resolution of the Congress. That sounds perfectly splendid, but what are the functions of this auditor general? Is he to have any control whatsoever in the initial stages and in the initial accounting and responsibility with respect to spending money? Not at all. All he can do, to put it generally, is to call upon the disbursing or accounting officers of the department, including the Comptroller General, and all of them are subjects of the President, to send to him the records, statements, and documents supporting the expenditures already made, and then audit them.

Mr. FRED M. VINSON. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. FRED M. VINSON. It is not a question of his calling on them. The bill requires them to be submitted to him, and he will report to Congress any illegal or improvident use, and I say to my friend that under existing law no such report has ever been made to the Congress by the Comptroller General.

Mr. WADSWORTH. Of course not, because the Comptroller General stopped the wasteful expenditure. What the gentleman from North Carolina [Mr. WARREN] said is true, that this bill does say that all these departments shall send their statements and accounts to the auditor general, but when do they do it? They do it after all the money is spent. The control of the Congress is cut in two. Make no mistake about that. We will no longer have a Comptroller General as we have known him for 16 years.

This lovely generous gesture made in this bill means that the Auditor General may sit with the Appropriations Committee of the House and the Finance Committee of the Senate and discuss with them how the money was spent after it was spent. [Laughter.] That is where your control passes, and it is intended that it shall pass. There has been a movement in this Government and I dare say in some quarters it started before the Roosevelt administration, a movement started in the bureaucracy that, step by sep, has been trying to break this control. There will always be a battle between bureaucracy and accounting; always. We shall never be without bureaucracy. It seems to be an element that accompanies and characterizes every kind of government. In recent years, and I do not confine my remarks to the last 5 years although during the last 5 years bureaucracy has grown at a rate never known before, but in former years bureaucracy grew step by step until now it almost has the Government by the throat. This title in this bill, in my humble judgment, ends the journey, for by the adoption of this title the Congress will have given up in practice and effect its essential element of control over the purse.

Members of this House know how exceedingly difficult it is for a committee of the House to delve into the murky recesses of a department; and this has been true for years. Members of veteran experience in this House have tried it over and over again, but only by chance from time to time do they succeed in reaching clear down to the bottom and finding out just what has transpired. It was with this thought in mind that in 1921 Congress decided to have its own agent watch the bureaucracy. That provision in the original bill was supported in the debate in the House of that day by the distinguished present Speaker of this House.

It was supported in debate by the distinguished present majority leader of this House. It was supported in the debate by the present distinguished Vice President of the United States. Mind you, a Republican administration was in power under Mr. Harding, yet Republicans and Democrats alike, with the exception, as I recollect, of only three Members, voted to insert this element into the Budget system in order to assure that Congresses of the future and for all time to come should have and exercise the last element of control of the purse.

Mr. FRED M. VINSON. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. FRED M. VINSON. The Budget and accounting system was started under the Wilson administration, was it not?

Mr. WADSWORTH. It was.

Mr. FRED M. VINSON. And it was a veto message of the President that killed that bill, the message being based on the constitutional question of control.

Mr. WADSWORTH. True enough; I am not denying that. The Congress first passed a Budget Act under the Wilson administration, and Wilson vetoed it, I think, on the ground that, as he believed, the creation of the office of Comptroller General was not justified under the Constitution. Congress reconsidered that whole matter in the next Congress, and Republicans and Democrats on the committee studied the thing from A to Z, rewriting it, and passed the act in its revised form.

Mr. FRED M. VINSON. But my friend will admit that the main fault with it was that they wanted an independent audit, and that has never been given to them under the Budget Act of 1921.

Mr. WADSWORTH. With that I cannot agree. We have had an independent audit on many, many occasions.

Mr. FRED M. VINSON. But never submitted to the Congress.

Mr. WADSWORTH. And it cannot be denied from the practical standpoint that the Comptroller General of the United States has saved the taxpayers of this country millions and millions of dollars in these 16 years. [Applause.]

[Here the gavel fell.]

Mr. ROBINSON of Utah. Mr. Chairman, I rise in support of the bill.

The CHAIRMAN. The gentleman from Utah is recognized for 1 hour.

Mr. ROBINSON of Utah. Mr. Chairman, it is not my purpose to take more than a few minutes myself. I shall then yield to those more expert on some phases of this bill than I.

Mr. Chairman, this committee was organized for the purpose of studying a report by a special committee appointed by the President for the purpose of reorganizing Government functions. This committee studied the matter for some time and made its report. The House committee was appointed and we decided that instead of bringing the matter before the House in one bill, as was done in the Senate, we would divide it into four bills. As has been stated, two of these bills have passed the House. Four subcommittees were appointed by the House committee—the gentleman from Kentucky [Mr. VINSON] was appointed as chairman of one, the gentleman from North Carolina [Mr. WARREN] chairman of a second, the gentleman from New York [Mr. MEAD] chairman of the third, and I as chairman of the fourth. For this reason I appear before you now in behalf of a bill that you have already passed, the bill that was considered by the subcommittee of which I had the honor to be chairman. That bill was passed by this House on a record vote of 260 to 88.

It seems to me there should be no politics in this bill. The purpose of this bill is simply to give the President of the United States adequate help to conduct his office as it should be conducted. I was very glad to hear the gentleman from Ohio say that in his opinion there should be no objection to this particular part of the bill. The Committee on Reorganization that was appointed by the President made this statement in its report, and for fear some of you will not read our report, I think you should know what this committee said about this particular matter:

> In this broad program of administrative reorganization the White House itself is involved. The President needs help. His immediate staff assistance is entirely inadequate. He should be given a small number of executive assistants who would be his direct aides in dealing with the managerial agencies and administrative departments of the Government. These assistants, probably not exceeding six in number, would be in addition to his present secretaries, who deal with the public, with the Congress, and with the press and the radio.

The President, in his statement to the Congress, stated as follows:

> The committee has not spared me. They say what has been common knowledge for 20 years, that the President cannot adequately handle his responsibilities, that he is overworked, that it is humanly impossible, under the system which we have, for him to fully carry out his constitutional duty as Chief Executive, because he is overwhelmed with minor details and needless contacts arising directly from the bad organization and equipment of the Government. I can testify to this. With my predecessors who have said the same thing over and over again, I plead guilty.

As there are 120 different governmental bureaus and activities all reporting to the President, it is necessary that there be a sufficient executive force to contact these governmental activities and to act as a go-between so far as those activities and the President are concerned.

What this committee is trying to do is to streamline the Government activities, so far as the White House is concerned, and in order to do this it is necessary to give the President more help. These men who will be appointed must be men who are expert in their various lines. They will contact the various Government departments and report from those departments back to the President. It seems to me that when the President comes to the Congress and asks for additional help, in order to conduct his office in a manner that he thinks it should be conducted, we should not hesitate to grant his request.

We know he is already overworked and that every President has been overworked. The President has had far more work to do than any previous President. I feel, therefore, that there can be no objection voiced to this particular part of the bill. I may say that this kind of a request has never been denied any President, so far as I know.

Mr. Chairman, may I say a few words generally with reference to this bill? It seems to me an unusual thing that when we start consideration of a bill such as this, a bill similar to which has been passed time and time again by the Congress, both under Republican administrations and under Democratic administrations, that the cry of "dictatorship" should immediately go up. I was especially pleased, and I know that my Republican friends must have been pleased, when former President Hoover arrived from Europe the other day and was interviewed on this particular bill. He made the statement that he could not see that the bill contained any suggestion of dictatorship. He himself, he stated, always had favored reorganization of the departments. Even President Hoover at the present time comes out and tells the people of the United States that there is no question of dictatorship involved in the present bill.

Mr. THOMAS of New Jersey. Will the gentleman yield?

Mr. ROBINSON of Utah. I yield to the gentleman from New Jersey.

Mr. THOMAS of New Jersey. As I understand it, according to the gentleman's statement, ex-President Hoover made this statement just as soon as he arrived back in this country.

Mr. ROBINSON of Utah. On March 29.

Mr. THOMAS of New Jersey. Does the gentleman think that any man, including ex-President Hoover, could have read this bill at that time?

Mr. ROBINSON of Utah. Yes; and I think that Mr. Hoover had read the Senate bill.

Mr. THOMAS of New Jersey. Does the gentleman think Mr. Hoover had read the bill we are today considering, or the Senate bill?

Mr. ROBINSON of Utah. I think he read this bill and the Senate bill and knew what he was talking about.

Mr. THOMAS of New Jersey. If he was in Europe or on the way over here, how could Mr. Hoover have read the Senate bill?

Mr. ROBINSON of Utah. The bill we are now presenting to the Congress has been pending in the House of Representatives for several months. It has been before the country a number of months. The Senate bill has been debated over in the Senate for nearly a month.

Mr. THOMAS of New Jersey. It is the gentleman's opinion Mr. Hoover read the bill either over in Europe or on board ship?

Mr. ROBINSON of Utah. He must have read it.

Mr. THOMAS of New Jersey. I do not think he ever read it.

Mr. STACK. Will the gentleman yield?

Mr. ROBINSON of Utah. I yield to the gentleman from Pennsylvania.

Mr. STACK. Does not the gentleman believe on account of the length of time Mr. Hoover has been in Europe that he has a dictatorship complex?

Mr. ROBINSON of Utah. No; I do not think he has a dictatorship complex. This dictator proposition is nothing more or less than a mere camouflage or a smoke screen. That is all it is. We have the same people hollering dictatorship today who a few months ago were howling against the tax bill and excess profits. Now that they have that taken care of they are hollering against dictatorship.

Mr. WARREN. Will the gentleman yield?

Mr. ROBINSON of Utah. I yield to the gentleman from North Carolina.

Mr. WARREN. I just heard the gentleman from Pennsylvania [Mr. STACK] ask about a dictatorship complex. May I call the attention of the gentleman to the fact that on August 13, 1937, the gentleman from Pennsylvania [Mr. STACK], who now howls dictatorship, voted for title I verbatim, just as it is.

Mr. TABER and Mr. STACK rose.

Mr. ROBINSON of Utah. I yield to the gentleman from New York [Mr. TABER].

Mr. TABER. The gentleman from Pennsylvania [Mr. STACK] probably knows more about the bill now than he did then.

Mr. STACK. May I say I do not think anybody knows anything about the bill. We have not had a chance to learn anything about it.

Mr. ROBINSON of Utah. In answer, may I say to the gentlemen that the committee appointed by the Speaker of the House has spent months on this bill and has carefully analyzed it.

I do not believe there are here matters pertaining to the Government about which you need to be worried, because you will hear on the question of the Comptroller General the finest expert in Congress on that question, the gentleman from Kentucky [Mr. FRED M. VINSON]. You will hear on the question of the civil service the finest expert and almost the greatest exponent in Congress of the cause of the workingman, the gentleman from New York [Mr. MEAD]. These gentlemen have given months of study to the bill and I believe they know what they are talking about.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. ROBINSON of Utah. I yield to the gentleman from Indiana.

Mr. GRISWOLD. May I ask the gentleman if his interpretation of subtitle (b) on page 60 of the bill, relating to the civil-service regulations, is that this provision will prevent any interference with the present veterans' preference?

Mr. ROBINSON of Utah. It is my understanding it will.

Mr. GRISWOLD. This provision will not interfere in any way with the present veterans' preference?

Mr. ROBINSON of Utah. No; it will not.

May I say just a word to the Progressives, because I notice on some of the votes today some of our supposedly outstanding Progressives are apparently against this bill. I cannot understand their attitude. In order to let them know what other people are thinking, I quote an editorial from the Washington Times of March 30. As I understand, the Times is a Hearst paper:

Monday witnesses the long awaited Senate show-down on the President's Government reorganization bill. The President won, 49–42. The bill is now in the House for final action.

This Armageddon is strictly the hooey. It is not a real Armageddon. President after President has begged Congress to give him enough power to streamline the Federal Government by merging overlapping bureaus and killing off a few useless political jobs. Much the same thing as La Guardia has been able to do for his city government. This is just another of those bills. As always the reactionaries, who are forever saying government should do next to nothing because government is inherently inefficient, are against any measure to make government more efficient.

They are particularly bitter against this bill because it is a Roosevelt bill. Any club will do to beat a dog with, and these gents consider Roosevelt a dog. If they can still beat this bill, they will make Roosevelt look impotent to influence Congress; and that will make it easier to beat other bills more menacing to the power of organized capital. This is the true inwardness of this "last-ditch battle to stave off dictatorship," with the phony flood of telegrams and all the rest of the hokum.

One thing that convinces us of the bill's true liberalism is that Senators GEORGE W. NORRIS (Republican), Nebraska, and ROBERT M. LA FOLLETTE (Progressive), Wisconsin, voted for it. It is an old trick of ours to get pointers on any proposal's true liberalism or otherwise by finding out how these two statesmen and Progressives look at it.

Mr. Chairman, this bill has nothing to do with dictatorship. That charge is just a camouflage and a smoke screen. Do not let the reactionaries deceive you on that. The Progressives are for this bill. This is a progressive, forward-looking bill, and is something the President wants. I for one am perfectly willing to stand by the President and I believe the Democratic Members of the House should be willing to follow his leadership.

Mr. HILL. Mr. Chairman, will the gentleman yield?

Mr. ROBINSON of Utah. I yield to the gentleman from Washington.

Mr. HILL. The gentleman mentioned Mr. Hoover. Does not the gentleman believe that since ex-President Hoover has been in Europe and seen some of the dictatorships over there he realizes a dictatorship is not possible under any circumstances in a democracy like America?

Mr. ROBINSON of Utah. I believe that to be true.

Mr. Chairman, I reserve the balance of my time, and yield 30 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, the civil-service section of this bill has been my problem child for the past 6 months. I have held numerous conferences with representatives of the civil-service groups in perfecting and presenting amendments, all of which save one have been accepted by the committee and will be presented during the consideration of the bill under the 5-minute rule tomorrow.

There is considerable opposition to this section of the bill. In most part this opposition hinges on the abolishment of the Civil Service Commission as such and the creation of the new set-up, which includes a civil-service administrator and a monitor board. Those who are opposed to the bill on these grounds in most part really believe a board or a commission is superior in its effectiveness to an administrator or a single head of an agency. There are others who hinge their opposition to this section on the fear that always permeates the conservative mind, that a change in any direction may bring ruin. It is the pioneering view, the view of the youthful in spirit, that welcomes a change and sees in it opportunity for perfection. This view stands against the conservative and the reactionary and welcomes an opportunity to follow the trend which investigation and research indicate is the direction of progress.

Mr. MAPES. Mr. Chairman, will the gentleman yield?

Mr. MEAD. I am sorry, but I shall have to withhold yielding until I have completed my statement.

Now, Mr. Chairman, what is the trend? What is happening in America and in the world in regard to the administration of our civil-service laws? Last year several investigations were made by a number of our leading authorities, among them Brookings Institution, and every one of those investigating bodies recommended a single-headed personnel office. In the last few years 12 States investigated the subject and the score stood 12 to 0 for the abolishment of the Commission. But there are those who still rebel against any change and who embrace the old order for fear something new might present weaknesses.

Then we want concrete information and experience; we want the operation of the theory; and so we find in the record of five States a change in policy which brought about the elimination of the board and the institution of a single head or a single personnel officer.

We have critics who occasionally point with pride to the various innovations made in other governments in the field of personnel jurisdiction and in the field of social and political activities. Every civil-service authority of note points

to the civil-service administration in vogue in England and holds it up as a leader among the nations of the world. Yet in England for over 20 years, with authority of law to appoint a commission, they have nullified the law and appointed only a chairman and not a commission, so that they have the single-headed commission over there.

Now, what is there to this bill that should create the opposition that is, shall I say partisan or shall I say timely, and in accordance with the, shall I say propaganda or the individual sentiments of so many thousands of people who sent the same kind of letters and telegrams to the Members of Congress?

Mr. GRAY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MEAD. As soon as I complete my general statement.

I want the men on the Democratic side to know that that propaganda is not effective enough to recommend itself highly to the Republican leaders of the country, leaders who are recognized because of their knowledge of civil service and their experience in handling patronage matters, and who know the difficulties that beset the present administration.

Let me summon a witness whose loyalty to the party and devotion to the cause will be questioned by no Republican. This is a statement by Will Hays, former Postmaster General, overlord of patronage and dispenser of all the good things when his party was in power. He worked both ends of it. He was both the target of the ingrate who wanted ten times more than he got and the recipient of the gratitude of those to whom he doled out his favors. Only recently he said:

> As a man who has been on both ends of the patronage problem, who has suffered from it and benefited by it, I believe—

This sounds as though it were coming from my distinguished colleague, a member of the committee from Massachusetts, who I know will follow the example and the instructions of Will Hays, who said:

> I believe the President's civil-service program is going to reform the old system and not only add efficiency in government but diminish the embarrassment of many in public life.

So much for a witness who, in my judgment, would qualify in any court in the world as an expert on this particular subject.

And now for another witness, one who will solidify Republican support and bring more than the lip service that was given to us when the original "dictator bill" received such an overwhelming vote only last August. My next witness, with his mind refreshed by all the cruelties, all the suffering, and all the grief associated with unbearable dictatorships, landed in free America only the other day, and hardly had he gotten off the boat when he made a statement so succinct and so terse that I know the Republican leaders will not dare to challenge it. Mr. Hoover said to those who really want to improve government, according to a quotation in the paper, that he could not see that the bill contained any suggestion of dictatorship. He himself, he said, had always favored reorganization of Government departments.

Mr. LAMBERTSON. Mr. Chairman, will the gentleman yield?

Mr. MEAD. I might be misquoting him. I see the gentleman from Kansas [Mr. LAMBERTSON], whose great leader only recently joined hands with the President of the United States in advocacy of another of the Presidential ideas, and whose leadership I think my distinguished and beloved friend should follow for the benefit of the Republic and for the well-being of its people——

Mr. LAMBERTSON. Mr. Chairman, will the gentleman yield?

Mr. MEAD. As soon as I finish. I have some more witnesses. Lest I misquote Mr. Hoover—and I do not care to misquote anybody—let me bring to your attention the statesmanlike, unbiased, and nonpartisan speech he made sometime ago. It may have been a message, it may have been a statement, but it came from his heart. Listen to Mr. Hoover and then stand by him. If you cannot stand by Landon, stand by Hoover. When the House threw out Mr. Hoover's reorganization program, Mr. Hoover's protest was as follows:

> Either Congress must keep its hands off now, or they must give to my successor—

And he knew who his successor was to be—

> much larger powers of independent action than given to any President, if there is ever to be reorganization; and that authority, to be effective, should be free from limitations in the law passed last year which gives Congress the veto power, prevents the abolition of functions, and prevents the rearrangement of major departments.

Gentlemen, remember that when this bill is under the 5-minute rule, and rise to heights of statesmanship to the lasting good through the simplification and efficiency of government.

Mr. Hoover completed his statement as follows:

> Otherwise it will, as is now being demonstrated in the present law, again be merely make-believe.

In the name of that experienced leader I ask you gentlemen to pass a law that will not be make-believe.

Mr. GIFFORD. Mr. Chairman, is the gentleman going to yield at that point?

Mr. MEAD. At the end of my statement.

Mr. GIFFORD. How soon will that be?

Mr. MEAD. I hope the gentleman will remain patiently and enjoy it even until the end comes.

There are a great many civil-service employee organizations who are vitally interested in this bill, and I yield to no man in my interest and concern for the welfare and well-being of the employees, be they in the Postal Service or in any other service of the Government. There are some who believe that most of the employees of the Federal Government are in opposition to this bill. Nothing could be further from the truth. I had one conference after another with almost every representative of the large organizations, and I accepted every amendment they offered, and I had our committee accept every amendment except one. Those amendments will be presented under the 5-minute rule, and I believe they will greatly improve the bill.

There are, as you gentlemen know, a number of representative groups. Some are affiliated with the American Federation of Labor. Others are associated with the National Federation of Employees. Still others are in the newer group, associated with the C. I. O. Then there is another group of non-civil-service employees who are unaffiliated.

The non-civil-service association, through their president, inform me that they are enthusiastically in support of the bill. I understand, and I shall make it official by inquiry, that the C. I. O. group favor the bill. I can say now, because I have the front page of a magazine issued by the Federal employees, that they are sincerely in favor of this bill. Also, nearly every organization of the A. F. of L., and of the National Federation of Federal Employees in the field, which I have had opportunity to contact, is in favor of the civil-service bill, and there is a telegram that indicates the attitude of those field organizations. This is not in answer to any inquiry of mine, but came unsolicited, addressed to me:

> Strongly urge passage of administration reorganization bill as amended, with civil service reform measures. National president of our organization in recent radio address urging defeat of the measure did not represent the membership of our group. We feel that the bill is meritorious, will result in great benefits to the administration of Government agencies, and will eliminate extravagance, waste, and overlapping of departments.
>
> AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, BUFFALO LODGE NO. 391.

I have a number of similar endorsements, but that is sufficient for the time being.

I want to say something to you about the bill. First of all, I would have you know that if there is any civil-service law now in operation for the benefit of the postal worker, in the interest of the veteran, of concern to the Federal department employees, it will still be the law after this bill is passed unless it is specifically mentioned in this bill. In a word, this bill

adds to existing law and takes no preference from the veteran or the lay employee. It merely supplements existing law and supersedes it only where existing law is in conflict.

I now want to make some predictions for this bill. Every organization interested in the merit system and concerned with its extension favors the principle contained in this measure. We have heard in the past, since this civil-service proposal has been under study, from the Junior Chamber of Commerce, from the League of Women Voters, from the National Civil Service Reform League, all supplementing the evidence of these several groups in favor of the expansion of the merit system as contained in this bill.

What does the bill do for those who are outside of the civil service? The bill gives to the President of the United States for a period of 2 years the authority of the Congress to extend the civil service to the rank and file of the permanent agencies of the Government unless they are otherwise exempted by the language of the bill. It not only extends the merit system, but it utterly destroys the spoils system. It not only extends the merit system to the field offices that are permanent agencies, but it likewise extends the Classification Act, and in that connection it will do justice to a large number of Federal employees whose salary is now set as a result of influence, favoritism, or discrimination. Not only will it extend the Classification Act, but in addition to that, it will cover this group of worthy employees with all of the benefits of the retirement system. I have in mind the employees of the veterans' hospitals, employees who are not now covered by the Classification Act, and who are without the benefits of the Retirement Act. I have a group of them in a hospital in my district. They will not only be given the benefit of the Classification Act, but they will likewise be covered by the retirement law and its benefits. The bill extends the merit system, it improves the personnel of the Government, and it confers more benefits on our civil-service and non-civil-service employees than has been done in recent years.

I firmly believe that if we pass this bill we shall be doing more than the friends of the civil service hoped to have accomplished in a 10-year period.

When the bill is read under the 5-minute rule I shall offer a number of amendments which will make good the statements I have just made. These amendments will strengthen the law and bring the vast majority of the Federal employees to the support of this measure. I hope that I have your support when these amendments are presented.

The object of this particular section of the bill is to give to the employees of the Federal Government not only the benefit of civil service where it is not now applicable, not only to confer upon those outside of the Classification Act the benefits of that law, not only to give the benefit of the Retirement Act to employees that now do not enjoy them, but it also has for its object the improvement of the civil service by the creation of an advisory board of 7 men, a board whose duty it is to study, to investigate, and to recommend constant improvements in the civil service to the Congress and to the President.

Let me remind you that the former Governor of Arizona who was Mr. Hoover's chairman of the Civil Service Commission ardently advocates this bill. Not only did he make a statement when he was chairman of the Commission, but he made a statement very recently when this particular bill was before our Commission. I want you to know that Mr. White, a former Republican member of the Civil Service Commission, advocates this same measure. Above all, except for fear in the mind of the man who opposes change, this bill will result only in benefits to the civil-service employees of the Nation.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. MEAD. I yield.

Mr. DINGELL. The gentleman, of course, is familiar with my efforts in behalf of the special-delivery messengers, and my attempt to bring them under the classified civil service. Can the gentleman say, for the information of the Committee, whether under the terms of this bill it may be possible without further legislation to bring under the classified civil service and the Retirement Act these special-delivery messengers of the Postal Service?

Mr. MEAD. The special-delivery messengers, under existing conditions, are paid under a peculiar system.

Mr. DINGELL. I appreciate that.

Mr. MEAD. They are under a fee system as the gentleman knows.

The President could now, I understand, cover them into civil service. That would give them a permanent status, but it would not affect their hours and pay. That would have to be by law.

In my judgment the passage of the gentleman's bill would be the better way to take care of these particular employees.

In view of the peculiar pay status of the special-delivery messengers, I would request the gentleman to redouble his efforts to secure approval of that bill by the other body rather than to depend entirely upon this measure. The bill authorizes the President to cover into the civil service the rank and file of those who are regular employees of the Federal Government, except those who are in policy-making positions and except those who require confirmation of the Senate.

The special-delivery messengers are employees of the Postmaster.

Mr. DINGELL. I appreciate the gentleman's advice and shall follow it.

Mr. LAMBERTSON. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from Kansas.

Mr. LAMBERTSON. It is very evident who the gentleman's hero is when he states "my friend." He said a good deal about Mr. Hoover.

Mr. MEAD. I shall make it plural, if the gentleman will agree to the correction and include both my hero and his hero.

Mr. LAMBERTSON. A good deal was said about Mr. Hoover. One of the arguments used against his reelection was the fact he was a bureaucrat, so it was stated. It was charged that he had never run for any office except that of President in his life. His political judgment was so bad in the end that he nearly ruined the Republican Party. The gentleman quotes him as an authority and basis for this bill. May I say further this is the first time Lewis and Green have been able to get together on anything? The gentleman is a very fine exponent of the principles of labor. How can he justify being for labor now when labor is united against this bill?

In reference to Mr. Landon, may I say he joined Mr. Hoover at the water's edge on the Ludlow resolution, and the next day the Kansas delegation, Democrats and Republicans, voted the other way?

Mr. MEAD. Evidently the gentleman has just found these two men out.

Mr. VOORHIS. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from California.

Mr. VOORHIS. I would like to ask the gentleman what his interpretation is of the language on page 67, line 11, of the bill, where it says:

> The President is authorized by Executive order to except from, or cover into, the classified civil service any office or position—

and so forth. I do not understand those words "to except from."

Mr. MEAD. That is existing law, and I intend to offer an amendment which will limit authority to the words "to cover in."

Mr. VOORHIS. I thank the gentleman.

Mr. RANDOLPH. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. I cannot agree with the gentleman that a single administrator is preferable to the present nonpartisan three-member Commission. I do believe, however, in the extension of the merit system. In connection with the amendments which the gentleman proposes to offer tomorrow, may I ask if he is going to place them in the RECORD

this evening so we can look at them prior to the time they are offered? I think they might be very helpful to those who are interested in this particular phase of the bill.

Mr. MEAD. I will do that. I may say that they probably will not be helpful unless they are associated with the rest of the paragraph or section in some instances; nevertheless, I shall include them in my remarks of today.

Brief explanation of bill H. R. 8277—civil service.

TITLE I

Section 1: Gives short title of bill.

Section 2–a: Establishes a Civil Service Administrator, appointed by the President, confirmed by the Senate, without term, at a salary of $10,000 per annum.

Section 2–b: Creates office of Deputy Administrator, appointed by the Administrator, subject to civil-service laws, salary fixed by Classification Act.

Section 3: Abolishes the present Civil Service Commission.

Section 3–b: Makes the bill supplementary, not superseding present civil-service law. Limits authority of President to cover into or exempt from the civil service.

Section 4: Gives Administrator additional functions in order to build up a merit system for Government employees.

Section 5: General administrative provisions—delegation of Administrator's powers; supervision of work of Board upon request, furnishing Board with help; and adoption of official seal.

TITLE II

Section 201: Establishes Civil Service Board of seven members.

Section 202: Board to be appointed by President and confirmed by Senate; President to designate chairman and vice chairman.

Section 203: Prescribes terms of office of Board members.

Section 204: Subsistence allowance to Board members—$50 per day plus transportation, but not more than $1,500 per annum, exclusive of transportation.

Sections 204 b and c: Covers the conducting of meetings of the Board.

Section 205: Functions of Board. Oversees the administration and cooperates; proposes plans and procedures to President. President or head of any executive department or agency to appoint boards to study employment problems.

Section 206: Board to adopt official seal.

TITLE III. EXTENSION OF CIVIL-SERVICE LAWS

Section 301: Gives President continuing authority to cover into or exempt from civil service. Presidential appointments confirmed by the Senate do not come under this power.

Section 302: Requirements for acquiring a classified civil-service status under a position covered into the civil service.

Section 303: Extends provisions of this title to existing and future positions and incumbents.

TITLE IV. EXTENSION OF CLASSIFICATION ACT

Section 401: Extends Classification Act, when President deems it desirable, to positions outside civil service in Government agencies. Administrator to report to President on such matters in advance after investigations.

Section 401–b: When such positions cannot be placed under existing classification services as prescribed in the Classification Act, President may name additional services and fix the salary within the limits of the Classification Act.

Section 401–c: President may increase compensation for civil-service positions, not exceeding 25 percent of the minimum rate for the grade, upon recommendation of the Administrator. This authority limited to remote stations or jobs involving physical hardship.

Section 401–d: Excepts certain positions from powers granted President.

Section 402: Authorizes President to except certain positions from the Classification Act, due to certain characteristics.

Section 403: Positions covered into civil service to come in under a uniform procedure and in accordance with provisions of the Classification Act. Provides for initial salary, but at the same time safeguards incumbent's salary upon being covered into civil service.

Section 404: Nothing in the act shall prevent promotion of an officer or employee.

TITLE V. MISCELLANEOUS PROVISIONS

Section 501: President, Administrator, and Board to make necessary rules and regulations.

Section 502: Personnel and property of Commission to be transferred to the Administrator. Provides for covering personnel into classified service.

Section 503: Transfer of unexpended balances to administration.

Section 504: Saving provision with regard to existing laws, etc.

Section 506: Saving provision with respect to suits or actions.

Section 507: Employment of experts and consultants, authorized.

Section 508: Defines terms used in the bill.

Section 509: Authorizes appropriations necessary to carry out the bill.

Section 510: Separability clause.

Section 511: Effective date—90 days after enactment of the bill.

Amendments which I shall offer to the bill:

AMENDMENTS TO H. R. 8277

Page 6, strike out lines 9 to 14, inclusive.

Page 6, line 15, strike out "(c)" and insert in lieu thereof "(b)."

Page 8, after line 4, insert new section 205, reading as follows:

SEC. 205. The Board is further authorized, subject to the civil-service laws, to appoint a secretary and such other officers and employees as the Board deems necessary to enable it to exercise the functions vested in it by law; and the compensation of the secretary and all such officers and employees shall be fixed in accordance with the Classification Act of 1923, as amended.

Page 8, line 5, strike out "SEC. 205" and insert in lieu thereof "SEC. 206."

Page 10, line 9, strike out "SEC. 206" and insert in lieu thereof "SEC. 207."

Page 10, at the end of line 14, insert the following amendment:

for a period of 2 years after the effective date of this act.

Page 11, following the word "except" in line 9, strike out everything to and including "(b)" in line 17.

Page 20, following line 11, insert a new section 405, reading as follows:

SEC. 405. Section 9 of the Classification Act of 1923, as amended (42 Stat. 1490; U. S. C., 1934 ed., title 5, sec. 669), is hereby further amended by adding at the end thereof the following paragraph:

"Under such regulations as may be prescribed by the Civil Service Administrator with the approval of the President, there shall be established in each department one or more boards of review, each of which shall be composed of three or more members, the chairman to be designated by the Civil Service Administrator and the other members to be designated by the head of the department concerned. The boards of review shall meet at the call of their respective chairmen for the purpose of considering the passing upon the merits of such efficiency ratings assigned to employees as may be submitted to such boards of review as hereinafter provided. Any employee shall, upon written request to the chairman of the appropriate board of review of his department, be entitled, as a matter of right, to a hearing and a review by such board of review of his efficiency rating. After any such hearing, the board of review may make such adjustments in any such efficiency rating as it may find to be proper."

[Here the gavel fell.]

Mr. STACK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Utah [Mr. ROBINSON] yield to the gentleman from Pennsylvania to propound a parliamentary inquiry?

Mr. ROBINSON of Utah. Mr. Chairman, I yield the balance of my time to the gentleman from Ohio [Mr. HARLAN].

Mr. STACK. Will the gentleman yield?

Mr. HARLAN. I cannot yield. I have only 14 minutes.

Mr. STACK. I have not a minute.

Mr. HARLAN. Mr. Chairman, my remarks this afternoon will be a very slight elaboration of a radio broadcast which I just gave over the Columbia Broadcasting System.

The bill we are considering is designed to reduce expenditures, increase efficiency, regroup offices, reduce the number of agencies, and eliminate overlapping. To argue against the purpose of this bill would be very much like arguing against the Ten Commandments; yet, Mr. Chairman, the lobbyists are here again to save the Constitution and to save the people of the United States from the dictatorial ambitions of our Chief Executive.

In the short time at my disposal I shall reply to only four of the arguments: First, that the bill is unconstitutional in delegating power; second, that it gives dictatorial powers over expenditures; third, that it destroys our civil service; and fourth, it needs more study.

Before going into the discussion, let us review history for a moment. The Constitution says that executive powers shall be vested in the President and that he shall take care to see that the laws are properly executed. In the early days there was no question about the power of the President to control the personnel and arrangements of his own agencies. They were all under members of his own Cabinet.

If John Adams or Madison could observe now and hear that delegation of power to the President to control the distribution and operation of executive agencies is being challenged, their very bones would rattle with mirth.

This question never rose until Monroe's administration, at which time the Patent Office was created as an independent agency. President Monroe called the attention of Congress to the fact that they were at that time usurping his power. He said:

> I have always thought that every institution, of what nature soever it might be, ought to be comprised within some one of the Departments of Government, the chief of which only should be responsible to the Chief Executive Magistrate of the Nation. The establishment of inferior independent department, the heads of which are not, and ought not to be, members of the administration, appears to me to be liable to many serious objections, which will doubtless occur to you (2 American State Papers, Misc., p. 192).

From that day to this, independent agencies, commissions, and bureaus have been created without rhyme or reason until at the present time there are 130 of them in Washington and I doubt if the President knows where they are. Yet it is his responsibility to see that the laws are properly executed.

These agencies frequently exercise executive power without responsibility, legislative power without supervision or check, and judicial power not only without practical review, but frequently combine in one man the judge, prosecuting witness, and counsel.

They tell us that such delegation of power will create too much efficiency, and that a democracy does not need efficiency, that there is a danger in efficiency because dictatorships are efficient. One might just as well say that he does not believe in good health because prize fighter Joe Louis has good health and that the prize-fighting business is not desirable.

Governmental efficiency is not the road to destruction for democracy, but instead it is the road to salvation. Germany and Italy did not cease to be free governments because they were too efficient. They became dictatorships when their free government ceased to be sufficiently competent to handle the problems of modern industrial civilization. Democracies cannot compete in this world with dictatorial governments unless democratic governmental machinery is remodeled to twentieth-century needs.

The Federal district court of New York has ruled that this delegation of power is constitutional. The Supreme Court has refused to review this decision. Two Attorneys General have said it is, if anything further is needed.

Mr. Chairman, we are told that the change in the Comptroller General's office is going to give despotic power over our finances. When the Comptroller General and Budget bill was pending before the Congress, the statement of Mr. Good, who introduced that bill, made very clear what the intention of the Congress was. That intention was not, as the gentleman from New York [Mr. WADSWORTH] stated, to give Congress control over expenditures. It was expressly stated in that argument, and I will include it in my remarks, that the Comptroller General was merely to audit these expenditures, state when he thought they were being misapplied, and report back to the Congress, a wonderful ideal, but woefully unachieved.

> Mr. GOOD. Now, we propose by this plan to have an accounting department for the final audit of all accounts, and that office shall have charge, not of the administrative audits, because in each department there is already an administrative examination and audit, but the auditing force that makes the final audit, and is separate and distinct from the administrative audit force, is transferred to the accounting department.
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> * * * * * * *
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> No; it does not mean that he can direct the application. He reports whether it was applied efficiently, whether it was wisely spent. He has no power to direct expenditures. (67th Cong., 1st sess., May 3, 1921, p. 982.)

What is the present situation? The Comptroller General has assumed from the wording of that act certain powers that were never intended to be conferred. I refer to the power to control disbursements.

He has become an executive officer to that extent. He still has the power to audit, and to that extent he is a legislative officer. He sits in judgment on claims and compromises claims. He sits as a court from which there is really no appeal, and he is a judicial officer. These powers that the Comptroller General has assumed have so bogged down his office that the preaudit for which his office was originally created is effective in connection with less than 4 percent of the Government disbursements. It is this farce of a preaudit the gentleman from New York [Mr. WADSWORTH] said we must retain if we are to retain legislative control.

The fact is that the preaudit of the Comptroller General has almost completely confined itself to disbursements which the disbursing officer himself has some question about and he desires the approval of the Comptroller General before he makes the disbursement. In cases where the disbursing officer has no such doubts, or if the situation should arise in cases where the disbursing officer knows he is wrong and intends to proceed anyway, it is just an accident that the Comptroller General makes any preaudit at all. This class of cases, Mr. Chairman, is the very class of cases for which a Comptroller General was created and the pending bill will definitely and clearly confer that duty and obligation upon the auditor general.

This House is entitled to know not only those cases where the disbursing officer has some doubts but more especially in those cases where the disbursing officer is willfully attempting to violate the law. By dividing up the functions of the Comptroller General, giving the executive functions to one man and the legislative functions to another, in this way and this way alone can this House have the real audit to which it is entitled. By act of this very Congress that created the Comptroller General, 19 Government agencies have been taken from under the General Accounting Office, because that office cannot handle their accounts fast enough. The clearings of the different disbursing offices are from 1½ to 4 years behind, because the Comptroller General, exercising legislative, judicial, and executive functions, has got into a muddle that any auditor would say is utterly nonsensical. No man can disburse money and then audit his own disbursements.

This bill merely brings our Comptroller General's office and system in line with the British system of disbursing money and auditing accounts. The British have divided those functions as this bill divides them. Mr. Chairman, when we attempt to do anything better than John Bull, when it comes to handling money, we must step out in fast society. The people of the British Empire do not complain that by using modern methods of handling their finances they have lost any of their liberty.

Mr. FRED M. VINSON. This is really ordinary business sense.

Mr. HARLAN. That is all it is, just common sense. This was approved even by the Chamber of Commerce of the United States, and when I say that I cannot go any further for conservation.

Mr. FRED M. VINSON. 1,833½ to 137½, in 1934.

Mr. HARLAN. Absolutely, that was their referendum vote.

At the present time the President appoints three members of the Civil Service Board. The only limitation on this is that no more than two of those members shall be of the same party. The President can remove the members of the Board at will. He can appoint a real political opponent or he can appoint a figurehead, at will. If the minority representative gets obstreperous, he can rub him out like a pencil mark. No Civil Service Board appointed on that basis is any more nonpartisan than the President of the United States.

What have we done in this bill? We have divided the two functions of the Civil Service Commission. One function is executive, to see to the operation of the machinery, and the other is advisory or quasi judicial, to pass on rules and regulations, propose improvements, and report to the Congress and the Executive anything that is out of the way. We have divided up the functions of the Board under two separate entities. One is a nonpartisan board of seven members, no more than one of whom will be retired in any one year. They cannot be removed by the President and it will require 7 years for a complete change in the Board.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I wish I could, but I cannot yield at this time.

No more than four of the members can be of the same political party. This Board will supervise and watch over the administration, and will look at it with a real nonpartisan interest, preserving nonpartisanism in our civil service. Thus we will have functioning a truly nonpartisan civil-service machine, something we have never had before. It has worked well because our Presidents have been honorable; not because of the perfection of the system.

The opponents of this measure say, "Oh, we need a little more study." Mr. Chairman, this matter has been before the Congress for almost 50 years. The evil has been here longer than that, but its cure has been studied almost 50 years. President Cleveland is the one who started the move to give us reform in this direction, but we attempted this reform every time either through the Congress or by appointing a committee of Congress, and we never got any place.

The gentleman from Michigan [Mr. MAPES] served on the last committee, that really did good work, but what good did it do? It did no good, because whenever any measure of that kind comes before the Congress the people who are benefiting by the conditions as they exist always come here to save the Constitution and stop dictatorship. May I read what President Hoover said about that from his sad experience:

> Not only do different factions of the Government fear such reorganization, but many associations and agencies throughout the country will be alarmed that the particular function to which they are devoted may in some fashion be curtailed. Proposals to the Congress of detailed plans for the reorganization of the many different bureaus and independent agencies have always proved in the past to be a signal for the mobilization of opposition from all quarters which has destroyed the possibility of constructive action.

President Hoover might not have been so much of an Executive but he was a fine student and a more wonderful prophet, because he has told us just what we have here today.

Commenting upon these agencies that are trying to prevent our President from carrying out the duty the election mandate gave him, let me read to you an excerpt from a radio broadcast of Earl Godwin the other morning, and nobody in Washington will question Earl Godwin's truthfulness. He is almost a lifelong Washingtonian, free of political prejudices, a former president of the National Press Club, and now on the editorial staff of the Washington Times.

> The assault on an attempt to bring administration of Government back to the Constitution and introduce an efficient organization has produced so much newspaper misstatement under orders of certain publishers that I warn you the freedom of the press is assailed from within. Continued publication of deliberate untruths will some day end in disaster. I have read news accounts of debates in the Senate on this reorganization which were completely distorted. I know of a chain of newspapers which received orders to print a certain editorial. One editor refused on the ground that the editorial was completely inaccurate, and received the reply, "Print or resign." A free press is a bulwark of freedom, but a press which lies on the order of its owners is already in chains.

Or let me quote you Mr. Arthur Krock in the New York Times:

> If the opposition to the Byrnes bill had been kept within bounds of truth and reason Wall Street and other interests would have paid only ordinary attention to the legislation. The powers it delegates to the President do not bear on anything that is disturbing confidence in this country or depressing business.

If this is such a commendable measure, Mr. Chairman, if the saving of the Constitution or the prevention of a dictator in the White House is such a worthy cause, why do they have to lie and bring in this high-powered lobby with telegrams by the bushel to defeat this measure? Truth does not need all of that.

Mr. THOMAS of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I wish I could. I cannot yield and I do not yield.

I was very much disappointed at some of the remarks of my good personal friend, the gentleman from Ohio [Mr. LAMNECK] who talked here a moment ago. He would lead us to believe that because we are having this new executive department created that there is going to be some great upheaval in our educational system in this country. I appeal to you, Mr. Chairman, that such arguments are unfair. When we touch our children and the prejudices that surround the home, everyone knows they do not have to argue very much. All you have to do is to hint or insinuate a trespass on parental prerogatives, and that is all the gentleman from Ohio did. The bill that is now pending before this House states that we cannot change existing law. We cannot grant powers that are not now set forth in a statute, and if there is anything going to happen to affect the education of your children and mine, it has got to be done by a subsequent independent act of the Congress. [Applause.]

[Here the gavel fell.]

Mr. COCHRAN. 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. MCCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (S. 3331) to provide for reorganizing agencies of the Government, extending the classified civil service, establishing a General Auditing Office and a Department of Welfare, and for other purposes, had come to no resolution thereon.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9915) entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to a joint resolution of the Senate of the following title:

S. J. Res. 277. Joint resolution creating a special joint congressional committee to make an investigation of the Tennessee Valley Authority.

EXTENSION OF REMARKS

Mr. WARREN. Mr. Speaker, I ask unanimous consent to extend the remarks I made this afternoon by including certain roll calls in the House of Representatives.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent that when the House adjourns tonight it adjourn to meet at 11 o'clock tomorrow morning.

Mr. SWEENEY. I object, Mr. Speaker.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT OF 1938

Mr. JONES submitted a conference report and statement on the bill (H. R. 9915) to amend the Agricultural Adjustment Act of 1938, and for other purposes.

RECALL OF A BILL

The SPEAKER laid before the House the following communication from the Senate:

IN THE SENATE OF THE UNITED STATES,
January 5 (calendar day, March 30), 1938.

Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 3096), entitled "An act to amend section 35 of the Criminal Code, as amended (U. S. C., title 18, sec. 82), relating to purloining, stealing, or injuring property of the United States."

The SPEAKER. Without objection the request of the Senate will be granted.

There was no objection.

EXTENSION OF REMARKS

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks made today.

The SPEAKER. Is there objection?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to extend my remarks in memory of Knute Rockne, concerning whom the gentleman from Wisconsin spoke this morning. Mr. Rockne was a constituent of mine at the time of his death.

The SPEAKER. Is there objection?

There was no objection.

Mr. STACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a telegram I received today regarding the reorganization bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. POAGE. Mr. Speaker, I ask unanimous consent to extend my own remarks by inserting in the RECORD a speech delivered by the gentleman from Oklahoma [Mr. BOREN].

The SPEAKER. Is there objection?

There was no objection.

Mr. HARLAN. Mr. Speaker, I ask unanimous consent to extend my remarks made today on the reorganization bill.

The SPEAKER. Is there objection?

There was no objection.

GENERAL LEAVE TO PRINT

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their remarks on the reorganization bill.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

THE PRESIDENT OUGHT TO KNOW—IS OUR PRESIDENT GROWING MODEST?

Mr. HOFFMAN. Mr. Speaker, Franklin D. Roosevelt's statement, made March 29 at Warm Springs, Ga., when referring to the vote on the reorganization bill, he said—

> It proves that the Senate cannot be purchased by organized telegrams based on direct misrepresentations—

Should be given careful consideration.

It comes from one who should know whereof he speaks. No man in our day and age should know more than the President himself of what can be done through coercion, intimidation, and the inculcation of fear, through cajolery, insidious propaganda, skillful use of public funds, and distribution of patronage by those who use the power and distribute the favors of this administration.

It may be that in stating that the Senate could not be purchased the President had in mind his failure to jam through that body his Court-packing scheme. Or does he mean that those who wire and write their Senators and their Congressmen, the men employed by them to represent them here and express their views, are offering bribes?

Does he mean that if citizen John Doe, meeting Richard Roe, after discussion, decides that each would like to wire his Senator his views on the reorganization plan and Roe lacks the price of a telegram, which Doe pays for, that Doe has committed a crime?

The President's statement discloses the workings of his mind, his attitude heretofore so frequently demonstrated, but never before so plainly disclosed by him. That attitude is this: All those who agree with him are intelligent, loyal patriotic citizens; those who disagree in the slightest particular are the opposite.

The statement discloses an attitude which no one should mistake. It is the same as that exhibited by the butcher of Russia, by Hitler, and Mussolini. The difference between his present situation and that of the three named is that, as yet, he does not possess the power to try for treason and to execute those who oppose him, although he did, Russian fashion, demand a confession and resignation from Arthur E. Morgan.

His statement to reporters this morning that he has no desire to be a dictator may be accepted at its face value. The fact still remains that he wishes to exercise the powers of one. As he himself said, "A man's sincerity is to be judged rather by his acts than his words."

Is he at last making an effort to follow in the footsteps of the Father of His Country, and, although none has yet been offered him, refusing, like Washington, to accept the crown of a king?

Or is there perhaps, on the majority side, some orators from the southland, the land of "barrens," where the "futile system" now prevails, who will today arise and, like Mark Antony, say:

> You all did see that on the Lupercal I thrice presented him a kingly crown, which he did thrice refuse? Was this ambition?

Simple-minded, indeed, must the President believe the American people to be if he thinks that any of those who pay the slightest attention to the methods of his administration do not know how, by purchase, distribution of public money and political favor, threat, and almost every means of coercion except the application of physical force, the New Deal has influenced the voter, Congressmen, and Senators.

No one in this House is unaware of the fact that the lash of the administration's disapproval, the threat of political reprisal and political death, has been used against Members of this body to influence the course of legislation.

Time and time again, men have arisen on the floor of the House and, in place of argument and reason, have made the statements, "This is an administration measure; the President wants this." True, in one sense, those statements were proper, as indicating to the members of his party the President's desires. At other times they have carried with them the intimation that Representatives should follow his wish "or else."

Senator GLASS said that "the last election was carried by people who were getting favors from the Government." We all know that legislation has been obtained in like manner.

The President likes to be considered a good sportsman. He should exhibit some of the characteristics of one instead of demonstrating that he is a poor loser.

Mr. President, you are right when you say that the Senate cannot be purchased, nor can Congressmen, especially around election time and after they have heard in no unmistakable terms from the folks at home.

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent to extend my remarks and to include several letters and telegrams received on the pending bill.

The SPEAKER. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include therein a prayer which was carried by the United Press and which was made by a little refugee 16 years old who appreciates this country and who, I know, wants to keep it free, as do all of us. I trust my colleagues will vote to kill the reorganization bill which we had under discussion today, and which weakens their power and virtually gives the control of Government to the Chief Executive, making him a dictator. The people of America want the protection of our present form of government in order that we may be free.

The SPEAKER. Is there objection?

There was no objection.

The prayer is as follows:

NEW YORK, March 30.—Martin Marden, red-haired, 16 years old, and Jewish, fled to America from Nazi persecution in Germany 3 years ago, joining his mother, who had escaped from Hitler's domain a year before. Today he revealed his new prayer, which was recommended by Superintendent of Schools Harold G. Campbell for reading by every American.

His prayer:

"One day in the year should be reserved for prayers of thanksgiving in which we give thanks for something that has been granted us; for having been saved from some great destruction caused by Nature or man.

"I am thankful that I have been given an opportunity to be educated in the United States of America.

"I am thankful that I live in a land where, regardless of race, everyone may take part in national ceremonies.

"I am thankful that I live in a land where a person may sing the national anthem without having someone tell him that he may not because of his race.

"I am thankful that I live in a country governed by democracy rather than force.

"I am thankful that I live in a land where one is not persecuted.

"I am thankful that I live in a land where there are people who have real sympathy for refugees from European countries who have gone through horrible experiences.

"I am thankful that I have been given the opportunity to enjoy the many privileges that are unheard of in European countries.

"I am thankful that I shall be able to realize my ambitions, which would have been impossible had I remained in my native land.

"I am thankful that I live in a land where the future seems bright and hopeful, rather than dark and hopeless.

"I am thankful that I live in a land where the youth of all races have a tomorrow, rather than in my native land, where the youth of the race is without a tomorrow.

"I am thankful that I have been permitted to tell you of the troubles in European lands in order that you may develop a real sympathy for the oppressed of the earth.

"I am thankful that I am happy and free."

Mrs. ROGERS of Massachusetts. Mr. Speaker, I also ask unanimous consent to extend my remarks in the RECORD at this point by including an article by Mr. Arthur Krock in today's New York Times.

The SPEAKER. Is there objection?

There was no objection.

The matter referred to is as follows:

IN THE NATION—EFFECTS OF THE PRESIDENT'S REMARK ABOUT "PURCHASE"

(By Arthur Krock)

WASHINGTON, March 30.—It was difficult to find anyone here today among the friends of the President who did not deplore his comment at Warm Springs yesterday on the Senate's passage of the Federal reorganization bill: "It proves that the Senate cannot be purchased by organized telegrams based on direct misrepresentation." And, observing that the phrasing was deliberate and giving Mr. Roosevelt full marks for realizing how resentful it would make certain Senators, some of his intimates fear he is spoiling for another real fight with Congress.

In the opinion of these friends, the President is having trouble enough with Congress already, and the economic and world situations call for as much intragovernmental peace as reasonable give-and-take can procure. They agree that many of the telegrams sent to the Senate were organized; that they contained either misrepresentation or misunderstanding of the Byrnes bill in many instances; and in this the President's friends are wholly right. They are sympathetic with Mr. Roosevelt's natural irritation over the admission implicit in the Senate Finance Committee's tax draft that the administration's pet levies have been bad blunders, extremely hurtful to business. And they are not surprised that he should be irritable over political and industrial set-backs.

If the President had congratulated the Senate because a majority was not "swayed by organized telegrams based on direct misrepresentation," these friends of his who were shaking their heads gloomily today would not be shaking them. After all, that would be a statement of fact. And the President was entitled to make what capital he could of a Senate action which was not really his victory in essence but was made to appear so by the exaggerations of some of those who fought the Byrnes bill. Mr. Roosevelt is a politician. He would have been declared politically dead by the more zealous or partisan opponents of the bill if the Senate had rejected it. Therefore it is natural he should use the occasion to indicate he isn't even politically sick.

RESENTMENT WAS CERTAIN

But the backfire on that word "purchased"—and it started today—was a certainty. Any tyro in politics could have foreseen it. Even Assistant White House Secretary McIntyre, who is no part of a political seer, was impressed by its unwisdom as soon as the President uttered it and vainly tried to get him to use another expression. But Mr. Roosevelt proved once more, as noted last week, that, in the words of the late Louis McHenry Howe, "his Dutch is up"; and once more, as suggested last week, that when it is up his judgment is likely to be affected.

From any angle, as neutral observers viewed the remark today, it is sure to damage Mr. Roosevelt and embarrass his friends. They find it inconceivable that he—the master of phrase and keen judge of group reactions—could have doubted that his comment would be offensive to all those who voted in favor of the Walsh motion to recommit the Byrnes bill. Therefore they are at a loss to understand what the President thought could be gained by making it.

Among Senators who voted to recommit are the following who, while they have not supported all administration programs, have been sympathetic with many of the President's aims: ADAMS, ANDREWS, BROWN of Michigan, BULKLEY, BULOW, CAPPER, CONNALLY, JOHNSON of Colorado, LONERGAN, LUNDEEN, MALONEY, and MILLER. All of them except Mr. BULKLEY voted also against the bill on final passage. Were they "purchased" by the organized telegrams based on misrepresentation? Since obviously they would not be touched by the remark if they had cast their ballots the other way, the President seems to have said they were "purchased." Others who voted to recommit include these unflinching New Dealers who, unlike many in the list above, even stood by the Supreme Court bill: BONE, PITTMAN, and WAGNER. Were they "purchased" by the telegrams? By implication they must also be the targets of the Warm Springs comment, for they, too, voted against the bill on final passage.

POLITICAL EFFECTS

Examining these names, and realizing how greatly the President needs to maintain good personal relations with their bearers, neutral observers find themselves unable to comprehend why the President deliberately gave such cause for resentment. Meditations of this sort are apt to impress a group of congressional politicians with the suspicion that the President's touch is not as sure as it was, and that will not help him for the remainder of his term in his dealings with the group. Even when they have disagreed with the President's acts or words or have thought them too bold, they have usually seen good logic and good tactics in them. During the last stages of the Supreme Court bill fight this view began to decline, and the Warm Springs comment did not bolster it by any means.

As the remark was further analyzed today it seemed highly and obviously vulnerable in another respect. The town has been full of reports of administration pressure on Senators to vote in favor of the Byrnes bill. Some actually mentioned specific promises in announcing support. This type of pressure is not wholly miscalled "purchase," and it came from authorized administration agents. A boomerang is heading back to Warm Springs.

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point and to include a letter sent to me by the American Federation of Labor in opposition to the reorganization bill.

The SPEAKER. Is there objection?

There was no objection.

The letter referred to is as follows:

AMERICAN FEDERATION OF LABOR,
Washington, D. C., March 30, 1938.

Hon. MARTIN L. SWEENEY,
House Office Building, Washington, D. C.

DEAR SIR: I wish to call your attention to S. 3331, which was passed in the Senate last Monday in a form very objectionable to the American Federation of Labor and its entire membership.

During the present Congress, the American Federation of Labor and its affiliated organizations have consistently been denied the opportunity of being heard on any of the reorganization bills by the House Committee. We are, therefore, calling upon the Members of the House of Representatives to insist that full and complete debate with every opportunity for amendments be provided on the floor.

In our opinion the Civil Service Commission and the United States Employee's Compensation Commission should be retained as independent agencies.

We are of the further opinion and request that the House provide that any Executive order issued by the President under this bill which consolidates, abolishes, or transfers any bureau or department, or any of their functions, should not be effective until approved by a majority of both Houses.

We object most seriously to the sweeping delegation of congressional authority to the executive branch of the Government, and we cannot understand how anyone interested in maintaining our form of government can propose or vote for it, as, in our opinion, the Congress ought to retain all its constitutional authority in conformity with principles of democratic procedure and democratic government, and that said power ought to be broadened and extended instead of being curtailed or surrendered.

The American Federation of Labor, its affiliated organizations, and its entire membership are greatly alarmed over the serious implications involved in this legislation.

I sincerely and earnestly appeal to you to incorporate in the bill amendments along the lines above suggested. If this is not done, we will be compelled to request recommittal.

Yours very truly,

FRANK MORRISON,
Secretary-Treasurer, American Federation of Labor.

ORDER OF BUSINESS

Mr. BOILEAU. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. BOILEAU. To ask the gentleman from Missouri how much time we will have for general debate tomorrow, whether it is the intention to run all day tomorrow with general debate or start the reading of the bill early in the day?

Mr. COCHRAN. I am unable to answer the question. I have repeatedly tried to get an agreement as to time but I have not succeeded in doing so. Under the present procedure I understand that the gentleman from Massachusetts [Mr GIFFORD] will ask for an hour tomorrow, and that the gentleman from Kentucky [Mr. FRED M. VINSON] will ask for an hour following the gentleman from Massachusetts. I hope in the meantime we will be able to reach some agreement.

Mr. O'CONNOR of New York. Mr. Speaker, sometime tomorrow I intend to ask for an hour also.

Mr. BOILEAU. I appreciate the fact that members of the committee should be given priority in having these hours' time, but it seems to me that other Members of the House who are desirous of having some time on the bill should be given opportunity. I am wondering if the majority leader could not at this time, sensing the feeling of Members of the House from the debate already had, give us some idea as to how long we will continue with general debate.

Mr. RAYBURN. I cannot state to the gentleman how long. I have always been in favor of generous general debate, and also liberality in the consideration under the 5-minute rule, but I cannot give the gentleman any assurance of what may be asked for tomorrow.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. BOILEAU. Mr. Speaker, I ask for an additional minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. BOILEAU. Does the gentleman intend to have general debate all day tomorrow or to start the reading of the bill tomorrow?

Mr. RAYBURN. It is the intention to start reading the bill some time tomorrow.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. VINSON of Georgia, for the remainder of the week, on account of important business.

To Mr. JARMAN, on account bereavement.

To Mr. ALLEN of Louisiana, for 10 days, on account of death in family.

EXTENSION OF REMARKS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein four letters with reference to the pending bill.

The SPEAKER. Is there objection?

There was no objection.

DEBATE ON THE BILL

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent to proceed for half a minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. EBERHARTER. Mr. Speaker, during all of the general debate today I endeavored to get a few minutes' time in which to express my position with relation to the bill pending before the House but, like many other Members of the House, I was unsuccessful in obtaining recognition. I do not think it is quite the proper thing for those in charge of this bill to try to pass it without giving all Members time in which to express their opinion, inasmuch as this is a very important measure, and I think it is wrong on the part of the leaders in charge of the bill to attempt to cut off general debate any time tomorrow afternoon.

Mr. STACK rose.

The SPEAKER. For what purpose does the gentleman from Pennsylvania [Mr. STACK] rise?

Mr. STACK. I rise to second the remarks of my distinguished colleague from Pennsylvania [Mr. EBERHARTER].

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 8826. An act to amend section 35 of the Criminal Code, as amended (U. S. C., title 18, sec. 82), relating to purloining, stealing, or injuring property of the United States; and

H. R. 9181. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1939, and for other purposes.

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S. J. Res. 277. Joint resolution creating a special joint congressional committee to make an investigation of the Tennessee Valley Authority.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 520. An act for the relief of the estate of Nick Gruyich;

H. R. 592. An act for the relief of E. A. Caylor;

H. R. 726. An act for the relief of the estate of Dessie Masterson;

H. R. 734. An act for the relief of Joseph Pethersky;

H. R. 842. An act for the relief of Theodore Bedard, Jr.;

H. R. 1233. An act for the relief of employees of the Indian Service for destruction by fire of personally owned property in Government quarters at the Pierre Indian School, South Dakota;

H. R. 1547. An act to amend section 42 of the act of Congress entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended;

H. R. 1691. An act for the relief of Mary A. Maher;

H. R. 2225. An act for the relief of Paul Burress;

H. R. 2316. An act for the relief of Paul Brinza;

H. R. 2841. An act for the relief of Mr. and Mrs. Virgil O. Powell and William Powell, a minor;

H. R. 3204. An act for the relief of F. E. Booth Co.;

H. R. 3253. An act for the relief of John Fitzgerald and J. R. Harper;

H. R. 3703. An act for the relief of Carl J. Scheier;

H. R. 3706. An act for the relief of Ella Goodwin;

H. R. 3723. An act for the relief of Milton S. Merrill;

H. R. 3757. An act for the relief of Rellie Dodgen and Anah Webb Lavery;

H. R. 3786. An act providing for the allocation of net revenues of the Shoshone power plant of the Shoshone reclamation project in Wyoming;

H. R. 4020. An act for the relief of William R. Herrick;

H. R. 4138. An act for the relief of George Miller, Jr., a minor;

H. R. 4201. An act to create a board of inspectors, Bureau of Marine Inspection and Navigation, at Port Arthur, Tex.;

H. R. 4370. An act for the relief of Tule Finkelstein;

H. R. 4427. An act for the relief of Merritt Rea;

H. R. 4493. An act for the relief of Charles N. Robinson;

H. R. 4921. An act for the relief of Hugh Ray;

H. R. 5104. An act for the relief of the Acme Wire & Iron Works;

H. R. 5149. An act for the relief of John M. Fraley;

H. R. 5195. An act for the relief of G. F. Flanders and J. W. Talbert;

H. R. 5249. An act for the relief of Lydia M. White;

H. R. 5431. An act for the relief of Cyrus M. Lasher;

H. R. 5449. An act for the relief of Harold Jacobson;

H. R. 5562. An act for the relief of James Scherer, a minor;

H. R. 5603. An act for the relief of Peter Sietsma;

H. R. 5608. An act for the relief of Edward F. Cassidy;

H. R. 5753. An act to authorize advance of the amounts due on delinquent homestead entries on certain Indian reservations;

H. R. 5905. An act for the relief of Doris A. Reese;

H. R. 5921. An act for the relief of the Board of County Commissioners of St. Johns County, Fla.;

H. R. 6238. An act for the relief of J. C. Prosser;

H. R. 6257. An act for the relief of Dr. G. A. Neal;

H. R. 6397. An act for the relief of John W. Watson;

H. R. 6471. An act for the relief of Ralph J. Neikirk;

H. R. 6473. An act for the relief of Paul H. Brinson;

H. R. 6574. An act for the relief of E. W. Ross;

H. R. 6647. An act for the relief of B. W. Goodenough and wife, Katherine F. Goodenough, and son, Charles Goodenough;

H. R. 6648. An act for the relief of J. H. Yelton;

H. R. 6668. An act for the relief of Robert Landeau, a minor;

H. R. 6826. An act for the relief of Robert McCoy, a minor;

H. R. 6844. An act for the relief of Mattie L. Carver;

H. R. 6889. An act for the relief of Lynn E. Barker;

H. R. 6981. An act for the relief of Frank M. Gilbert;

H. R. 6993. An act for the relief of L. H. Dicke;

H. R. 6999. An act for the relief of Artemisia Grant;

H. R. 7173. An act for the relief of G. D. Thornhill and James T. Rogers;

H. R. 7245. An act for the relief of J. C. Jones;

H. R. 7266. An act authorizing the State of Rhode Island, acting by and through the Jamestown Bridge Commission as an agency of the State, to construct, maintain, and operate a toll bridge across the west passage of Narragansett Bay between the towns of Jamestown and North Kingstown;

H. R. 7277. An act to amend an act entitled "An act to refer the claim of the Menominee Tribe of Indians to the Court of Claims with the absolute right of appeal to the Supreme Court of the United States," approved September 3, 1935;

H. R. 7678. An act for the relief of Carl Dement Weaver and Donald W. Supernois;

H. R. 7679. An act for the relief of Livvie V. Rowe;

H. R. 7948. An act providing for the promotion of employees in the customs field service;

H. R. 8021. An act for the relief of Mrs. George Orr;

H. R. 8236. An act authorizing the Secretary of the Treasury to exchange sites at Miami Beach, Dade County, Fla., for Coast Guard purposes;

H. R. 8409. An act authorizing the State Highway Departments of North Dakota and Minnesota, and the Boards of County Commissioners of Traill County, N. Dak., and Norman County, Minn., to construct, maintain, and operate a free highway bridge across the Red River of the North between Caledonia, N. Dak., and Shelly, Minn.;

H. R. 8460. An act to authorize the city of Vancouver, Wash., to construct, and maintain a historical memorial on the Vancouver Barracks Military Reservation, Wash.;

H. R. 8524. An act authorizing the completion of the existing project for the protection of the sea wall at Galveston Harbor, Tex.;

H. R. 8623. An act authorizing the State Highway Departments of North Dakota and Minnesota and the Boards of County Commissioners of Traill County, N. Dak., and Polk County, Minn., to construct, maintain, and operate a free highway bridge across the Red River of the North westerly of Nielsville, Minn.;

H. R. 8817. An act to amend an act entitled "An act to authorize the construction of a Federal reclamation project to furnish a water supply for the lands of the Arch Hurley Conservancy District in New Mexico," approved August 2, 1937 (Public, No. 241);

H. R. 8826. An act to amend section 35 of the Criminal Code, as amended (U. S. C., title 18, sec. 82), relating to purloining, stealing, or injuring property of the United States;

H. R. 8982. An act to amend Public Law No. 282, Seventy-fifth Congress, relative to the fisheries of Alaska;

H. R. 9100. An act limiting the duties of the Chief Clerk and Chief Inspector of the Health Department of the District of Columbia;

H. R. 9181. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1939, and for other purposes;

H. J. Res. 504. Joint resolution to authorize compacts or agreements between the States bordering on the Great Lakes with respect to fishing in the waters of the Great Lakes, and for other purposes; and

H. J. Res. 567. Joint resolution to authorize and request the President of the United States to invite the International Seed Testing Association to hold its ninth congress in the United States in 1940 and to invite foreign countries to participate in that congress; and also to provide for participation by the United States in that congress.

ADJOURNMENT

Mr. COCHRAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 48 minutes p. m.) the House adjourned until tomorrow, Friday, April 1, 1938, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m. Friday, April 1, 1938. Business to be considered: Continuation of hearings on H. R. 9738, civil aeronautics.

There will be a meeting of Mr. MALONEY's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Tuesday, April 5, 1938. Business to be considered: Continuation of hearing on S. 1261—through routes.

There will be a meeting of Mr. BULWINKLE's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Tuesday, April 5, 1938. Business to be considered: Hearings on H. R. 9073—to extend services of the Cape Fear River.

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m. Tuesday, April 12, 1938. Business to be considered: Hearing on H. R. 9047—control of venereal diseases, and other kindred bills.

COMMITTEE ON FLOOD CONTROL

The Committee on Flood Control will continue hearings on Friday, April 1, 1938, at 10 a. m.

COMMITTEE ON THE PUBLIC LANDS

There will be a meeting of the Committee on the Public Lands on Friday, April 1, 1938, at 10 a. m. in room 328, House Office Building, to consider various bills.

COMMITTEE ON NAVAL AFFAIRS

There will be a meeting of the full open committee, Naval Affairs, at 10:30 a. m. Monday, April 4, 1938; continuation of consideration of H. R. 9315, to regulate the distribution, promotion, and retirement of officers of the line of the Navy, and for other purposes.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold hearings at 10 a. m. in room 219, House Office Building, on the following bills on the dates indicated:

Tuesday, April 5, 1938:

S. 2580. To amend existing laws so as to promote safety at sea by requiring the proper design, construction, maintenance, inspection, and operation of ships; to give effect to the Convention for Promoting Safety of Life at Sea, 1929; and for other purposes.

Tuesday, April 12, 1938:

H. R. 6797. To provide for the establishment, operation, and maintenance of one or more fish-cultural stations in each of the States of Oregon, Washington, and Idaho.

H. R. 8956. To provide for the conservation of the fishery resources of the Columbia River; establishment, operation, and maintenance of one or more stations in Oregon, Washington, and Idaho; and for the conduct of necessary investigations, surveys, stream improvements, and stocking operations for these purposes.

S. 2307. To provide for the conservation of the fishery resources of the Columbia River; establishment, operation, and maintenance of one or more stations in Oregon, Washington, and Idaho; and for the conduct of necessary investigations, surveys, stream improvements, and stocking operations for these purposes.

Thursday, April 14, 1938:

H. R. 8533. To amend section 4370 of the Revised Statutes of the United States (U. S. C., 1934 ed., title 46, sec. 316).

Tuesday, April 19, 1938:

H. R. 5629. To exempt motorboats less than 21 feet in length not carrying passengers for hire from the act of June 9, 1910, regulating the equipment of motorboats.

H. R. 7089. To require examinations for issuance of motorboat operators' license.

H. R. 8839. To amend laws for preventing collisions of vessels, to regulate equipment of motorboats on the navigable waters of the United States, to regulate inspection and manning of certain motorboats which are not used exclusively for pleasure and those which are not engaged exclusively in the fisheries on inland waters of the United States, and for other purposes.

COMMITTEE ON RIVERS AND HARBORS

The Committee on Rivers and Harbors will meet Tuesday, April 5, 1938, at 10:30 a. m., to hold hearings on the project for the improvement of the Delaware River between Philadelphia and the sea.

COMMITTEE ON THE POST OFFICE AND POST ROADS

There will be a hearing before Subcommittee No. 1 of the Committee on the Post Office and Post Roads at 10 a. m. Wednesday, April 6, 1938, on bills in behalf of custodial employees in the Postal Service. Room 213, House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1201. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated March 15, 1938, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of channel from Palacios, Tex., and Camp John A. Hulen to the Intracoastal Waterway, authorized by the River and Harbor Act approved August 26, 1937 (H. Doc. No. 564); to the Committee on Rivers and Harbors and ordered to be printed, with two illustrations.

1202. A letter from the Secretary of the Navy, transmitting a draft of a bill awarding a Navy Cross to Hector Mercado; to the Committee on Naval Affairs.

1203. A letter from the Acting Secretary of War, transmitting a report dated March 21, 1938, from the Chief of Engineers, United States Army, on reexamination of Columbia River, between the mouth of Willamette River, Oreg., and a point 1 mile above the city of Vancouver, Wash.; to the Committee on Rivers and Harbors.

1204. A letter from the comptroller, Near East Relief transmitting a report of the Near East Relief for the period ending December 31, 1937; to the Committee on the Judiciary.

1205. A letter from the past adjutant general, Grand Army of the Republic, transmitting the journal of the proceedings of the seventy-first national encampment, held at Madison, Wis., September 5–10, 1937 (H. Doc. No. 565); to the Committee on Military Affairs and ordered to be printed, with illustrations.

1206. A letter from the Secretary of War, transmitting a copy of the letter signed by the Secretary to the President of the Philippines, with its enclosure, consisting of a copy of a resolution passed by the Provincial Board of the Province of Ilocos Norte, P. I., relative to Philippine independence; to the Committee on Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ELLIOTT: Committee on Public Buildings and Grounds. H. R. 9816. A bill to amend the act entitled "An act to provide for the disposition, control, and use of surplus real property acquired by Federal agencies, and for other purposes", approved August 27, 1935 (Public, No. 351, 74th Cong.), and for other purposes; without amendment (Rept. No. 2069). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 3304. An act to promote air commerce by providing for the closing of Military Road; without amendment (Rept. No. 2070). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 5345. A bill for the relief of Corrado Arancio; without amendment (Rept. No. 2063). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 5868. A bill for the relief of Carlo Resta; without amendment (Rept. No. 2064). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 6729. A bill for the relief of Paolo Vito Scarola; without amendment (Rept. No. 2065). Referred to the Committee of the Whole House.

Mr. GILDEA: Committee on Immigration and Naturalization. H. R. 7119. A bill for the relief of Victoria Maghee; without amendment (Rept. No. 2066). Referred to the Committee of the Whole House.

Mr. GILDEA: Committee on Immigration and Naturalization. H. R. 9400. A bill for the relief of Adolph Arendt; without amendment (Rept. No. 2067). Referred to the Committee of the Whole House.

Mr. GILDEA: Committee on Immigration and Naturalization. H. R. 5220. A bill for the relief of Anthony Natalizio; without amendment (Rept. No. 2068). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BUCK: A bill (H. R. 10111) to authorize a preliminary examination and survey of Napa River and its tributaries in the State of California, for flood control, for run-off and water-flow retardation, and for soil-erosion prevention; to the Committee on Flood Control.

By Mr. FERNANDEZ: A bill (H. R. 10112) to authorize the Federal Savings & Loan Insurance Corporation to expend certain of its funds to acquaint the public with insurance benefits afforded by it; to the Committee on Banking and Currency.

By Mr. BOREN: A bill (H. R. 10113) to prevent discrimination in Federal income taxes, and for other purposes; to the Committee on Ways and Means.

By Mr. GRISWOLD: A bill (H. R. 10114) to adjust the salaries of rural letter carriers, and for other purposes; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 10115) to adjust the salaries of rural letter carriers; to the Committee on the Post Office and Post Roads.

By Mr. EDMISTON: A bill (H. R. 10116) to authorize the Secretary of War to convey to the American Legion, Kanawha Valley Post, No. 58, at Montgomery, W. Va., all right, title, and interest of the United States in and to certain lands in Kanawha County, W. Va.; to the Committee on Military Affairs.

By Mr. BACON: A bill (H. R. 10117) granting the consent of Congress to construct, maintain, and operate a toll bridge, known as the Smith Point Bridge, across navigable waters at or near Mastic, southerly to Fire Island, Suffolk County, N. Y.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 10118) granting the consent of Congress to construct, maintain, and operate toll bridges, known as the Long Island Loop Bridges, across navigable waters at or near East Marion to Shelter Island, and Shelter Island to North Haven, Suffolk County, N. Y.; to the Committee on Interstate and Foreign Commerce.

By Mr. LANZETTA: A bill (H. R. 10119) to amend section 15 of the act of June 29, 1906, as amended (U. S. C., title 8, sec. 405); to the Committee on Immigration and Naturalization.

By Mr. SCRUGHAM: A bill (H. R. 10120) to amend section 35 of an act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain," approved February 25, 1920 (41 Stat. 437), as amended, and for other purposes; to the Committee on the Public Lands.

By Mr. TOWEY: Resolution (H. Res. 456) proposing the naming of a battleship the "New Jersey"; to the Committee on Naval Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New Jersey, memorializing the President and the Congress of the United States to provide for Federal aid for airports similar to that granted harbors and highways in any aviation legislation adopted; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CASE of South Dakota: A bill (H. R. 10121) for the relief of W. O. Courtis; to the Committee on the Civil Service.

By Mr. KING: A bill (H. R. 10122) for the relief of Anna Elizabeth Watrous; to the Committee on Claims.

By Mr. KNIFFIN: A bill (H. R. 10123) granting an increase of pension to Samantha Snyder; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

4707. By Mr. BIGELOW: Memorial of the House of Representatives of the State of Ohio, memorializing the President and the Congress of the United States to continue Works Progress Administration in Ohio as a means of affording relief to those unemployed who are able to work on public projects; to the Committee on Appropriations.

4708. By Mr. COFFEE of Washington: Resolution of Washington State Sportsmen's Council at Seattle, Wash., Ken McLecd, secretary, pointing out that the United States Government annually appropriates a half or three-quarters of a million for the purpose of conducting a national training school and competitive matches in the use of pistol and rifle; showing that pistol and revolver teams wishing to participate in training school and matches have to do so at their own expense, and therefore urging that a sufficient portion of the sum appropriated be earmarked to provide expenses for pistol and revolver teams in addition to the expenses of the rifle teams; to the Committee on Appropriations.

4709. Also, resolution of Washington State Sportsmen's Council at Seattle, Wash., Ken McLeod, secretary, urging that the 18-acre privately owned tract known as Longmire Mineral Springs property within Rainier National Park constitutes a menace to quiet, undisturbed enjoyment of the beauties of the national park as long as it is privately owned because of the immediate danger of concessions being granted by private owners to merry-go-rounds, hot-dog stands, ballyhoo artists, and circuses, carnivals, etc., and therefore urging that the above-mentioned parcel of land be purchased by the Federal Government forthwith and be added to the Rainier National Park, which now surrounds it, so as to protect the public in perpetuity; to the Committee on Appropriations.

4710. Also, resolutions of the Building Trades Council, Bremerton, Wash., and letter of Building and Construction Trades Section of Seattle, Wash., of the Washington State Federation of Labor, affiliated with the American Federation of Labor, deploring the purchase of construction equipment by the Works Progress Administration, thus facilitating greater competition between legitimate craftsmen and Works Progress Administration workers, and thereby depriving the skilled tradesmen of potential employment; and further showing wherein the Works Progress Administration worker is paid considerably less than is the skilled craftsman and that the Government subsidy of this kind of competitive employment is unfair competition with both business, industry, and organized labor; to the Committee on Appropriations.

4711. Also, resolution, in the nature of a letter, from Local 38, International Woodworkers of America, Gust Olafson, secretary, protesting as unwarranted the attitude of Senate committee investigating the maritime unions on the ground that unfair treatment was accorded the national maritime unions; to the Committee on Merchant Marine and Fisheries.

4712. By Mr. CURLEY: Petition of the Legislature of the State of New York, urging Congress to disapprove House bill 8327, to promote interstate and foreign commerce and to improve the navigability of the Lakes-to-the-Gulf waterway, as said bill would impair the rights of the people not only of the State of New York but all others in the Great Lakes region; to the Committee on Rivers and Harbors.

4713. By Mr. DIXON: Petition of the Ohio House of Representatives, memorializing President Roosevelt and Congress to continue the Works Progress Administration in Ohio; to the Committee on Appropriations.

4714. By Mr. ENGEL: Petition of H. J. De Vette, Albert Boes, F. G. McCann, Pat Fjapkes, Martin De Vries, Frank Wierda, and others, of Muskegon and Muskegon Heights, Mich., protesting against the levying of any excise or processing taxes on primary food products; to the Committee on Ways and Means.

4715. By Mr. IZAC: Joint letter from the Townsend Club, No. 33, San Diego, Calif., signed by the club secretary, H. F. Higgins, San Diego, Calif., urging the enactment of House bill 4199, the General Welfare Act; to the Committee on Ways and Means.

4716. By Mr. KENNEDY of New York: Petition of the Conservation Department of the State of New York, Albany, urging an additional $50,000,000 for the Civilian Conservation Corps during the 1939 fiscal year; to the Committee on Labor.

4717. Also, petition of the Brooklyn Society for Ethical Culture, Brooklyn, N. Y., relating to the May bill (H. R. 9391); to the Committee on Military Affairs.

4718. Also, petition of Sperry Products, Inc., Brooklyn, N. Y., relating to the Borah-O'Mahoney Federal licensing bill; to the Committee on the Judiciary.

4719. By Mr. KEOGH: Petition of the Assembly, Legislature of the State of New York, opposing the passage of House bill 8327; to the Committee on Rivers and Harbors.

4720. Also, petition of the National Can Corporation, New York City, concerning House bill 6323, to prevent the use of the words "U. S.," "United States," "National," and "Federal," or either of them, in trade names or private business; to the Committee on the Judiciary.

4721. By Mr. MERRITT: Resolution of the Assembly of the State of New York (concurred in by the senate), memorializing the Congress of the United States to disapprove House bill 8327, which was referred to the Committee on Rivers and Harbors; to the Committee on Rivers and Harbors.

4722. By Mr. O'CONNOR of New York: Resolution of the Assembly of the State of New York; to the Committee on Rivers and Harbors.

SENATE

FRIDAY, APRIL 1, 1938

(Legislative day of Wednesday, January 5, 1938)

The Senate met at 12 o'clock meridian, 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 Thursday, March 31, 1938, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, returned to the Senate, in compliance with its request, the bill (S. 3096) to amend section 35 of the Criminal Code, as amended (U. S. C., title 18, sec. 82), relating to purloining, stealing, or injuring property of the United States.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (S. J. Res. 277) creating a special joint congressional committee to make an investigation of the Tennessee Valley Authority, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. BARKLEY. 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	Bulow	Ellender	Herring
Andrews	Burke	Frazier	Hill
Ashurst	Byrd	George	Hitchcock
Austin	Byrnes	Gerry	Holt
Bailey	Capper	Gibson	Hughes
Bankhead	Caraway	Gillette	Johnson, Calif.
Barkley	Clark	Glass	Johnson, Colo.
Bilbo	Connally	Green	King
Bone	Copeland	Hale	Lodge
Borah	Davis	Harrison	Logan
Brown, Mich.	Donahey	Hatch	Lonergan
Bulkley	Duffy	Hayden	Lundeen
McAdoo	Murray	Reynolds	Thomas, Utah
McCarran	Neely	Russell	Townsend
La Follette	Norris	Schwartz	Truman
McGill	O'Mahoney	Schwellenbach	Tydings
McKellar	Overton	Sheppard	Vandenberg
McNary	Pittman	Shipstead	Wagner
Maloney	Pope	Smathers	Walsh
Miller	Radcliffe	Smith	Wheeler
Minton	Reames	Thomas, Okla.	

Mr. MINTON. I announce that the Senator from Tennessee [Mr. BERRY] is detained from the Senate because of illness in his family.

The Senator from New Hampshire [Mr. BROWN], the Senator from New Mexico [Mr. CHAVEZ], the Senators from Illinois [Mr. DIETERICH and Mr. LEWIS], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Oklahoma [Mr. LEE], the Senator from New Jersey [Mr. MILTON], the Senator from Florida [Mr. PEPPER], and the Senator from Indiana [Mr. VAN NUYS] are detained on important public business.

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

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a memorial from Mr. and Mrs. J. B. Thompson, of Wabaunsee, Kans., remonstrating against the enactment of the bill (S. 25) to prevent profiteering in time of war and to equalize the burdens of war and thus provide for the national defense, and promote peace, which was referred to the Committee on Finance.

Mr. CAPPER presented resolutions adopted by the Coffeyville (Kans.) Central Labor Union, condemning the administration of the National Labor Relations Board and requesting a congressional investigation of the Board, which were referred to the Committee on Education and Labor.

THE WASHINGTON AIRPORT

Mr. GIBSON. Mr. President, for over 12 years there has been an effort made to secure an adequate airport for the city of Washington. During this period there have been more than 30 hearings by various committees of the House and Senate and by two congressional commissions. So far nothing constructive has resulted.

Over 3 years ago I introduced a bill providing for a permanent airport at Gravelly Point and making provisions for the leasing of an additional or auxiliary port if and when needed. A short time after this bill was introduced a number of local organizations endorsed it; among these were the Washington Board of Trade, Federation of Citizens' Associations, Merchants' and Manufacturers' Association, Aero Club of Washington, and the National Capital Park and Planning Commission.

During the present Congress two bills have passed the Senate upon which no hearings have been held. Neither of these bills were acceptable to the Bureau of the Budget or had the approval of the President. If either of these bills pass the House, it can be reasonably anticipated that they will be vetoed.

If anything constructive is to be done with airport legislation during this session, it is imperative that action be taken immediately. I believe that my bill is in accordance with the wishes of the President.

I ask unanimous consent that in connection with these remarks there be printed in the CONGRESSIONAL RECORD the opinion of Gen. Hugh S. Johnson which appeared in the Washington Daily News March 22, a statement accredited to Ambassador William C. Bullitt which appeared in the Washington Herald on March 28, and an editorial appearing in the Washington Post March 27, 1938.

I further ask that the opinion, statement, and editorial be referred to the Committee on the District of Columbia.

There being no objection, the opinion, statement, and editorial were referred to the Committee on the District of Columbia and ordered to be printed in the RECORD, as follows:

[From the Washington Herald of March 28, 1938]

BULLITT, HERE, CALLS AIRPORT A "DISGRACE"

Silent on national and international affairs but voluble about the deficiencies of Washington's airport, Ambassador William "Bill"