ASSAYER OF THE MINT

The legislative clerk read the nomination of Paul J. Dowd, of Philadelphia, to be assayer of the Mint of the United States at Philadelphia, Pa.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of Lloyd D. Felton to be senior surgeon.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of George E. Waterman to be assistant dental surgeon.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTER

The legislative clerk read the nomination of Charles Lebo to be postmaster at Winamac, Ind.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. Mr. President, I ask that the Army nominations be confirmed en bloc.

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

Mr. SHEPPARD. I ask also that the President be notified of the confirmation of these nominations, because one or two of these men will have passed the age limit by Friday.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and the President will be notified.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 17 minutes p. m.) the Senate took a recess until tomorrow, Thursday, May 12, 1938, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate, May 11 (legislative day of April 20), 1938

DEPARTMENT OF COMMERCE

Richard C. Patterson, Jr., to be Assistant Secretary of Commerce.

NATIONAL EMERGENCY COUNCIL

Lowell Mellett to be Executive Director of the National Emergency Council.

ASSAYER OF THE MINT

Paul J. Dowd to be an assayer of the mint of the United States at Philadelphia, Pa.

UNITED STATES PUBLIC HEALTH SERVICE

Lloyd D. Felton to be senior surgeon in the United States Public Health Service.

George E. Waterman to be assistant dental surgeon in the United States Public Health Service.

APPOINTMENTS IN THE REGULAR ARMY

MEDICAL CORPS

To be first lieutenants

Dell Fred Dullum
Richard Leland Bohannon
Ralph Moody Patterson
Charles Francis Haughey
Hyman Richard Osheroff
Wayne Sigvart Hagen
James Peter Pappas
Arnold Lorentz Ahnfeldt
Frank Wilson Threadgill
John Joseph Pelosi
Jack Percy Scott
John Brancato
Ralph Townsend Artman
Raymond Harold Bunshaw
Frank Charles Eaton
Melvin Frederic Eyerman
Norman Everett Peatfield
Hubert Thomas Elders
Robert Walker Robinson
Elwood Erwin Baird
Frank Whitton Govern
Alfred Pembroke Thom, 3d
Robert Lindsay Zobel
Joseph Thomas Caples
John Thomas Cangelosi
Julius Snyder
Adanto Arcangelo Secondo D'Amore.
Martin Andrew Compton
Robert Beardsworth Lewis
Eugene Maurice Martin
Clifford D. Dangerfield
William Nelson Donovan
Robert Lysle Findley
Frank Gordon Stephens
Forrest Edgar Hull

POSTMASTER

INDIANA

Charles Lebo, Winamac.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 11, 1938

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Thou, eternal God, our Father, teach us the high art of living and working in concord and cooperation. We pray Thee to inspire our whole land with great courage and patriotism that the evils which so easily beset us may be speedily diminished; thus may contentment and peace be accentuated throughout the Union. Hasten, blessed Lord, the coming of the Kingdom of Happiness in all classes and conditions of our fellow citizens. Oh, may they dauntlessly grasp the larger and the higher realities of life. Quicken us with the power of that faith which soars to the throne of divine grace. Stir and direct our wills to do Thy will as it is done in heaven. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with an amendment, in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 623. Joint resolution making available additional funds for the United States Constitution Sesquicentennial Commission.

COMMITTEE ON RULES

Mr. SABATH. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain reports.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The report, House Resolution 497 (Rept. No. 2325) is as follows:

House Resolution 497

That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of House Joint Resolution 679, a joint resolution making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public works projects, and all points of order against said joint resolution are hereby waived. That upon the expiration of the general debate fixed by order of the House of May 4, 1938, the joint resolution shall be read by sections for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order any amendment offered by direction of the Committee on Appropriations. At the conclusion of such consideration the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and the amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

RURAL ELECTRIFICATION ADMINISTRATION

Mr. RANKIN. Mr. Speaker, today is the third anniversary of the creation of the Rural Electrification Administration, an agency that has done more for the farmers of this Nation,

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according to the money it has had to spend, than has any other organization connected with this Government. I am not sure that it has not done the people in the rural areas more real permanent good than any other Federal agency or Department, regardless of the cost.

A farmer can make a crop without the assistance or advice of a Federal agent. He can gather that crop and market it without any Federal assistance. He can take care of his livestock, his poultry, his truck patch, his garden, and can rear his children without the assistance of a Federal agent. But he cannot electrify his home, he cannot light his house or install his electric pump, electric refrigerator, his radio, electric iron, electric hotbed, vacuum cleaner, electric stove, and other electrical appliances, and operate them without an electric power line to his home.

Under the administration of Hon. John M. Carmody the Rural Electrification Administration has made wonderful strides in rural electrification—especially in view of the scarcity of funds which Congress has appropriated for that purpose.

Let me give you here an idea of what the Rural Electrification Administration has done and is doing for the farmers of this country. Up to the present date, the Rural Electrification Administration had received and docketed applications for loans totaling $170,000,000. Of that total $77,000,000 had been received since May 11, 1937. Applications for $87,000,000 have been granted, of which only $27,000,000 represented allotments during the last 12 months. This $27,000,000 represents the total available this year to R. E. A. for loans. Actual construction had started—construction contracts had been awarded, in most cases to private construction firms—on projects costing $75,000,000 within the past year, accounting for $53,000,000. During the last 12 months, 43,000 miles of line were completed and 129,000 farms have service available, making a total for the 3-year period of 54,000 miles of line which will provide service for 162,000 farms. The R. E. A. has allotted funds for a total of 379 individual projects throughout the country; 185 of them went into service during the past 12 months as compared with only 38 during the previous 2 years of R. E. A.'s history, making a total of 223 projects actually providing electricity for farmers to date, May 11, 1938. In addition to the lines which are already completed, about 30,000 miles of line which will serve about 100,000 farms are now rapidly being pushed to completion.

It is impossible to estimate the influence this development has had on the farmers affected. I contend that it is building for them a new civilization. It is bringing light and hope and comforts and conveniences to their homes, lifting from the farmers and their wives and children untold burdens of drudgery, and making their homes more desirable, more profitable, and more attractive places in which to live.

Where electricity is supplied at reasonable rates, it invariably doubles the value of every farm it touches. It has no demoralizing or depressing influence, and encourages, instead of discouraging, the struggling people who are now engaged in agricultural pursuits—wringing their living from the soil. It is making them better satisfied, instilling in their children a greater love for their homes, and intensifying their desire to remain in those homes or to return to them and settle down for life when their school days are over.

I have prepared an amendment to the pending bill for the allocation of $200,000,000 to the Rural Electrification Administration, to be expended for the purpose of making loans and grants to publicly owned agencies, or to cooperatives or nonprofit associations for the construction and operation of rural electrification projects during the coming year.

I am asking that we may give these farmers the same loan and grant privileges now accorded to the municipalities through the P. W. A.—a loan of 55 percent and a grant of 45 percent.

If we are going to advance large sums of money to build sewerage systems, to pave streets, to build city halls, auditoriums, and electric-light plants and other municipal facilities in the large congested centers, then why should not we apply the same provisions in advancing to the farmers money with which to construct their rural electrification facilities? Why not do this much for the farmers, who are digging their living from the ground, and at the same time producing the raw materials that feed and clothe the rest of us?

If this amendment is defeated and a similar provision is not inserted in the bill, then the overwhelming bulk of the funds provided in this measure will go to large towns and cities. Some Members have advanced the argument that the cities are entitled to a lion's share because they say that they pay most of the taxes. But where do those taxes come from, I ask you? They come largely from the toiling farmers of this country, who work harder for what they get and pay the highest taxes, according to their incomes, of any people under the American flag.

Let the farmers' crops fail throughout the country, and you will have business failures, bankruptcies, and hunger riots in every city. The trouble we are in today, this recession, is caused by the lack of buying power on the part of the farmer. He is selling his wheat, his corn, his cotton, and other agricultural commodities below the cost of production, with the result that industries are closing down in every section of the country because they have no markets for their products. The farmers' buying power is gone and with it has gone the buying power of practically all the people in the agricultural States who depend for their prosperity upon the prosperity of the farmers around them.

I inserted an amendment in the spending bill last year to permit funds to be used for the construction of rural power lines. We expected then to get something like $100,000,000 for rural electrification, but so far as I know, only $60,000 of that money was ever used for that purpose, and if we cannot allocate these funds to the Rural Electrification Administration now, I fear we will get none of it for that purpose this time.

But they tell you that the farmers do not need $200,000,000 for rural electrification, when there are more than 5,000,000 unelectrified farms throughout the Nation. At the rate we are going, spending $40,000,000 to $50,000,000 a year on rural electrification, it will take us about 60 years to catch up with the other nations of the world. We are far behind them now. As I pointed out the other day, France, Germany, Italy, Norway, Sweden, England, and even Japan, have 90 percent of their farms electrified, while Switzerland and Holland have electrified practically 100 percent of their rural homes. New Zealand, a new and sparsely settled country, now has electricity to 65 percent of her farms—while the United States is lagging far behind, with electricity to only about 10 or 15 percent of her farms.

Even if we spent $200,000,000 a year for rural electrification in this country, it would still take 8 or 10 years to bring the United States up to the standard.

But the opposition tells us that we do not need this amount because the farmers have not applied for all of it. As a matter of fact, the farmers of the country have been notified not to apply. They have been told that there are no more funds, that there were pending applications for $90,000,000 more than we had funds to supply, up to a few days ago, when $40,000,000 more was appropriated for the coming fiscal year. New applications are now being prepared, or have already been prepared, and are now ready for filing, in practically every congressional district that has a reasonable proportion of rural population.

If my amendment is adopted and it becomes known to the farmers of the Nation that these funds are available, and that they are going to receive the same loan and grant privileges as that accorded the cities and towns, I dare say that applications will pile in sufficient to absorb this amount within the next 3 or 4 months.

The policy we have been following is simply strangling rural electrification to death for the want of funds and for the lack of a more liberal policy. If we want to make this country rich, prosperous, and contented, and make that prosperity and contentment permanent there is nothing on earth that we could do that would contribute more to that end than to adopt this amendment and embark upon this new policy of liberality in our program of rural electrification.

Several Members have raised the question as to how these funds are to be allocated or divided among the several States. That question is settled by existing law. For instance, 50 percent of the amount appropriated is divided among the various States, I believe, according to all their unelectrified farms as compared with the total number of farms in the State.

The other 50 percent is allocated by the Rural Electrification Administrator on the basis of the demand, the necessity, the feasibility, and so forth of the project—no State to receive more than 100 percent of the amount appropriated.

I submit that this is about as fair a method of allocation as could be devised. It has worked wonderfully well up to the present time.

Under the permission granted me to extend my remarks in the RECORD, I am inserting below a table showing the R. E. A. allotments and applications for the last 3 years, bringing them down to today, May 11, 1938. This table shows the amount of money allotted to each State, the number of miles of lines built, or under construction, in each State, and the number of farms to be served by them. It also shows the requests for funds on file, by States, the additional miles of line that would be built with those funds, and the additional number of farms that would be served.

Look over this table carefully, and you will see that even if the $40,000,000 provided in the recent appropriation is expended, there will still be left on hand demands for $50,000,000 if no other applications at all were made. And, as I said, if it becomes known that these funds have been provided, and the rules for their distribution liberalized, as I have indicated, there will be sufficient applications to absorb the entire amount before the end of the summer.

The table to which I have just referred follows:

Rural Electrification Administration allotments and applications for 3 years, as of May 11, 1938, by States

State	Allotted	Miles of line built or under construction	Number of farms to be served	Requests on hand	Additional miles of line that would be built	Additional farms that would be served
Alabama	$1,564,350	1,500	4,500	800,000	800	2,400
Arizona	178,000	178	534	590,000	590	1,770
Arkansas	1,799,000	1,750	5,370	2,500,000	2,500	7,500
California	1,510,500	1,490	4,500			
Colorado	745,000	745	2,235	1,392,500	1,390	4,170
Connecticut	92,000	92	276	50,000	50	150
Delaware	427,037	427	1,281	350,000	350	1,050
Florida	684,000	680	2,040	1,894,000	1,890	5,770
Georgia	3,497,615	3,470	10,470	4,670,000	4,670	13,010
Idaho	970,750	970	2,910	625,000	625	1,875
Illinois	3,054,630	3,000	9,150	2,693,000	2,690	8,070
Indiana	5,810,438	5,770	17,400	3,153,000	3,150	9,450
Iowa	5,726,329	5,690	17,100	8,364,000	8,360	25,081
Kansas	1,540,651	1,500	4,620	3,450,000	3,450	10,350
Kentucky	2,563,700	2,540	7,680	3,880,000	3,880	11,640
Louisiana	927,000	920	2,760	400,000	400	1,200
Maine	70,000	70	210	150,000	150	450
Maryland	232,500	230	690	130,000	130	390
Michigan	4,655,000	4,600	13,830	4,403,000	4,400	13,200
Minnesota	6,061,836	6,030	18,180	7,612,000	7,610	22,830
Mississippi	1,658,200	1,640	4,950	3,525,000	3,520	10,560
Missouri	2,624,500	2,610	7,860	2,150,000	2,150	6,450
Montana	871,600	870	2,613	513,000	510	1,530
Nebraska	5,172,700	5,160	15,510	6,540,000	6,540	19,620
Nevada	178,000	178	534	31,000	31	93
New Hampshire				100,000	100	300
New Jersey	270,000	270	810	100,000	100	300
New Mexico	360,000	360	1,080	1,129,000	1,130	3,390
New York	250,000	250	750	500,000	500	1,500
North Carolina	1,606,450	1,600	4,800	650,000	650	1,950
North Dakota	589,972	590	1,770	738,000	738	2,214
Ohio	7,005,800	6,950	21,000	5,402,000	5,400	16,200
Oklahoma	2,570,000	2,550	7,695	2,625,000	2,620	7,860
Oregon	456,000	460	1,380	250,000	250	750
Pennsylvania	2,429,500	2,400	7,290	1,833,000	1,830	5,590
South Carolina	1,157,328	1,130	3,450	700,000	700	2,100
South Dakota	532,000	530	1,596	300,000	300	900
Tennessee	1,886,458	1,880	5,640	1,050,000	1,050	1,150
Texas	4,664,985	4,620	13,980	7,532,000	7,530	22,590
Utah	5,000	14	40	225,000	225	675
Vermont				150,000	150	450
Virginia	2,292,800	2,270	6,870	1,500,000	1,500	4,500
Washington	1,128,200	1,100	3,375	830,000	830	2,490
West Virginia	533,000	530	1,590	400,000	400	1,200
Wisconsin	6,145,800	6,100	18,420	3,686,000	3,690	11,070
Wyoming	700,500	700	2,100	435,000	435	1,305
Total	87,199,129	86,864	260,809	90,800,000	89,964	267,092

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein some tables on the subject which I have prepared.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a letter written by the President of the United States to Hon. Alfred M. Cohen, president of the B'nai B'rith on the occasion of the triennial convention of the organization at the Willard Hotel, this city, May 9, 1938; and also the remarks made by President Alfred M. Cohen at the dinner given in his honor at the Willard Hotel on May 9.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

NATIONAL PARKS AND MONUMENTS

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, in the Seventy-fourth Congress we passed Public, No. 292, setting up a general advisory board to be known as the Advisory Board on National Parks, Park Sites, Buildings, and Monuments. Many Members come to the Committee on the Library asking approval of bills for the setting up of parks or monuments in their districts without having them first approved by this general advisory board. This is not in conformity with this act passed in the Seventy-fourth Congress. For the benefit of Members, I insert section 3 of that bill:

SEC. 3. A general advisory board, to be known as the Advisory Board on National Parks, Historic Sites, Buildings, and Monuments, is hereby established, to be composed of not to exceed 11 persons, citizens of the United States, to include representatives competent in the fields of history, archaeology, architecture, and human geography, who shall be appointed by the Secretary and serve at his pleasure. The members of such board shall receive no salary but may be paid expenses incidental to travel when engaged in discharging their duties as such members.

It shall be the duty of such board to advise on any matters relating to national parks and to the administration of this act submitted to it for consideration by the Secretary. It may also recommend policies to the Secretary from time to time pertaining to national parks and to the restoration, reconstruction, conservation, and general administration of historic and archaeologic sites, buildings, and properties.

This law should be strictly adhered to and we are going to insist that any Member who wants a monument, park, or building have his bill approved by this board. The Committee on the Library has no authority to approve such bills unless they are in accordance with this law of which I speak. We must insist that the law be carried out. I will not permit by unanimous consent for any approval of such a bill that may be presented by any Member, whether he be a Republican or a Democrat. It is contrary to the law and it cannot be permitted. I warn the membership now not to ask for such favors by unanimous consent, for I will object. It is my duty to do so.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. CITRON. Mr. Speaker, I ask unanimous consent to extend my remarks by including a radio address made by the Honorable Joseph B. Keenan, Assistant Attorney General.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio address made by myself.

The SPEAKER. Is there objection to the request of the Delegate from Alaska?

There was no objection.

Mr. ALLEN of Illinois. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a short petition.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMPOSITION OF THE NAVY

Mr. VINSON of Georgia. Mr. Speaker, I call up the conference report on the bill (H. R. 9218) to establish the composition of the United States Navy, to authorize the construction of certain naval vessels, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. SNELL. Mr. Speaker, reserving the right to object, I do not see any minority members of the committee here, but I understand the gentleman notified them that this would be taken up at the present time.

Mr. VINSON of Georgia. I notified the full committee this morning. The gentleman from Minnesota [Mr. MAAS] had to go to the Senate Naval Affairs Committee and he instructed me that he would not be here and to go ahead.

Mr. SNELL. Then the gentleman did his part.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the statement of the managers on the part of the House.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9218) to establish the composition of the United States Navy, to authorize the construction of certain naval vessels, 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 numbered 2, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows:

"(a) Capital ships, one hundred and five thousand tons, making a total authorized underage tonnage of six hundred and thirty thousand tons: *Provided*, That vessels of tonnages in excess of thirty-five thousand tons each may be laid down if the President determines with respect to the tonnage of capital ships being built by other nations that the interests of national defense so require, in which event the authorized composition of the United States Navy of capital ships is hereby increased by one hundred and thirty-five thousand tons, making a total authorized underage tonnage of six hundred and sixty thousand tons;

"(b) Aircraft carriers, forty thousand tons, making a total authorized underage tonnage of one hundred and seventy-five thousand tons;"

And the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows:

"SEC. 6. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $15,000,000 to be expended at the discretion of the President of the United States for the construction of experimental vessels, none of which shall exceed three thousand tons standard displacement, and the sum of $3,000,000 to be expended at the discretion of the President of the United States for the construction of a rigid airship of American design and American construction of a capacity not to exceed three million cubic feet either fabric covered or metal covered to be used for training, experimental, and development purposes."

And the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"SEC. 12. The construction, alteration, furnishing, or equipping of any naval vessel authorized by this Act, or the construction, alteration, furnishing, or equipping of any naval vessels with funds from any appropriation available for such purposes, contracts for which are made after June 30, 1938, shall be in accordance with the provisions of Public Law 846, Seventy-fourth Congress, approved June 30, 1936, unless such course, in the judgment of the President of the United States, should not be in the interest of national defense."

And the Senate agree to the same.

CARL VINSON,
P. H. DREWRY,
MELVIN J. MAAS,
Managers on the part of the House.

DAVID I. WALSH,
MILLARD TYDINGS,
FREDERICK HALE,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9218) to establish the composition of the United States Navy, to authorize the construction of certain naval vessels, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment No. 1: As to capital ships, provides for additional units of a total tonnage of 105,000 tons and an authorized gross underage tonnage of 630,000 tons, as proposed by the House, each of such amounts to be increased by 30,000 tons in the event the President should determine that it would be in the interest of national defense to build capital ships of a unit tonnage in excess of 35,000 tons by reason of the unit tonnage of capital ships being built by other nations. The Senate proposed authorization of such increase of tonnage independently of such determination, and provided that if utilized in building capital ships of a unit tonnage in excess of 35,000 tons, the President should first determine that a capital ship in excess of 35,000 tons had been "officially projected, appropriated for, or laid down by another power."

As to aircraft carriers: Provides for 40,000 additional tons, and a total authorized under-age tonnage of 175,000 tons, as proposed by the Senate, instead of 30,000 tons and 165,000 tons, respectively, as proposed by the House.

On amendment No. 2, relating to auxiliary vessels: Provides as proposed by the Senate as indicated below:

Type	Proposed by House		Proposed by Senate	
	Number	Tons	Number	Tons
Destroyer tender	5	45,000	3	27,000
Submarine tender	3	27,000	2	18,000
Seaplane tender:				
Large	4	33,200	3	25,000
Small	7	11,550	7	11,550
Repair ship	3	28,500	1	9,500
Oil tanker			4	32,000
Mine layer			1	6,000
Mine sweeper			3	2,100
Fleet tug			2	2,500
Total	22	145,250	26	133,650

Also, as proposed by the Senate, provides for the acquisition of such auxiliary vessels by means of converting vessels of other types.

On amendment No. 3: Authorizes appropriations of $15,000,000 for the construction of experimental vessels of 3,000 tons standard displacement or under, and $3,000,000 for an American designed and constructed rigid airship, both sums to be expended at the discretion of the President.

The House proposed an appropriation of $15,000,000, to be expended at the direction of the President, for a wide range of experiments, including specifically $5,000,000 for the construction of small experimental vessels, and $3,000,000 for an American designed and constructed rigid airship, and, in addition, the House proposed the grant of authority to enter into contracts, to the extent of $15,000,000, with inventors and manufacturers for experimental works, models, plans, materials, and the development of projects useful to the national defense.

The Senate proposed authorization of an appropriation of $15,000,000, to be expended at the discretion of the President, solely for the construction of small experimental vessels, and eliminated the grant of contractual authority proposed by the House. The Senate also proposed legislation pertaining to the Military Establishment authorizing the placement of educational orders with private manufacturing establishments.

On amendment No. 4: Provides for the application of the pertinent provisions of the Walsh-Healey Act both to work authorized by the subject bill and to work undertaken upon other naval vessels under contracts made subsequent to June 30, 1938, unless the President should determine such course to be contrary to the interest of national defense, in lieu of the Senate proposal, which did not specifically vest discretion in the President, and which, as to obligations incurred after July 1, 1938, applied to any Government vessel.

CARL VINSON,
P. H. DREWRY,
MELVIN J. MAAS,
Managers on the part of the House.

Mr. VINSON of Georgia. Mr. Speaker, I desire to make a brief statement in order to acquaint the Members of the House with the result of the conference as far as dollars and cents are concerned. When this bill passed the House it was estimated that the total cost would be $1,121,456,000. As agreed to in conference it is $30,887,000 under the estimate as originally passed by the House and $58,350,000 under the estimate as finally passed by the House. Therefore the estimated cost of the bill now is $1,090,656,000 as against $1,125,-456,000 when the bill passed the House.

Mr. SNELL. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from New York.

Mr. SNELL. I notice in this statement that the ultimate decision as to the size of the capital ships is left to the President.

Mr. VINSON of Georgia. That is correct.

Mr. SNELL. I had always supposed that some committee or commission in connection with the Navy made these recommendations relative to the size of ships.

Mr. VINSON of Georgia. No doubt the gentleman is correct, in that the Bureau of Construction and Repair will make an estimate and submit the estimate to the President; but we base this increase from 35,000 tons to 45,000 tons on a little bit different basis than from the engineering standpoint. We base it on this:

> May be laid down if the President determines, with respect to the tonnage of capital ships being built by other nations, that the interests of the national defense so requires.

That is predicated upon two points—the attitude of other nations with reference to building ships over 35,000 tons, coupled with our need for national defense.

Mr. SNELL. Have we ever carried in legislation before the definite recommendation and statement that the size of these ships should be decided by the President of the United States?

Mr. VINSON of Georgia. I do not recall that heretofore the Congress has done that.

Mr. SNELL. I do not recall that I ever noticed that either.

Mr. VINSON of Georgia. I do not think so.

Mr. SNELL. I call the attention of the Members of the House to the fact that every single bill or piece of legislation passed by this House in the last 2 or 3 years says that final decision must be made by the President. Should not the Congress itself assume some responsibility and exert it in connection with this legislation, and not always leave it up to the President?

Mr. VINSON of Georgia. In this case I think we will probably save something if we leave it up to the President, because if Congress invoked the escalator provisions under the treaty, we would provide for 45,000 tons, as the Senate did, but it has not been determined whether other nations are building 45,000-ton ships, so we leave that discretion to the President and the saving is about $61,000,000.

Mr. SNELL. The statement is made in connection with every piece of legislation that we are going to save money by leaving it up to the President. Actual experience does not show that we have saved money. I am opposed to writing into every piece of legislation that comes before this House that final decision shall be left with the President of the United States. I think the House should assume its responsibility in connection with this and other legislation.

Mr. COLE of New York. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from New York.

Mr. COLE of New York. I think the gentleman should explain to the House the reason for amendment No. 4, which has to do with the Walsh-Healey Act.

Mr. VINSON of Georgia. Under the law today the Walsh-Healey Act applies to navy yards, but under a decision of the Attorney General, the construction of battleships in private yards does not fall within the purview of the Walsh-Healey Act; so this bill puts it within the Walsh-Healey Act, if it is in the interest of national defense to do so. If it is not in the interest of national defense that the construction of these ships by private industrial yards be under the provisions of the Walsh-Healey Act, then the Walsh-Healey Act does not apply. If it is in the interest of national defense, then it does apply.

Mr. COLE of New York. Is it not true this amendment empowers the President to exercise his discretion as to whether or not the Walsh-Healey Act should be applied to the construction of these vessels, whether it be in private yards or in Government yards?

Mr. VINSON of Georgia. It already applies to navy yards under the law. This merely applies to industrial yards, and if the President determines it is in the interest of national defense, then it applies to industrial yards.

Mr. COLE of New York. Is it not true that under this amendment the President would have authority to suspend the Walsh-Healey Act so far as Government yards are concerned?

Mr. VINSON of Georgia. No; he would not.

Mr. COLE of New York. That is my understanding from a reading of it.

Mr. VINSON of Georgia. If it applies to both yards, it would be that much better. However, I do not think that interpretation would apply. I had in mind it would apply to the industrial yards and the President has the right to suspend it if it is not in the interest of national defense.

Mr. BOILEAU. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. About 2 years ago the Navy Department estimated the cost of a battleship to be about $50,000,000. Shortly thereafter they raised the estimate to $60,000,000, then to $70,000,000. Can the gentleman give us information as to what the Navy Department now estimates the cost of these battleships to be if the battleships are 45,000 tons?

Mr. VINSON of Georgia. I could not say accurately and the Department cannot say accurately. It would be in the neighborhood of $70,000,000.

Mr. BOILEAU. Seventy million dollars was the cost of a 35,000-ton ship.

Mr. VINSON of Georgia. It will probably be a good deal more.

Mr. BOILEAU. Will it be $100,000,000?

Mr. VINSON of Georgia. I would not say $100,000,000. It will be some more, but to say how much would be guess work. The question of material, labor, and all those things enters into the problem.

Mr. BOILEAU. I have heard it stated, although I do not know how authoritative the statement is, that if a battleship of 35,000 tons would cost $70,000,000, which is the latest estimate, a 45,000-ton battleship would probably cost in the neighborhood of $100,000,000.

Mr. VINSON of Georgia. Let me say that by this proviso we are hoping to save $61,000,000 in the construction of battleships by holding them down to 35,000-ton battleships.

Mr. BOILEAU. I believe that is very important information, which the country should have.

Mr. VINSON of Georgia. I cannot give that information because I do not have it.

Mr. BOILEAU. Have not the naval authorities here given any estimate at all? I believe the public is entitled to have that information.

Mr. VINSON of Georgia. I will insert the information in the RECORD if I am able to obtain it.

Mr. BOILEAU. That is very kind of the gentleman. What I want is what the cost would be of a 45,000-ton ship.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Pennsylvania.

Mr. RICH. The bill as it is now presented is for $1,121,-000,000, as I understand.

Mr. VINSON of Georgia. The bill as it passed the House was for $1,121,456,000. As agreed to in this conference report it is $1,090,656,000. This represents a saving of $30,887,000.

Mr. RICH. I wish to congratulate the chairman of the committee on making that saving of $30,000,000.

Mr. VINSON of Georgia. I thank the gentleman.

Mr. RICH. Let me say this, however. The saving of $30,000,000 on a bill that carries $1,120,000,000 does not seem to be very much when we consider the fact this amount is being spent in preparation for war. In the naval appropriation bill that passed the House there was carried $553,000,000. The military part of the War Department appropriation bill was for $448,000,000, and the nonmilitary part of the War Department appropriation bill carried $197,000,000. This makes a total of more than $1,198,000,000. Adding the $1,090,000,000, we have over $2,200,000,000 to be spent in preparation for war next year.

Last year you passed the Neutrality Act. You said we were going to try to keep this country out of any foreign entanglement. However, you put that Neutrality Act in a pigeonhole in the President's desk. You are not doing anything to try to keep us from getting into war. It is too bad. The fact of the matter is you are now spending $2,200,000,000 in preparation for war; this does not seem consistent. It does not seem as if you are doing the right thing to prevent war, in my judgment. Why do you do it? Why talk peace and prepare for war?

Mr. VINSON of Georgia. Let me say to the gentleman that the $2,000,000,000 is indeed cheap insurance if it maintains peace for the people of this country.

Mr. RICH. It is not necessary to go that far to maintain peace. The greatest peacetime war preparation in the history of our Nation. A continuation of the orgy of spending by this incompetent administration.

Mr. THOMPSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Illinois.

Mr. THOMPSON of Illinois. As I understand, the Senate amendment authorizing the War Department to give educational ordnance orders to private manufacturers has been stricken out.

Mr. VINSON of Georgia. The Senate receded and that amendment has been stricken out.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Texas.

Mr. McFARLANE. Going back to the cost of battleships, during the 4 years I was on the gentleman's committee we found there was quite a lot of duplication of bids; in fact, there was very little competition. Does not the gentleman believe, because of his long experience and his connection with this committee, that as long as we maintain the present system of little or no competition in the construction of our battleships, just so long will the price of battleships continue to go up, as was pointed out by the gentleman from Wisconsin [Mr. BOILEAU]?

Mr. VINSON of Georgia. What is troubling the Navy Department today is what is almost a refusal on the part of the industrial yards to bid at all. I am apprehensive that if this situation continues all this construction will ultimately have to be in the navy yards.

Mr. McFARLANE. Does not the gentleman believe that ought to be the answer to this situation?

Mr. VINSON of Georgia. The industrial yards have hesitated to bid on these battleships.

Mr. McFARLANE. Because of their monopoly.

Mr. VINSON of Georgia. No; on account of uncertainty, on account of the attitude shown in various bills that are constantly being passed by Congress.

Mr. McFARLANE. Does the gentleman have any definite proof to back up that statement?

Mr. VINSON of Georgia. I certainly do.

Mr. McFARLANE. I wish the gentleman would put it in the RECORD.

Mr. VINSON of Georgia. All right.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Missouri.

Mr. COCHRAN. As a matter of fact, in peacetime, and with the facilities we now have in Government and private yards, taking into consideration what is now authorized, but where the ships have not been laid down, will it not take about 10 years to complete this program?

Mr. VINSON of Georgia. I hope it will not take that long.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and on a division (demanded by Mr. BOILEAU) there were—ayes 67, noes 31.

So the conference report was agreed to.

A motion to reconsider was laid on the table.

HOUR OF MEETING TOMORROW

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 a. m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LEAVE OF ABSENCE

Mr. DALY. Mr. Speaker, I desire to announce that my colleague, the gentleman from Pennsylvania [Mr. SNYDER], is confined to Walter Reed Hospital. He has asked me to acquaint the House with that fact as the reason for his absence.

Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania may be allowed an indefinite leave of absence until he recovers his health.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

EMERGENCY RELIEF AND FEDERAL PUBLIC-BUILDINGS BILL

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of House Joint Resolution 679, making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of House Joint Resolution 679, the emergency relief and Federal public-buildings bill, with Mr. WARREN in the chair.

The Clerk read the title of the joint resolution.

Mr. TABER. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

THE SO-CALLED RECOVERY BILL

Mr. TREADWAY. Mr. Chairman, we are now in the midst of the Franklin D. Roosevelt depression.

We started out in 1933 with 13,000,000 unemployed and a national debt of twenty-one billions.

In 5 years, after spending $40,000,000,000, we still have 13,000,000 unemployed, and in the meantime the national debt has risen to thirty-eight billions.

The pending bill represents the President's program for getting the country out of the depression which bears his name, for which he is personally responsible.

It proposes to continue the same bootstrap method of trying to spend our way back to prosperity, which has failed so miserably in the last 5 years.

It provides no remedy calculated to cure or eliminate the causes of the depression.

On the contrary, it simply offers another "shot in the arm."

It is comparable to doping a sick patient instead of trying to cure the disease.

When the shot in the arm wears off, the patient will be worse off than ever.

The failure of the President to suggest a real recovery program—one aimed at the primary causes of the depression—is conclusive evidence that the New Deal is bankrupt of statesmanship.

The President, in his relief message, was forced to admit that the country was in the midst of another depression.

He sought to avoid his own responsibility for the downward business spiral by blaming it on overproduction and high prices.

It seems strange that the President would set up this alibi in the face of his oft-repeated statement that one-third the Nation is ill-clothed, ill-housed, and ill-fed.

The truth is that there has been no overproduction, only underconsumption.

This underconsumption is caused, not by a lack of purchasing power, but by a lack of confidence in the New Deal administration.

Our people are not willing to take a chance on the future.

They do not know from one minute to the next which way the administration is going to turn.

They fear that the administration's loose fiscal policy—of which the pending bill is further evidence—will lead to national bankruptcy.

They are hampered by excessive regulation and burdensome taxation.

In short, they are held back by the administration's own policies and lack of policies.

The President himself has it in his power—without spending one cent for further pump priming—to bring about an immediate reversal of the present downward trend and start the country once more on the road to recovery.

By stubbornly refusing to face the realities, he alone is to blame not only for the present depression but for the failure of the country to emerge from it.

In his relief message, the President said:

> The first two categories—maintenance of relief and the expansion of credit—might prove sufficient; but, in my judgment, other measures are essential. You and I cannot afford to equip ourselves with two rounds of ammunition where three rounds are necessary. If we stop at relief and credit, we may find ourselves without ammunition before the enemy is routed. If we are fully equipped with the third round of ammunition, we stand to win the battle against adversity.
>
> This third proposal relates solely to definite additions to the purchasing power of the Nation by providing new work.

Now, let us analyze this statement a little bit:

The President advocates relief as "one round of ammunition," calculated to start an upward spiral.

Certainly the President does not think that relief will cure the depression.

I, of course, favor relief for the needy as a humanitarian measure, but I do not for one minute regard it as a cure for the depression. Thus, the first round of ammunition will fail to bring about recovery and restore the jobs of the 13,000,000 unemployed.

The President's second "round of ammunition" is additional credit for business.

Of course, it is of no use to provide credit if business, because of uncertainty as to administration policy and fear of the future, refuses to avail itself of it.

We have ample credit now; and simply providing more, without encouraging business to use what is already available, will not help the situation.

Lack of credit is not the cause of this depression.

The President's "third round" of ammunition is further pump priming through public-works projects, including slum clearance.

The futility of this method of trying to bring about recovery has been amply demonstrated by our experience of the last 5 years.

Moreover, when nothing is done to correct the real cause of the depression, the pump-priming expenditures will produce nothing but a temporary stimulus.

When the spending is curtailed we will be as bad off as before. In fact, we will be worse off, because we will have the burden of the added debt and the taxes necessary to finance it.

Thus, we find that all three rounds of the President's "recovery ammunition" are duds.

He needs another round of ammunition, namely, the restoration of confidence and the elimination of fear.

If he would provide this round of ammunition, he would not need the other three which he seeks.

If I may be permitted to offer a program, I venture the assertion that the following would go a long way toward bringing about recovery and eliminating the need for further relief bills:

First. Definite assurance by the President that he was finally going to carry out his "covenant with the people" as embodied in the Democratic platform of 1932.

Second. Elimination of uncertainty as to what the administration's policies are and whether they will be adhered to in the future.

Third. Put an end to the loose fiscal policy which is leading the Nation to bankruptcy.

Fourth. Encourage rather than hamper business.

Fifth. Promote cooperation rather than hate.

Sixth. Put recovery ahead of experimentation and reform.

Seventh. Wake up to the fact that wealth results from production and not from scarcity.

Eighth. Give recognition to the natural law of diminishing returns as applied to taxation.

Ninth. Preserve the independence of the three coordinate branches of the Government.

The President's recovery plan, as incorporated in the pending bill, is merely a stopgap.

It is not in any sense a cure.

Hence it is a misnomer to call the pending measure the "recovery bill."

The President is not offering at this time a permanent recovery plan.

For the last 5 years the President has been temporizing with the great problems facing the Nation.

Whatever recovery has been achieved up to the onset of the present Roosevelt depression was purely artificial and temporary.

The failure of the President to suggest a permanent recovery program at this time leads one to the conclusion that he intends to finish out his term in a makeshift manner without any regard for the dangers into which his present policies are leading the country.

It was President Roosevelt himself who said in 1932:

> If the Nation is living within its income, its credit is good. If in some crisis it lives beyond its income for a year or two, it can usually borrow temporarily on reasonable terms. But if, like a spendthrift, it throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxing power to the limit of the people's power to pay and continues to pile up deficits, it is on the road to bankruptcy.

In these words, President Roosevelt has himself framed the strongest indictment that could possibly be made against his own administration.

He has done all of these things which he said would lead the country to bankruptcy.

In each year of his administration, he has spent an average of $2 for every dollar of revenue collected.

Like a spendthrift, he has thrown discretion to the winds.

He has made no sacrifice at all in spending, but on the contrary has increased the cost of Government by three billions annually.

He has extended the tax burden beyond the limit of the people to pay.

And he has piled up deficit after deficit, with no end in sight.

He has already added some seventeen billions to the public debt, which is destined to go still higher.

He must at this moment be thinking of the immortal words of King Louis XV of France, "After me the deluge."

The President has utterly failed to heed his own warnings, and he has failed to profit by experience.

A short time ago the former Comptroller General of the United States, Mr. McCarl, made a very able address in which he touched upon the President's so-called recovery program.

I should like to quote a few passages from that address which I consider to be quite apropos of our present discussion.

After referring to the new Roosevelt depression, Mr. McCarl asks:

What remedy is proposed?

He then continues:

More lavish spending, more so-called pump priming, a rush outlay by Government of another four and a half or five billion dollars. This notwithstanding the utter failure of years of lavish spending, so lavish indeed that we have depleted our substance, have been bled white by taxes, and have added more than $20,000,000,000 to our public debt.

* * * * * * *

A remedy of doubtful value under most favorable conditions and with scientific application, our spending is in no sense bona fide pump priming; that is, spending in such careful and guarded manner as to induce that gradual and sound motion forward in key activities likely to encourage similar motion in other and, finally, in all our activities. Ours is worse than useless, because not safeguarded from pollution by politics. On the contrary, from the beginning and to this day expenditures from recovery and relief appropriations are not prescribed and safeguarded by law, are not even controlled by a nonpartisan or bipartisan board, but rather are doled out, project by project, bit by bit, by agents of the President and subject to his discretion—discretion to withhold or to grant, as may suit his pleasure or his purposes; discretion to reward subserviency and to punish those who dare question the wisdom of his course.

The pending bill continues the policy of giving the President a blank check and letting him spend the money in his discretion.

It furthers the centralization of authority in the Executive.

It enables the President to make use of the money by rewarding subserviency and punishing those who dare differ with his program.

Although the present depression has been with us since last August, the President waited until the middle of April to suggest the legislation now before us.

Why was it not suggested last winter?

Of course the answer is that it would have been premature at that time as it would not have enabled the administration to spread the money into every voting precinct in the Nation just before the November elections.

By waiting a little while longer, and making the bill effective in the fiscal year beginning next July, it will serve not only as a so-called relief or pump-priming measure but incidentally as an election priming measure.

Here is former Comptroller General McCarl's summation of the measure:

The proposal is, at best, a further dissipation of our substance—and a substantial one—merely to postpone the day of reckoning, the day for an about-face; and at worst, a desperate effort, through uses of public moneys, to get the present administration safely past the November elections, and fortified for those to come in 1940.

Mr. Chairman, in conclusion, let me repeat that I am not opposing the relief features of this bill.

We must, and will, keep our people from want.

They are the innocent victims of the Roosevelt depression.

They must be provided for until recovery can be brought about.

While I do not object in the slightest to the sums necessary to be appropriated for relief, I do object to the loose manner in which relief is being administered.

I also object most strenuously to the use of relief money for political purposes and to provide high-salaried positions for political partisans.

The actual administration of relief should be returned to the local communities which are familiar with local needs.

Relief should be taken completely out of politics.

It should be handled by nonpartisan local boards.

The Republican Party has consistently favored this principle of local administration of relief.

This does not mean a shifting of the cost of relief to the local communities, but only the responsibility for its administration.

The Federal Government should continue to make grants for relief purposes, but the money should be allocated by those having knowledge of local relief needs, and not by politicians taking orders from Jim Farley.

Appropriations for relief must be continued as long as necessary.

But in the meantime, what about a recovery program?

The problems of relief and recovery are entirely separate and distinct.

Our people are thankful for relief, but they are beginning to wonder if we will ever have permanent recovery under the present administration.

Judging the future by the past, it does not appear that we will ever have permanent, sound recovery until the present administration is voted out of office and sanity in government is restored.

[Applause.]

Mr. UMSTEAD. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. MAVERICK].

MUCH BETTER BILL THAN WE HAVE HAD BEFORE

Mr. MAVERICK. Mr. Chairman, we have before us a much better bill than we have ever had with respect to relief and recovery. Labor is better protected, though not enough. The bill is drafted better.

We are offering the American people what I believe to be a better system, but I want to say now, without any of my brethren on the Republican side getting excited or exalted over what I say, that there are two points important about this bill:

The first one is that this is not going to solve the depression and the second one is we ought to have a permanent set-up in this country with respect to welfare.

ABUSE OR PRAISE OF PRESIDENT SETTLES NOTHING

I may say further that the violent criticism of the President of the United States or fulsome flattery of the President does not solve any of our economic ills. When I think of the indecent and irrelevant charges made about the President of the United States it makes me think that the critics of the Democratic Party and of the President have just not any program at all.

I do not mean all the Republican talkers, but most of them, and the Chamber of Commerce and the National Manufacturers Association view with alarm anything that is done for the American people. But, my friends, they have absolutely no suggestions whatever with respect to recovery. They have nothing to say about what ought to be done to bring the country back to recovery.

THE CARPERS OFFER NOTHING BUT VAGUE TALK

What suggestions have been made by the opposition carpers and criticizers of this bill? First, they say that we should repeal the Wagner Labor Relations Act and throw away all the accumulations we have made in the last few years for labor, and throw labor to the wolves.

There just is not any sense to that, and the American people are not going to stand for it. And when the Manufacturers Association and the Chamber of Commerce make suggestions like that they merely make jackasses of themselves in the minds of the American people.

PARROT PHRASES, PIOUS POPPYCOCK, AND POLITICS

There are other parrot phrases they keep talking about, like "balancing the Budget." I want a balanced Budget, and so does every other man who loves his country, and you want to balance the Budget no matter what kind of government you have.

Then there is vague talk about taxation, just to make the people dissatisfied about taxes. The truth of the matter is, the honest thing to do is to make the taxes enough so you can pay for this.

Then these people get up here and make a pious talk about how we ought to take this problem and give it to the States and the county commissioners and take it out of politics. Oh, everybody knows this is absolute nonsense. If this were taken out of the hands of the Federal Government and turned over to 3,000 commissioner courts all over the United States there would be a saturnalia of corruption and mismanagement and practices that would be entirely different all over the country.

Most of the comment against this bill has either been superficial or it has been hysterical or it has been grossly insincere.

ARE WE DEMOCRATS FACING OUR PROBLEMS?

I want to say just one thing about us Democrats. I want to know whether we, as Democrats, are really facing our fundamental problems or whether there is anybody in the United States that is facing the problems. We know that the Republican Party is entirely bankrupt of ideas or of any program, and the only hope that the American people have is in the Democratic Party.

We have held water back and forth, one shoulder to the other, on the wage and hour bill. Why should we not go ahead and enact that bill? Why should we not go ahead with a national program of conservation, which was included in the Seven T. V. A. bill? Why do we not go ahead and have money reforms? Why should we not really attack the monopoly problem?

I say to the Democrats of this Chamber—and to the Democrats of the United States of America—instead of our being halfway Republicans and doing things in a half way, the only way to act is to be bold and to go ahead and do the things we promised to do in our pledges.

PERMANENT WELFARE DEPARTMENT SHOULD BE ESTABLISHED

Let us review this relief proposition. Every year since I have been in Congress—and that is four—I have risen on this floor to say that we should have a permanent welfare department. Every year that I have said that someone else rises and says that would be admitting that we are going to have problems like that forever.

Well, we are going to have unemployment problems for at least 10 or 20 years—and, of course, everybody that is sensible knows that we are going to have such problems forever.

What is wrong with setting up a permanent department? If we want to do anything, we can go to the Agricultural Department or the War Department, or any of the permanent departments, and can get better services than we can out of any emergency department.

Last year I offered a resolution to investigate the economic causes of unemployment. What did we do? The same as nothing. This House passed a resolution, and it was done by unanimous consent, no one objecting, to have a 1-day census. That was all.

I said at the time that it was a fraud and that it would not amount to anything, and it was a fraud and it did not amount to anything. No party in the United States, including any new parties that I know about, is really tackling the problem of unemployment.

When I say that we ought to have a permanent department, I know that nothing is going to be done today or next week, but I want to have it on the record of the United States of America that we should have a well-organized department of public welfare and public works, because we are always going to have a slack in employment—at times seasonal—and we are always going to have a necessity for public building, and this group of men who are here have to face that situation. We cannot solve our economic ills by putting our heads in the sand like ostriches.

Mr. Chairman, I rise merely to put those things on record and make it plain that, although this bill is something that is absolutely necessary for the American people, and that we are absolutely right in voting for this bill, that this bill alone will not solve our economic ills, and no party can criticize another because we are all equally to blame. The next thing is that which I have repeated several times—that we must have a permanent set-up of public works and welfare in this country, just as we have other departments. [Applause.]

Mr. BACON. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Chairman, yesterday the gentleman from Virginia [Mr. WOODRUM], explaining this bill, made the following statement:

> Strange as it may seem, the United States Chamber of Commerce, representing business and industry, did not dare pass a resolution in their solemn conclave condemning this effort of the President of the United States to further lead the people along the highway of recovery.

"The Chamber of Commerce did not dare." I wonder now if the gentleman had in mind the statement of the President when, referring to his first administration, he said that in it certain forces "met their match," and that he hoped that of his second administration it could be said that "in it these forces met their master." I wonder what the gentleman meant when he said that the Chamber of Commerce did not dare. Have we reached that point of confession where on the majority side it is admitted that American citizens gathered here in the Nation's Capital, citizens who represent hundreds of thousands of men engaged in business throughout the land, have been so abused, so vilified, so threatened, and so persecuted by bureaucratic agents, that they have become so fearful of the administration that they dare not express an opinion as to the wisdom of proposed legislation?

Mr. WOODRUM. Mr. Chairman, does the gentleman wish me to answer that?

Mr. HOFFMAN. That is at the gentleman's own discretion.

Mr. WOODRUM. The gentleman said he wondered. I can tell the gentleman in half a minute.

Mr. HOFFMAN. I do not want it to come out of my time.

Mr. WOODRUM. I yield the gentleman half a minute.

Mr. HOFFMAN. Very well.

Mr. WOODRUM. I simply meant that the United States Chamber of Commerce realized that such a program was necessary and that they would not dare stand before the people of America and oppose such a meritorious proposition to help this country out of a hole.

Mr. HOFFMAN. And if I read correctly the statement of those gentlemen in previous speeches, they condemned that program and said that it would be a failure.

Mr. WOODRUM. Is the gentleman going to vote for the bill?

Mr. HOFFMAN. I am not.

Mr. WOODRUM. The United States Chamber of Commerce spoke against it, but they would not pass a resolution against it.

Mr. HOFFMAN. Because they were afraid, and because they knew that if they passed a resolution they would be charged with hindering recovery and as opposing legislation which the President claims will solve all our troubles. Here is a further statement made by the gentleman from Virginia in the paragraph below:

> There are those who object to this for partisan purposes. Of course, I would not accuse any gentleman on my left of having that motive in mind.

I wonder how many on the other side of the Chamber are voting for this proposal because they know that into their districts when it is passed will go a flood of Federal money which for the moment will give the appearance of recovery so that they can go out before the people and say, "This is what we are doing for you."

Listen to this from the editorial writer of the New Deal Washington News, whose stomach is not strong enough to retain and digest this $3,000,000,000 blank-check meal. Under the heading, The Power of the Purse, the editor quotes this news item:

> WASHINGTON, May 10.—Representative GEORGE D. O'BRIEN (Democrat, Michigan) today announced approval by President Roosevelt of a $39,804 W. P. A. project for indexing the records of the probate court at Detroit.

He then continues:

> The item is in no way unusual. Many of the same type go out from Washington daily, naming other Congressmen, other States, other kinds of projects, other amounts. We cite this item only as text for a few remarks about the $3,054,425,000 relief and recovery bill now speeding through Congress. * * *
>
> Mr. O'BRIEN (Democrat, Michigan) was notified so that he could give out the news. It may help a bit in his campaign for reelection.
>
> * * * For 5 years Congress has been turning over to the President huge amounts of money—nearly $18,000,000,000 in all—to spend where and as he pleases, for relief, recovery, and other

things. And that, since the President cannot possibly give personal attention to the details of spending on such a scale, the actual power to decide how all this money shall be used has passed from Congress to a horde of subordinate officials who were not elected by the people.

They can use the money wisely, as they have much of it. They can use it foolishly and wastefully, as they have much of it. They can pour it into States that seem doubtful in election years. They can withhold it from States that seem safe. They can give Congressmen who support the administration a share of the credit for projects financed with this money. They can deprive Congressmen who oppose the administration of any credit for the spending.

Partisan purposes? What about the gentleman from Michigan, Mr. GEORGE D. O'BRIEN? Is not his candidacy for reelection helped when he is able to announce that into Detroit will go $39,804 to index the probate records? Since when has the indexing of local court records become a Federal function?

We are being asked to give the President a blank check for more than $3,000,000,000, and we all know that but a very small portion of it will be used for relief. Far more will be used to reelect Congressmen who do the President's bidding, more pliable rubber stamps.

Partisan purposes? Shame, oh, shame, that anyone on the majority side should use the word "partisan" while asking us on the minority side to give them billions of dollars so that they may "play politics with human misery."

Partisan purposes. What I am wondering again is this: If the gentlemen here on the right of the Chamber do not realize that this money will be used, as it was charged in the Florida campaign, for political purposes, to defeat not only Republicans, but to defeat you on this side who have dared to follow your own judgment and express it here on the floor either in speeches or by votes.

Federal money aided in defeating WILCOX, of Florida; in renominating PEPPER, of Florida, who had also been anointed by son Jimmie as the President's choice.

Many of us here recall with shame and with sorrow the fate of that gallant patriotic statesman, Huddleston, of Alabama, who fell before the New Deal's wrath because of his faithfulness to his constituents.

Another statement the gentleman from Virginia [Mr. WOODRUM] made is this:

They are going to view with alarm our situation and call upon Providence to save America; then when the roll is called they will vote for the resolution.

Maybe some will, but some of us will not; and I can see no reason why you on the Democratic side should vote to give the President a blank check. Is it true that we no longer have confidence in our own ability? Is it true that we have not intelligence enough, courage enough to say if it is necessary to spend this money how it shall be spent? Have we come to that pass when we must delegate not to the President, not to Harry Hopkins, but to 100,000 fellows the country over, power to say how in these various districts this money shall be spent? I have not forgotten how the gentleman from Oklahoma [Mr. FERGUSON] stood here one day and told how the money was spent out in his country; and I know how it has been spent in other districts.

Information direct from the Department of Agriculture tells me how 123 committeemen in one small county are employed in an effort to make the farm program work; how in one county approximately $170,000 is distributed to the farmers—not for doing something which they did not do before; not for refraining from doing something which they did before, but because they are farming their lands in that husbandlike manner which good farmers have for years followed.

I recall the letter from the Agricultural Department which states:

We admit many farmers do not understand just how they earned their payments.

Of my own knowledge I know that in my own county, where I have lived for 40 years and more, the bulk of the money goes not to those townships which most acutely need a building up of the soil; not to those townships which are threatened with erosion on the hillsides, but to the comparatively flat townships, townships where the soil is rich and fertile, where the crops were good, where they have been farming in accordance with the way we learned from our grandparents. While the program is termed a soil-conserving program, the poor townships, the hilly townships with the gullies and the "washes" do not get it. They give the far larger portion to the townships with the fertile land.

Someone on the majority side just asked me whether the chamber of commerce to which I referred made any constructive suggestion.

The speeches made at the chamber of commerce convention and the resolutions adopted there called attention to those great fundamental principles which have made this Nation what it is; which brought us prosperity; which brought us not only material wealth but intellectual advancement, religious and political freedom. Every successful farmer, every successful businessman, every man who has accumulated sufficient by working with his hands to purchase his own home, knows what these principles are and believes in their efficacy.

We have made constructive suggestions on the floor time and time again. If the President of the United States would confine his efforts to the job he was elected to do, that is to govern the people, and would keep his nose out of business, let Congress regulate business where it needs regulation; let Congress punish those who violate the principles of fair play, common decency, and ordinary honesty; and if the President would call in his White House assistant, Mme. Perkins, who is going about the country making speeches for hire instead of attending to her duties and endeavoring to settle labor disputes; if he would call back his other White House aides who are trouping around the country; if the President would just perform his duties of governing the United States and not meddle in farming, mining, the making of automobiles, and everything else about which he knows nothing, then we might get somewhere.

Mr. CITRON. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. Mr. Chairman, I refuse to yield.

Mr. CITRON. And permit people to starve.

Mr. HOFFMAN. Permit them to starve! Now, I will ask the gentleman something. Just how long can this country continue to put an ever-increasing number of people on the relief rolls and give them an ever-increasing amount of relief? There are only so many of us in the country and sometime some of us must work. Some cannot find jobs. In the end, however, you come to the proposition of how many of those who work can be switched over to the relief rolls.

True, none must be permitted to go hungry; none must be permitted to starve. Equally true is it that none who would eat at the expense of another should be permitted to go idle. None should sit on shady porch, smoking his pipe, in a rocking chair, while to support him on the fat of the land others toil in field, factory, or mine, behind counter, or in swivel chairs.

Return the relief to the States, to the local communities, which match every dollar of Federal money with one of their own, and we shall be a long way on the road toward the solution of this relief problem.

When once the worker learns who is living upon the tax money which he contributes to the Government and how that person is living, then, while none will starve, while none will go hungry, all will be compelled to do what they can to earn for themselves the things they need.

Continue to increase the number on the relief rolls and the amount given them and the day is not far distant when those on relief and holding Federal jobs will outnumber the workers, the producers.

Will you have us all starve together, or will you have some of those on relief take a little less?

The gentleman from Virginia the other day told us that pathetic story about the boy in the hospital and the doctor. He told us about the young man getting an opiate. An opiate is given for two purposes: To lessen pain; to render a patient unconscious of what is happening to him.

The administration has been giving us an opiate, which is all right perhaps if it has made us unconscious of what is happening in this country, because I am sure if the people realized what the administration was doing to them, we would have had a revolution long ago.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. HOFFMAN. Mr. Chairman, the gentleman from Virginia [Mr. WOODRUM] told us a very pathetic story—a true story—about an acquaintance or a friend of his who was in the hospital suffering from a severe injury and where it became necessary to administer an opiate and to give a transfusion of blood, and he asked whether we would approve of the course of a doctor who took from the sufferer the opiate which would alleviate his pain, or who would deprive him of the transfusion of blood which prolonged life, so that remedies restoring health could be successfully administered. Most certainly we would not deprive the sufferer of either the opiate or of the blood transfusion.

The illustration is not a parallel one, for, in the first place, I cannot presume that the gentleman from Virginia [Mr. WOODRUM] is willing to concede that, after 5 years' treatment by an expert who prescribed economy and gave us extravagance, our country is now in such a desperate condition that the people must be rendered unconscious by the administration of an opiate, and then given a transfusion of blood in the form of a wholesale distribution of public funds, when a former like treatment brought almost complete physical prostration.

In the second place, the gentleman has mistaken the treatment which the physician is administering. Notwithstanding the physician's contempt for the "horse and buggy" days, he has gone back to the time of our first President and is following the methods of those old-time physicians, whose treatment of bleeding, it is said, contributed to the cause of the death of George Washington.

Yesterday, one of the Members complained because money was piling up in the banks. Yes; there is money in the banks, millions of dollars, and bankers have been criticized because it is said they will not lend. That is not the trouble. People are afraid to borrow. They are afraid to take their money out of the banks and invest it, because they do not know what will happen to the business in which they invest it.

It is not because the banks do not want to lend it. It is because the Government is in competition with every business and with the banks. There was a day when a farmer with $10,000 could sell his farm, go to some little town, and lend his money, receive interest. When he was 50 or 60 years old he and his wife could live on the 6 or 7 percent, on the $600 or $700 income. Can you do that today? Oh, no; nothing of that kind today.

The Government has gone into competition with almost every individual. By its relief program it competes with the farmer, hiring away from him those who would otherwise help to till the soil.

Through the N. L. R. B. it assists the C. I. O. in driving those who would work from their jobs in factories. By the orders of the N. L. R. B. it requires employers to rehire and pay those who have been engaged in the unlawful destruction of the employer's property, of the machinery which he uses to give men employment.

Yes, we are asked to vote three or four billion dollars more for relief which you say will prevent hunger and starvation.

Men are without work in Michigan. Men would be hungry in Michigan were it not for the relief funds, and money should be voted to prevent that hunger and that starvation; but when I think of my State of Michigan, and I know that today thousands of men are out of employment because of what this administration has done to the independent worker, to the employer; when I recall the persecution of Ford, of General Motors, and of innumerable men who would be employers were it not for the administration and State-blessed activities of the C. I. O.; when I know that union racketeers are forcing W. P. A. workers, men on relief jobs, with the tacit approval of the State and Federal administrations, to pay out of the money which we appropriate here to give work and relief, dues to affiliates of the C. I. O.; then I become convinced that the President is not the proper person to allocate relief funds and that under no circumstances should he be given a blank check for $3,000,000,000, or for any other sum. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES. Mr. Chairman, I first want to compliment the committee for the manner in which this bill has been drafted. It seems to me it is better suited to accomplish the purposes sought and is better safeguarded than measures of like character which have been heretofore presented. I want to submit for the committee's consideration two suggestions.

On page 4, $175,000,000 is allocated to the Secretary of Agriculture for the purpose of loans, relief, and rural rehabilitation for needy persons. I am going to suggest that that be broadened, not change the amount, so that $2,000,000 of the sums there made available may be used for payments to farmers for cover crops, listing, and special practices in extreme drought areas. In some of those areas it is vitally important that that work be done. I have talked with those who will have the authority in the event of the passage of this bill to use this fund, and they are doubtful whether this particular purpose can be served without an amendment. I believe it can, but I want to remove all doubt. I do not think there should be any objection to the amendment.

Mr. CREAL. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Kentucky.

Mr. CREAL. While that particular section provides $175,000,000 with broad discretion for relief and rehabilitation loans, would it not be a most splendid place to pay about 50,000 farmers this tobacco tax which the Government owes them, according to the decisions of the courts, and for which no provision has been made to pay?

Mr. JONES. That is in the form of an obligation which would be applicable to all farmers alike. I understand provision has already been made in some appropriation bill for a refund of those taxes where proof can be shown. I do not think that particular thing should be involved in this measure.

Mr. CREAL. The bill passed the Senate but it has never been considered by the House.

Mr. JONES. I think in last year's appropriation there was a fund made available for that purpose.

The other amendment which I want to suggest is on page 9 and has to do with the question of who is eligible. I want to offer an amendment that farmers on projects in rural areas, whether or not they are on relief, shall have the same eligibility as persons on relief. I think there is a very good reason for the amendment. In many instances I have found that farmers may have their teams, their tools, and if they own the farm, the farms, mortgaged for practically all their worth. They cannot technically qualify for relief, but in many instances they need the work as much as people actually on relief. In some instances they do not want to go on relief, and I like that spirit which keeps them from going on relief.

If my proposed amendment is adopted it would enable this work to be done and would keep some of them from going to the towns and cities, thus complicating the problem there.

Mr. MAY. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Kentucky.

Mr. MAY. In connection with the gentleman's very excellent suggestion that $2,000,000 be allocated to soil-conserving crops, such as rye, and so forth, how about adding about $5,000,000 for reforestation in areas where trees could be planted?

Mr. JONES. I understand that particular thing is being considered in another measure.

[Here the gavel fell.]

Mr. BACON. Mr. Chairman, I yield 20 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I trust there will be a larger audience a little later on when the gentleman from New York [Mr. BACON], presents a most constructive suggestion to the House. I would hope that any words I may speak may be in helpfulness of the suggestion contained in his plan. Often have I presented it—larger contributions by the States themselves, and all relief money to be spent under State supervision, whether for direct relief or for work relief, as the States may decide, for themselves as to the wisdom of such expenditures. No longer should the States contribute such small amounts for relief purposes and be considered simply as wards of the Federal Government.

How did they arrive at statehood if they cannot, to a reasonable degree, take care of the unfortunate people within their borders? If they are to be supported by the Federal Government, let them be considered as territories, and let the former control their affairs; but so long as they are States, let them assume proper responsibility in this matter. I plead that considerable, and careful consideration, be given to the plan to be presented by the gentleman from New York.

On yesterday I was very eager to hear the remarks of the gentleman from Virginia [Mr. WOODRUM]. I had heard him regarding these matters on so many occasions. I heard him in 1933, when he pictured the awful condition into which this country had been brought by the Republican Party, and placed the blame on Hoover. He gave that as the reason for the first relief of $3,300,000,000 being spent. He painted a dreadful picture, portraying the cause of that depression. Yesterday he did not attempt to tell you why this money was needed. All he said was that it had worked before, and "perhaps" it will work again. He should have painted another picture and shown you the cause of this present dreadful depression, but he carefully avoided doing that. He said he would let us on the Republican side stand before the wailing wall. Indeed it is his own party now before that wailing wall. We in the minority, he said, might take some happiness or pleasure from the fact that conditions are as they are. We take no pleasure in it. We feel much worse than they appear to. But there may at least be grounds for satisfaction in being able to say, "I told you so," and he enjoyed that satisfaction in 1933. We have told you often of the dangers of your experimentations, but conditions as portrayed by us have turned out so much worse than any of us had even speculated that there may be a source of satisfaction in the realization that we told you the truth.

During the first days of this Congress, after the election in 1936, I said upon this floor, "It will be the duty of the minority to know more about legislation than the majority, and that it ought not to be a difficult assignment." Read the RECORD of yesterday and the speeches in that RECORD and you can then readily make up your mind who knows more about legislation, the Republicans or the Democrats. Apparently few Democrats in that great majority care to think. They are willing to hand the work of thinking over to someone else to do.

I have here a speech the gentleman from Virginia [Mr. WOODRUM] made in January 1938. I speak of him because I deeply appreciate him, and he knows it. I recognize his great ability and the ticklishness of his position. His place is one of the greatest responsibility. But in January 1938 he stood before this House and made a ringing speech on economy. We felt greatly encouraged because of his stated determination to economize and not increase the national debt. I urge you to take that speech from your file, read it, and then ponder his change of position. He was in favor of great economy and was to watch carefully over each and every expenditure. There were to be no more blank checks.

The gentleman from Virginia was asked yesterday why he had changed his mind. He said:

> Wise men change their minds; fools never do.

There is also an adage which goes thus:

> A man who changes his mind when he finds he is wrong is wise. A man who changes his mind when he is right is married.

Married to the White House.

When I read this bill, imagine my disappointment, and the disappointment of many others, when it was found that a little clause had been added at the last moment to the bill to the effect that all this money was to be spent only on projects having the approval of the President. The people of Massachusetts may read into it that the power is to be delegated to a certain member of his family. You and I will still be humiliated when attending the dedications of public buildings, where Democratic orators will continue to assert, "You should thank Roosevelt for this expenditure." Plain politics!

We expected that the members of this committee would live up to their original intention and allocate this money directly to the spending agencies at least. But no; we read that after a visit to the White House a little clause was again inserted and another blank check granted to the President.

Only in three instances in title I is this money earmarked—$425,000,000 for highways, streets, and roads, and then $575,000,000 for a great variety of projects. They did change the 20-percent transfer of last year to 15 percent. If the President or the spending agencies so desire, they can spend practically all the money for their favorite projects and reward their favored Senators and favored Congressmen. A large proportion of this sum could be expended for systems of distribution lines to serve persons in rural areas. Certainly it is a favored project to build transmission lines to reach the sparsely settled portions of the country with slight regard for losses sustained. But it is a scheme which finds considerable favor at the present moment. Certainly a limitation should have been made in expenditures for such experimental and hazardous undertakings. Are such expenditures to be classed as purely relief measures?

The next time the gentleman from Virginia makes a speech in favor of economy, such as he made in January 1938, we can only say to ourselves, "Does he mean it, or will he tomorrow change his mind?" Must they go to the White House and come back mesmerized and repeat what they claimed they would never do again?

I know you believe, if you have the courage to say so, that you cannot continue to borrow yourself out of debt. It is a highly dangerous procedure. The road leads only to ruin. Everyone who has studied economics so asserts. Nine-tenths of the editorial thought of this country today is against this spending program. Seemingly all economists are against it. None of us is against relief, and it is deplorable that you put into this bill various methods of spending and do not leave the relief provision for a separate vote. We must swallow the whole bill or be tagged as being against relief. Heretofore, I have expressed myself as forcefully as I could against spending other than for genuine relief, but when it came to a vote, the measure in question being the only vehicle on which I could ride, I preferred not to walk and rode with you by voting for it. I am beginning to think with respect to this bill that I must walk and let you ride on to your own destruction. I know this bill will pass about as it is written, and I shall have no proper opportunity to vote for real relief, in which I believe.

Mr. BEITER. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Gladly.

Mr. BEITER. The gentleman has consumed about 15 minutes of his 20 minutes now in criticizing the administration and the statements made by the chairman of the subcommittee of the Committee on Appropriations. I hope in the next 5 minutes the gentleman will offer a constructive program.

Mr. GIFFORD. The gentleman must be blind and deaf not to have appreciated the suggestions I have made. I made the suggestion in the beginning of my statement that you listen to the proposition to be made by your colleague from New York [Mr. BACON] which is most constructive. And let me tell the gentleman that when we criticize wrong

measures, even though we do not put something in place thereof, that is itself constructive statesmanship. If we can show you that what you present is wrong, we have done our full duty. The speaker who just preceded me said we had nothing to offer and then proceeded to criticize the dozen or more things we had offered. We have plenty of suggestions to offer.

The gentleman from Michigan [Mr. ENGEL] made a notable speech yesterday and no one on your side will probably make as good a one. He had a graph here which he explained with great power and clarity. We cannot stress enough the results shown by it because the only time that there was a swift upward trend was after the declarations made by the President in 1933 that he would cut expenses 25 percent and cease borrowing. The graph shot up immediately, clearly showing what was needed to dispel fear in the Nation. Confidence was speedily restored and there was no necessity for pump priming. There was a cutting then of your own salary and mine, a cutting even of the soldiers' benefits, but the confidence of the country returned suddenly and a statement of that same nature from the President of the United States today would allay the present fear, restore confidence and cause that graph to go up again, all without any need of pump priming. I do not refer to relief expense because we shall have to continue for a time to assist in this matter. You will say that this is not constructive. The schemes and reforms you have tried have dismally failed. Would it not be constructive to show you why they had failed?

Mr. ENGEL. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. ENGEL. I want to suggest to the gentleman from New York and the Democratic Party that they take the medicine for the Roosevelt depression that Mr. Roosevelt and the Democratic Party prescribed for the Hoover depression of 1929 in party platform and in their speeches; in other words, take your own medicine. That is my prescription.

Mr. BEITER. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I now yield to the gentleman from New York.

Mr. BEITER. The gentleman has just stated that the gentleman from Michigan delivered a very fine oration and that it was not possible for any Member on the Democratic side to deliver an oration of that nature——

Mr. GIFFORD. I said it would not be exceeded by any on the Democratic side.

Mr. BEITER. I am willing to concede that and say that all the Members on the Republican side can deliver better orations and make better promises than the Democrats, but we at least act on this side.

Mr. GIFFORD. Yes; the President said in 1933 that he would act, and if he made any mistakes he would acknowledge them and try something else. He has acknowledged no error. He has lifted the burdens from the backs of the people in no way whatever. All the emergency agencies he has set up are to be made permanent.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman.

Mr. MICHENER. I have been interested in the question of my good friend from New York, who wanted to spend $6,000,000 recently here to build a palatial home for himself and other Members of Congress in Washington. I know the gentleman is constructive. I know he is a builder along that line, but may I suggest that the gentleman read the minority report on this bill, which was filed this morning. He will there find something constructive and food for thought that I believe even the gentleman will appreciate.

Mr. BEITER. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I have the floor. I think I would say to the gentleman from Michigan [Mr. ENGEL] that the Democratic Party is taking its own medicine. Talk with them quietly, and you will find that the dose they are taking is very bitter indeed. But now they have no new suggestion to cure the present ills. They have indeed acted and failed so miserably that now their only hope is to continue to live on borrowed funds.

I wish now to comment briefly on the bill. It is to continue to provide work relief on useful projects. We have known of so many foolish projects that I wonder if the word "useful" means anything here, or if it means merely anything which the President and Mr. Hopkins might perhaps consider useful. More stone walls. Miles upon miles at great expense on worthless land in sparsely settled places. Useful work. Then there is the phrase:

> There is hereby appropriated, out of any money in the Treasury not otherwise appropriated.

What does that mean? We have no money in the Treasury. Why do you not change this and say, out of any possible money that the people may be willing to loan the Treasury, and tell the truth about it? I think there ought to be a point of order made on that language.

Then it is provided that the funds made available by the title shall be used only for work relief or relief for persons in need. When you build a schoolhouse, how many really on relief can be employed? Take the highly paid bricklayers and carpenters. If they took only those on relief, they would not get a schoolhouse. On a W. P. A. project today a bricklayer can work one day and a half a week only, because he can earn money enough at the prevailing rate to get all the money that he should have from W. P. A. for that week. When he leaves the job it demoralizes construction. A carpenter gets 80 cents an hour, and he can work perhaps 2 days a week, and then the real W. P. A. fellow has 3 days a week. All the rest has to be done by highly paid mechanics who are not on relief. Contemplate the cost of it all when on made work relief only 61 cents out of the dollar gets into the hands of the reliefer, and when on schoolhouses, sewers, water plants, and all that sort of thing less than 25 percent gets into the hand of the real man on relief. What is the real value of that clause in the bill?

I can congratulate the committee on several changes made. They have really learned a few things. For instance, when a man who could not get on W. P. A. work because he had not registered sometime before can now get work if he can prove his need. Ridiculous have been many of the rules and regulations on W. P. A. matters. I congratulate the committee that they have seen some light and will instruct Mr. Hopkins a little in these administrative matters. I want to ask the chairman of the committee—he did not keep the floor long enough yesterday for the question—as to whether, if a man gets 3 days work on W. P. A., he can work at another job during that week without jeopardizing his job on the W. P. A.?

Mr. WOODRUM. I understand that he can.

Mr. GIFFORD. I do not want any misunderstanding. I have made a deliberate request for real information. A young man said to me, "I am on W. P. A. I cannot get off it because I might not get on again. A lady wants me to mow her lawn once a week. Can I do it without jeopardizing my job?"

Mr. WOODRUM. The gentleman can tell him that I think he can.

Mr. GIFFORD. I am glad to have that in the RECORD.

Mr. WOODRUM. He has my permission to go back to work and mow her lawn.

Mr. GIFFORD. Coming from the gentleman as the acting chairman of the committee it ought to be regarded as official.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. BACON. Mr. Chairman, I yield the gentleman 3 minutes more.

Mr. GIFFORD. I say to the gentleman that he is making a statement far more important than he knows. If this young man can work an hour, he should be entitled to work the other 3 days. It might take 2 days to mow a lawn, but in any event this ought to reassure the W. P. A. worker, who has felt that he jeopardized his W. P. A. job by taking on any other work.

Even the W. P. A. is in competition with private industry. Everybody knows that when a man gets on W. P. A. there is

difficulty in hiring him away for private jobs, especially seasonable ones.

I call attention again to the fact that, of the hundreds of clippings that I have, 95 percent of the editorial thought is against pump priming. Practically all economists are against it; and if a majority of this House thinks that all the wisdom resides in them, and that the chambers of commerce and those whose business it is to study economics are all wrong, you will be assuming a grave responsibility. We all know that the spending program has utterly failed. I am strongly opposed to another public-works program which will put us further into debt. It is highly dangerous. It ought to be as terrifying to you as it is to these thoughtful people who protest against it.

May I show you this picture? See Uncle Sam pictured here in a thoughtful, worried mood. He represents the people, and they are deeply thoughtful and worried over this new spending program. It is indeed highly dangerous. Why do you think more borrowing will bring any degree whatever of confidence back to the people? It is truly terrifying to them, and business will improve less, rather than more, in the face of this program. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOOK].

Mr. HOOK. Mr. Chairman, I have received letters and telegrams from those who oppose what they term as the "pump-priming and spending bill." I have listened to speeches on the floor of this House referring to the national debt and criticising the appropriations that have been made in the interest of humanity, business, and democracy.

Ever since the beginning of this Nation, since the days of George Washington and down through the regime of every President who has been Chief Executive of this great Nation, we have had a spending program. True, that spending program in the past was not carried on the books of this Nation, appropriations were not made, national debt was not created, nevertheless, it was a spending program far beyond any of the so-called spending programs of the New Deal. Whenever any public-works project was brought before this Congress a small amount of money was appropriated and contracts were let, and, in addition to the money that was appropriated, this great Government transferred to the contractors, industrialists, if you please, land grants which transferred the ownership of lands—natural resources such as timber, coal, iron, gold, silver, oil, and other natural resources that go along with the transfer of realty. When the program of public works such as the building of the railroads in this Nation began, the United States Government transferred to those industrialists every other section of land as a subsidy. True, this was not considered an appropriation, it was not considered an increase of the national debt, but it did take away from the people of the United States valuable property worth far more than all the money that has been appropriated under the Roosevelt Democratic administration, but it has never been put on the debit side of the ledger of this Nation.

If we could have some way of determining the value of lands and natural resources that were transferred from the ownership of the United States to the industrialists of this Nation as a subsidy for the works program we would find that it amounts to a thousand times more than the New Deal has expended during the time that the Democratic administration has been in power.

Whenever a panic or a depression confronted this Nation and the unemployment problem was to be solved, it was solved by the granting of public lands such as homesteads to the unemployed of the cities and urban areas. True, this was not considered an appropriation, it was not considered an increase of the national debt but is was a decrease in the actual assets of the United States Government, which, if measured in dollars and cents, would amount to enormous appropriations in money.

Yes, we have had a spending program in the past, subsidizing the industrialists of this Nation and placing those natural resources into the hands of those who are using it for their own personal gain. Through our spending program in the past we have placed, in the hands of a chosen few, about 90 percent of the wealth of this Nation. It is the object of the New Deal, the object of President Roosevelt, the object of all real Democrats to bring back into the Treasury of the United States through a proper tax system some of the returns of those natural resources that were used to subsidize the industrialists of the past and in turn to use this money for the purpose of relieving suffering humanity.

Those who have accepted the spending program of the past—those who have accepted the subsidies in the form of lands and natural resources—are now resisting the New Deal administration and are, through scurrilous methods, attempting to hold their ill-gotten gains. These natural resources that were used to subsidize the industrialists of the past through this spending program were the property of the United States of America. We have no more lands to give away, we cannot launch on a spending program of land grants and homesteads, but we must meet the unemployment problem of today, with its related economic difficulties, by a broad program of cooperation between Government and the public. It must be done through a spending program now, just as much as it has been done in the past. The only difference between this spending program and the previous spending programs is that the laboring people of this Nation are receiving the subsidy, while in the past, through these enormous land grants, the industrialists of this Nation were receiving the subsidy.

Whether the recession continues or not will depend, in my opinion, on whether new and additional purchasing power is quickly available in the consumers' hands. The country is continuing in the deflationary phase. If deflation is to be halted and the trend reversed, new buying power must come from increased private or governmental investment and spending of both. Private business supplies purchasing power through two main channels—what it pays out for wages, dividends, rents, and supplies, and what it pays out for plant equipment. Business forecasters expect that the new Government recovery program will stimulate activity in the fall of this year. The big questions in my mind about the new purchasing power are: First, is it large enough not only to overcome deflation but to give a vigorous push to the much needed buying; second, will it get started quickly enough; third, will it be hedged around with so many restrictions that its effectiveness will be crippled?

We must place in the hands of the people buying power enough to consume the inventories that are now on the shelves of industry. Those inventories are probably about $5,000,000,000 too high. Unless this spending program—a subsidy in the interest of the common man of this Nation—is enough to bring about the consumption of the present inventories and to create an economic balance between the purchasing power and production, we will have alarming wage cuts. At this present moment there are threats of wage cuts being reported. Consumer credit is still being deflated. The critical issue, to my way of thinking, is as it was in 1929 to 1933—the deficit in purchasing power. If we can create the purchasing power and bring about the proper consumption in this Nation, we will solve this problem. We created purchasing power before, but we did not bring it to the point where we were consuming the goods we produced. The purchasing power now being produced is not spent or invested and the large profits that were made by the corporations of this Nation lie in idle pools of stagnate buying power accumulated in corporate surpluses, idle bank deposits, and in other places.

In order to have economic balance, idle savings must go into expansion, but there is little expansion needed until national income reaches at least $65,000,000,000 annually, with good prospects of going higher. In order to reach this total, Government action to stimulate consumer purchases seems to be in order. The only way this can be done is through, first, this recovery program that we are now considering; the wage and hour bill is also a move in this direction. We must have

taxation which diverts idle savings into the field of purchasing power so as to bring about consumption; assistance to private business which in turn will speed up buying will help. Free competition to force down outrageous prices will help; loans to railroads, municipalities, and assistance in home financing will help, but enlarged national income requires that the Government itself give employment until business recovers from the jitters, which it will when activity is moving ahead again.

The Government's obligation to the people of the United States and in the interest of democracy rests on two main principles—one, that when private industry is not offering full employment, the Government must compensate; and, two, the Government must insist on vigorous free competition so that the country can expand.

We must have a complete rounded-out program as suggested by President Roosevelt and the New Deal. It will do no good to carry it on in piecemeal.

May I now address my closing remarks to you, my Democratic colleagues. Ninety percent of you came into this Congress on the cry of "back President Roosevelt and the New Deal," and what happened? Either some of you did not understand what the New Deal program really was or else you have changed your mind and turned from the pledges that you took from the public platform in those previous days. I do not blame the Republican side of this House, because they belong to that group that is out of power and have been condemned by the great majority of the people in this Nation. I do blame the Democratic Members for not following the leadership in the House. You hear the cry of "rubber stamp," you hear the cry that Members are being whipped into line by the lash of the New Deal. You know and I know that this is nothing but Republican press propaganda, built up by the industrialists who received into their coffers the subsidy in the form of our natural resources.

When you return to your respective districts, the question is going to be put to you, What have you done to round out the program of the New Deal? What have you done to carry on the recovery program that you pledged in 1932 and in 1936? There is still time for some of you to come back into the fold and let the people know that you are sincere. It is not a question of following the President of the United States, it is not a question of following the New Deal; it is a question of bringing about the recovery in this Nation to the point where people will not be subjected to starvation, malnutrition, and underconsumption.

I was very much interested in the remarks of my colleague yesterday, the Honorable JOHN LUECKE, where he said that one out of every three persons who enter college and higher educational institutions is suffering from tuberculosis. The reason for this is malnutrition. If we allow such a condition to exist we are going to degenerate. Real democracy will only be a myth. I love this Nation and will carry on to bring it to a point where my children, your children and all the children of this Nation will have the same opportunity that this great Nation afforded you and me. We cannot do that unless we carry on a spending program to the end that we will bring back to the people some of those things that were taken away through the industrialists of the past to such an extent that it placed the great wealth of this Nation in the hands of the few.

When we have rounded out a program through national spending, cooperation with business, and a tax program to such an extent that we will bring back into the hands of the people some of the idle deposits and enormous corporate surpluses, we will have done our duty to America; until that is done we will not have finished our job. I hope you men and women of this House who are interested in America will cooperate to that extent.

Let us go on in our fight to save democracy to hand down to our children and our posterity the free America. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. BIGELOW].

Mr. BIGELOW. Mr. Chairman, most of us, at least those on the Democratic side, will say in our campaign speeches, and have said, that every man has a right to a job, in public, if not in private employment.

But we cannot honestly say that this bill will insure a job to all the unemployed. It will hardly give jobs to half of them. By this bill we are only half doing what we should do.

But I am convinced that it is all that even the President dare to ask of the Congress. It probably represents the very best that can be done under the circumstances. And it goes so much further than I had hoped, that I am profoundly grateful to have a chance to vote for it as it is.

Of course, there is Republican protest against this spending. I for one admit that there is a disagreeable amount of truth in the Republican charge that we are only trying over again the remedy that has already failed.

But what help do the Republicans offer? "Balance the Budget," they cry. "Stop the spending." "Restore confidence." "Let the businessmen run things." "Kick the President out and put big business back in the saddle."

These slogans seem to me to contribute the exact sum of nothing to this discussion. But suppose the Republicans are right and that doing as they say would be the surest way out of the depression. Still it would take time to reap the benefits of their policies. In the meantime, and for the next year certainly, millions must have food. Their needs are pressing. They cannot eat budgets next year. They must have breakfasts tomorrow.

The Republicans are taking ill-concealed satisfaction at the discomfiture of the Democrats. We Democrats are discomfited. We have been caught up with a depression of our own. We have been in full command of the Government for more than 5 years. Yet we have failed, just about as the Republicans failed.

But we do not propose to stand by callously and let the depression run its course. We are going to cushion the collapse for the worst victims of our depression, even if it does cost us billions. This is the merciful thing to do, and the American people will approve of it and appreciate it. We are going to give a chance to work to people whom private industry has turned out on the street. We are going to give them wages, buying power, with which to start moving goods from shelves and turning the wheels of industry.

We are going to fight our way out of our own depression just as we fought our way out of the Republican depression.

When I admit that this spending is a failure I mean that it offers no hope of a permanent solution. It is sure to bring a temporary revival. But it cannot keep us revived. It can get us out of a depression, but it cannot keep us out.

It should be publicly confessed that we Democrats have not found the formula for permanent recovery. We can get another temporary revival; but in the meantime it is imperative that we should reach down to the causes of our trouble and achieve permanent recovery.

These 8 years of economic turmoil ought to be about enough to raise in our minds the suspicion that perhaps some of our sacrosanct ideas are venerated errors, and that we shall have to find our salvation in the acceptance of truths that we are now scorning.

This House seems to dote on forms of taxation which I think are pernicious and a principal cause of our trouble.

The taxes we impose upon commodities and on industry are termites that eat into our prosperity.

We are blind on the tax side and we are blind on the currency side. We have a currency system that is unbelievably grotesque. We issue bonds to borrow back from the bankers the money which we give them for nothing.

And as for our social-security scheme, believe it or not, it is a beautiful plan to make the poor pay off the national debt.

But the blindest side we have is the land side. We have a land policy that has sent every civilization in the past

to its doom and will send ours there faster than any of the others have gone. But when a few here arise to urge any of these unorthodox ideas the membership sits bored and politely tolerant. Nevertheless, though it may be to deaf ears, and to closed minds, I assert that an adequate old-age pension system, correctly financed, and a taxation system aiming to shift taxes from industry to ground rents, and a currency system designed not for the money changers but for the public welfare, these are the roads to permanent recovery. This Congress refuses to look in these directions.

Yes; I am for this bill with all my heart. But after this spending will come another depression, unless, and here is the hope, unless the public, fed up at last on our political blundering, succeeds in electing a wiser Congress. [Applause.]

Mr. TABER. Mr. Chairman, I yield 25 minutes to the gentleman from Missouri [Mr. SHORT].

Mr. SHORT. Mr. Chairman, I realize that what I am about to say is not at the moment popular, but I had rather be right than be popular. I neither want nor do I value purchased popularity, especially when it is bought with the other man's money. And do not forget that all these additional billions of dollars we are asked to appropriate in this ruinous bill will place a heavier yoke upon the necks of our people. It means deeper debts and higher taxes. The money to be spent and given away is the people's money—it is not Mr. Roosevelt's nor Mr. Farley's nor yours nor mine. Indeed, there is not a man among us who would consider for a moment lending or spending his own money as provided in this bill. Yet we propose to continue to spend more of the taxpayers' money in a way that we are unwilling to spend our own; and some people still call us honorable. Do we really deserve the trust they place in us?

Should we not be more careful in spending others' money than in spending our own? I will admit that those now in authority are great liberals, but liberal only with the other fellow's money, and the worst part of it is that it will be borrowed money, which future generations must repay with compound interest in wiping out the mortgage it places upon them. We do not aid people by lavishly spending their own money and plunging them hopelessly into debt. Such debt is a curse and gnawing interest is like a cancer which will destroy any nation or individual. The interest alone on our present national debt equals the annual cost of our Federal Government before the World War. The forgotten man is now paying nearly a billion dollars a year in interest—approximately half of this on the depression debt and half on the World War debt—to holders of interest-bearing and tax-free Government bonds. We simply cannot go on spending $2 for every dollar we take in without ending in financial insolvencq and moral bankruptcy.

This whole program reminds me of a fine, young couple back in my native and beloved Ozark Hills in Missouri. He was such a handsome, well-liked boy; she was a beautiful, dear, sweet little girl. They got married and they had a glorious honeymoon. For a whole year everything went well and every night this precious little girl would thank Almighty God for sending her this heavenly Romeo. Oh, he had such a wonderful personality. He always wore a smile, nothing bothered him, he was never disturbed, even when his friends or family suffered. They were an exceedingly popular couple, because they lavishly entertained their friends. They remained popular as long as their money lasted, but what the old man gave his son to start out with was soon gone. They had a glorious spree while the honeymoon and the money lasted, but the bills finally began to come in. The bank account was exhausted; in fact they had overdrawn a little and the banker wanted that overdraft made good. The butcher and the grocer wanted their bills paid. The telephone company warned "If you don't pay your bill, we will have to take the telephone out." And the poor little girl was embarrassed daily, harassed from hour to hour, and she got so tired listening to this sweet Adonis of hers, this Greek Apollo, who walked with his head in the clouds and dreamed great dreams, who had novel notions and grandiose schemes, who would try one great business venture after another, who was going to make millions and build a castle for his beloved one with limousines and butlers and all the other paraphernalia. It all sounded well, but the little girl grew tired listening to it. She got fed up on promises and finally said:

> Dearest, I love you. I loved you or I wouldn't have married you. We have lived very happily for a whole year and it has been wonderful, but I am embarrassed and ashamed at these unpaid bills and with collectors calling over the phone and ringing the doorbell every hour. We are bankrupt and if you don't get down out of the clouds and stop spending more money than you take in, and go to work, and stop talking about all your wild-eyed schemes and trying every unknown experiment; if you can't stop your fantastic dreams and go to work and sweat and get something done, and earn your own money, I am afraid we will just have to part.

And I wonder sometimes if we have not just about arrived at that point. Our Federal Government, during the past 5 years, has spent $40,000,000,000, more money than was spent from the adoption of the Constitution a century and a half ago down to the outbreak of the World War. One-half of this colossal sum, or nearly $20,000,000,000, was spent on relief and pump-priming projects. Of course, some of this money did good. It would be impossible to spend such a huge sum without actually helping someone a little. Satan himself would find this to be true. No one begrudges a dollar that has gone to some poor person actually in need, and certainly the money that has been spent on the construction of highways, elimination of grade crossings, and much-needed public improvements that are of a permanent and useful nature, which serve the people generally without discrimination or favor, is money well spent.

However, much money that has been spent on public buildings, good in themselves, has been invested in nonproductive works, for many of these so-called gifts to the States and local communities will have to be supported and maintained by them, which in many instances will become a burden rather than a help. Again, it cannot be denied that many of these nonproductive structures could have been erected in much less time and at much less expense by responsible and efficient private contractors, than by the cumbersome, costly, inefficient, irresponsible, and often corrupt methods of professional politicians. The Congress should legislate that whenever government—Federal, State, county, or municipal—goes outside the realm of government and enters into private business, it should be subject to the same laws, rules, regulations, and taxes as the business which it supersedes or with which it competes.

The professional politician never has and never will be able to run business as efficiently and economically as businessmen themselves. Many of the bridges built by them have fallen, the foundations of housing projects have crumbled, roofs have leaked, walls have cracked, and not in isolated instances but many times the public funds have been wantonly wasted. We should remember the old adage, "Willful waste worketh woeful want." In addition to the inefficient and uneconomical management, unblushing fraud, ignoble graft, and criminal corruption, must be added the many boondoggling projects and theoretical, unattainable dreams of wild-eyed schemers, whose only qualification for their position is their unequaled ability to get rid of other people's money. Certainly we must blush a bit when we recall the setting out of saplings, the shelterbelt proposed across our deserts, the harnessing of the moonbeams at Passamaquoddy, the digging of the Florida canal, the construction of dog pounds and monkey houses and the destruction of goods and commodities in the presence of people in dire want and pitiful poverty. Such boasted philanthropy is not philanthropic and such alleged humanitarianism is anything but human. In disguise it is a mortgage upon the people's future, the imposition of unbearable taxes upon the backs of unborn generations, and an insidious attack on their independence, destructive of their moral character as well as their freedom.

Citizens are not helped by being made wards of the Government. Instead of making our people free, we are rendering them hunger-whip slaves, dependent upon Washington and forced to take orders from distant tax-eating bureaucrats. Could it be possible that those now in authority are deliberately prolonging this depression, playing politics with human misery while holding the club of hunger over the heads of starving, unemployed people, keeping them in submission while imposing upon them a dictatorial form of government?

Mr. Chairman, no Member of this House is against relief to those who are destitute and worthy of assistance. No American wants to see any of his fellow countrymen starve or even suffer. The President has no copyright on this emotion. We do not object to relief, but we do object to the huge sums being spent to distribute this relief. We do not want to see the United States Government degenerate into a mammoth Red Cross Society, noble as that work is. It is not the function of government to support people, because no government can ever give its people anything which it does not take from them. People must support government; government cannot support people. The only function of government is to govern; in the words of Jefferson, "A wise, frugal government that restrains men from injuring one another but leaves them otherwise free to regulate their own mode of industry and improvements." Are we not in danger today of fostering a generation of beggars and mendicants? I want to repeat what I have so often said in the classroom and out of the classroom, in church and out of church, in Congress and out of Congress, that a careless and indiscriminate giving is an ignoble philanthropy that is conducive only to the perpetuation of poverty and indolence. By coddling many of our citizens, rewarding idleness and placing a premium on indolence, by appealing to their instinctive envy, we are breeding a generation of softies, incapable of self-discipline and self-denial. No red-blooded American wants to be the recipient of a dole. What future is there for any man or his family who is now on relief at bare subsistence wages?

This whole procedure tends to destroy the souls of men; it kills their ambition, takes away their self-respect, robs them of their sense of personal responsibility, and destroys the feeling of self-reliance that has made America great. Nothing will make hope die out of the eyes of men quite so quickly as to make them paupers or an object of charity. What American wants to depend upon political pull, signing away his birthright for a mess of pottage, in order to secure doubtful and temporary employment at starvation wages? This New Deal is not dispensing wealth, but is distributing poverty among our masses. As was so succinctly stated in an editorial which appeared in yesterday's Washington Daily News, a Scripps-Howard newspaper, friendly to this administration:

> To us it looks very much like a case of the administration defeating its own objectives. The best the Government can do with the most it can borrow and spend is to provide short-term jobs for a fraction of the unemployed, and most of these at relief wages. Real jobs at real wages for all the unemployed can be provided only by persuading private capital to go back to work. Billions upon billions of idle private capital can be coaxed back to work only when the day arrives that its owners "think they can make a profit." And that day will not arrive, we fear, until the people can foresee an end to Government borrowing.

Even John L. Lewis, and Harry Hopkins himself, admit that all the money appropriated in this bill will put to work only three and a half to four million of our 12,000,000 unemployed. What are the other 8,000,000 unemployed people in our country going to do? They will never be able to secure real jobs at real wages until confidence is restored to businessmen, in order that private capital can once more flow into the channels of private creative industry, which has made America what it is. [Applause.]

The loss of confidence in this administration is due to the Government's borrowing, spending, and taxing program, coupled with its unholy alliance with unlawful labor racketeering that has promoted class warfare and resulted in the closing of factories and the addition of more men to the ranks of the unemployed. This confidence will not and cannot be restored until we cease Government dictation, regulation, and competition with private enterprise. Wealth is not created by changing money from one pocket to another, but is the result of production and labor. When Government destroys the profit motive, it kills private initiative and cuts the nerve of progress. We should stop preaching the distinction between human rights and property rights. What greater human right is there than the right to own property, to work and accumulate, and then enjoy the fruits of your own labor? [Applause.] What incentive is there to work and save when one knows that his earnings will be confiscated in taxes? Why build a business when forced to take orders from some distant bureaucrat or labor racketeer who will destroy it? No game is too difficult for the American people to play so long as they know the rules, but there can be no certainty and success so long as the umpire or referee changes the rules at every inning of the game. Certainty cannot and will not return until we substitute fixed rules and established law for the whims and fancies of a capricious individual.

If our aim is to make every rich man poor and the masses of the people paupers, kill all individual initiative and private enterprise by Government-subsidized competition, to borrow until our credit is ruined, to tax our people until they can no longer pay continuing deficits, we shall then have, not the "abundant life" but such abundant strife that revolution itself will be inescapable. Before this state of anarchy is reached, we shall, of course, go through different stages; but with one-third of our population "ill-fed, ill-clothed, and ill-housed," with class hatred engendered to a greater extent than we have ever before known, with business paralyzed and industry at a standstill because of the fear and uncertainty that hang like a pall over them, with twelve to fourteen millions of our citizens out of work and millions of others upon the public pay roll and dole, we have a fertile soil in which to sow the seeds of rancor and discord that inevitably will lead us to chaos and disaster. At this very hour all our people are anxious and worried. One half of them are spending their time thinking how they can get on relief, while the other half lie awake at night worrying how to keep off relief and at the same time earn enough to take care of the reliefers. What a sad commentary on the New Deal. We all want to help the one-third underprivileged of our people, but we prefer to lift them up rather than to pull the other two-thirds down. [Applause.]

After all, who wants this bill passed? The Communists want it, John L. Lewis and the C. I. O. want it, the professional politicians up for reelection want it, the people on relief and their white-collar bosses want it. They are the only ones who want it. The people who are working and striving to pay their own way, to keep their businesses going and to pay their taxes to keep the Government alive do not want it. Is it not time that someone said something in behalf of the people who are working? [Applause.] No worker in a factory, no clerk in a store, no stenographer in an office, no taxicab driver—none of these people who are forced to carry others on their backs want it. Certainly the great middle class of our people, the backbone of our Nation, do not want it.

If there is one axiomatic truth or irrefutable historical fact, it is that no nation can borrow itself out of debt or spend itself into prosperity any more than an individual can, for a nation is only an aggregation of individuals.

We may not know much about world history, but certainly each one of us has lived long enough to know from personal experience that one cannot dance without paying the fiddler. Always we have to pay for what we get. As certainly as night follows day, our chickens will come home to roost. Indeed, our present trouble is that we have more chickens than we have roosts. [Applause.] The day of reckoning has arrived and we are wondering if those in authority have "planned it this way." We were faithfully promised and boastfully assured that there would be no more depressions,

but where are we today? We are right back where we started 5 years ago, with as many people unemployed, with our national debt doubled, and with the morale of our people weakened, and in many instances destroyed. Where has all this spending got us? It has brought us to the brink of financial bankruptcy and moral ruin. Our dull intelligence might approve, but our moral character cannot long withstand such assaults. To any intelligent and honest person it should be obvious that what prosperity we have enjoyed during the past 5 years has been an unhealthy, unsound, arbitrary, and artificial prosperity. It has been produced by receiving financial hypodermics in the arm and when one shot wears off it calls for another. Our greatest need today is relief from relief. This pump priming has become a disease worse than the depression itself, and unless it is stopped it will utterly destroy us. The well is already dry. All that the pump now gives up is froth and foam, and even the priming water must be borrowed against our future. Yet we refuse to learn from our past sad experience.

As a dog returneth to his vomit, so a fool returneth to his folly.

It is now proposed to try again this miserable experiment that has ghastly failed. One might as well try to lift himself by his own bootstraps. If the lavish spending of $20,000,000,000 during the past 5 years has failed to restore prosperity and, indeed, brought on a new depression, how can any person with common sense believe that the spending of four to six billion dollars more will end our present misery? The glowing promises, the sweet phrases, and the specious arguments that have been advanced for the continuation of this lamentable course that has led us to economic chaos have not a leg to stand on. Practical people know why these additional billions of dollars are asked for at this particular time. This money is not for economic recovery. It is to be used for political rehabilitation. [Applause.] Ostensibly it is for relief; in reality it is for a slush fund. The old New Deal merry-go-round has broken down and is greatly in need of repair. There is a congressional election this fall and the boys need a little grease to oil the rusty wheels and to buy new parts to get her going again. We did not have an election in 1936; we had a public sale. [Applause.] No wonder Auctioneer Farley could predict in advance the exact outcome of the contest—he had access to the public pay rolls. What votes the new dealers could not buy with the taxpayers' money, their corrupt and ruthless city political machines stole; and what they could not buy or steal, they scared to death by threatening to take off relief and discharge from work any on the pay roll who did not vote to perpetuate them in power. [Applause.] Fifty years hence when history is written with open eyes and without prejudice this will go down as one of the blackest pages in American history. Future generations will wonder if their present-day ancestors ever could have succumbed to such a loathsome combination of wholesale bribery, grand larceny, and general intimidation.

Is it possible that Congress today will aid and abet in prolonging these evils? I care not what Harry Hopkins says. We know what they do and actions still speak louder than words. Let everyone take heed and warning of recent events. It matters not what your politics is, whenever you vote these huge funds to others to be spent in their own discretion, you surrender your liberty.

You can rest assured that these funds will be held over your heads to force you to sign on the dotted line, and if you dare exercise your own independence and honest judgment by differing with this administration and voting against any of its pet measures, you will be marked for slaughter. How foolish to hand your opponent a pistol with which to shoot you. It is not only the constitutional right, but also the constitutional duty of Congress to control the purse strings of the Nation. We have no authority to deliver this right and this duty to anyone else by blank-check appropriations. We are responsible, not to any individual at the other end of Pennsylvania Avenue, but only to the people who elected us to our places of honor and responsibility. Let us maintain that honor by being true to that responsibility. Each one of us has, I hope, a master above any man who might occupy the White House. Why should we now stultify our consciences and violate all the laws of common sense by trying again that which already has been tried and failed? Shall posterity hold us guilty of adding fuel to the flame that is slowly but surely consuming us?

Continue this spending and we shall become the victims of a disastrous inflation. Being a Missourian, I have to be shown, and I have been shown. I have seen inflation at first hand. I have lived through it and experienced it. I witnessed, as a student in Europe, the fall of the Russian ruble, the crash of the Austrian crown, the deterioration of the German mark. When I entered Germany in 1922 the mark stood 600 to the dollar. A year later it stood more than 5,000,000,000 to the dollar. An old couple who had worked and saved 500,000 marks—approximately $125,000—could live very comfortably off the income of that amount; but when Germany started her printing presses going, due to the enormous national debt, this accumulation of a lifetime would not purchase a loaf of bread. During this period of inflation the population of Berlin greatly increased due to the influx of foreigners who came to take advantage of the favorable rate of exchange. It was the first, last, and only time in my life that I lived as a millionaire. It was almost impossible to spend a dollar in an evening. One could ride three times on the subway for 1 cent in American money. A haircut, shave, shampoo, massage, manicure, and shine at a barbershop would cost less than an American nickel. The best seat at the opera was 10 cents to 12 cents, while a seven-course dinner at the most fashionable hotel would total no more than 15 cents to 17 cents in American money. Nice for the auslander but terrible for the Germans. True, Germany has survived this economic collapse, but only at the price of her freedom. Benjamin Franklin once said,

He who surrenders his liberty for temporary security deserves neither and will soon lose both.

Sir, I trust that America can profit from this sad experience. We must end this relief and pump-priming business or it will end us. We could stand the depression in 1929 because private industry had built up great reserves, but those reserves have been spent and there is no backlog today or cushion to absorb another similar catastrophe. We should repudiate the New Deal Marxian philosophy which is rooted in materialism and whose chief concern is only with the physical things of life. After all, the Great Teacher taught us that "man cannot live by bread alone," and that we should "beware of Greeks bringing gifts," for they are "wolves in sheeps' clothing."

It is true that Louis XIV fed the people cake, but after him came the deluge and the revolution. It is true that Rome fed her people bread and gave them free circuses and free baths, but do not forget the sequel. Nero fiddled while Rome burned, but today men go fishing.

God help each one of us to do his duty when we vote on this measure. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield to the gentleman from California [Mr. FORD] such time as he may desire.

Mr. FORD of California. Mr. Chairman, I listened to the distinguished gentleman from Missouri with a great deal of interest, wonder, and amazement, and I want to make one observation. The gentleman quoted from the Bible and said:

As a dog returneth to his vomit, so a fool returneth to his folly.

The gentleman would have us return to the folly of the Hoover administration, to the Insull debacle, the banking catastrophe, and by a policy of inaction permit the Nation to drift into another situation similar to that which existed in 1933 when the present administration came into power and rescued the Nation from the chaos and black night caused by Hoover's folly.

I am in favor of this resolution, which represents a concerted attack on unemployment in this Nation and seeks to avoid a situation that we faced in 1933. I am also opposed to all earmarking as dangerous to the main objective of the

bill. I believe that the jobs opened by this measure will alleviate suffering, privation, and despair of millions of our people. The failure of the Hoover administration to act was responsible for the Nation's plight. So it is that the small remnant of Republicans, who never learn, even by experience, would, like the "fool, return to his folly."

In general, the P. W. A. appropriations provided here are accepted as wise and necessary. But attacks are made on the W. P. A., the Youth Administration, and all the various agencies for which this bill makes appropriations.

As yet the opposition has offered no alternative except to turn back to the States the burden of providing for the unemployed.

We all know that neither the States nor the municipalities can do this task. We all know that to follow such a course would mean untold suffering for millions of people who are tragically in need of work now.

Work is what our unemployed want. Not relief, but the chance to make an honest living. They are all looking to Congress to supply the jobs they must have. Industry cannot employ them. Industry tells us that their inventories are too high, that their shelves are piled full of goods. That until the market demands more of the goods additional labor will not be put to work.

So this is what we have: Great numbers of Americans rendered destitute by lack of work and going without the necessities of life. And in factories and warehouses, in stores and markets, these necessities are lying useless on the shelves, waiting for customers.

With such a situation our course is clear. Give the people work and thereby create customers for business. Clear the shelves of industry and thus open jobs in mills and factories, in stores and markets, so that as rapidly as possible the number of unemployed will be reduced to the minimum.

This is what our great liberal leader in the White House is asking us to do. It is what the people are asking us to do. It is what we should do. And it is what we are going to do.

Those who call this wasteful spending are either uninformed or worse. The fact is that the men employed on the W. P. A. have built or repaired hundreds of miles of roads, built or repaired thousands of bridges. These men have repaired streets, put in new curbing and sidewalks, new culverts and gutters, and roadside repairs.

Our W. P. A. workers have built 1,600 new schools and repaired 16,000 schools. They have built stadiums, grandstands, gymnasiums, auditoriums, pavilions, bathhouses. They have built public buildings and repaired 31,000. They have added to our recreational facilities, have greatly improved sanitation, have cleared up our parks, have made our roadsides safe.

Fully as important has been the work done by white-collar and women's projects.

Just as notable are the accomplishments of the music, theater, and writers' projects. I wish these projects could be increased tenfold. Certainly our artists are as important as any other group. Certainly we cannot as a nation afford to let art and music decline because of lack of funds.

I could go on indefinitely listing the returns the taxpayers get for their money from these projects. Surely it is clear that they are not impoverishing this Nation, but are enriching it.

Equally valuable is the work of the Youth Administration and the Farm Security Administration.

We all believe in the conservation of our resources. This is precisely what these agencies are doing—conserving our resources in men and women and young people. Giving jobs and training and self-respect to millions of Americans who otherwise would perish in despair.

It is, my friends, a worthy program, great in accomplishment, and meriting our enthusiastic support.

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BEITER].

ECONOMIC FEVER, ITS CAUSES, EFFECTS, AND CONTROL

Mr. BEITER. Mr. Chairman, beginning with the first session of the Seventy-third Congress in 1933, and continuing to date, Congress has created many emergency and regulatory organizations, enacted volumes of emergency and regulatory legislation and appropriated billions of dollars. The emergency measures were intended only to oil our economic machinery and put it back in motion. It was expected that private enterprise would keep it moving. The regulatory measures were intended to remove or prevent the causes which stopped the machinery in the first instance. Regardless of what the opponents of these measures say to the contrary, they have accomplished all that could reasonably have been expected under the circumstances. Twenty or even forty billion dollars could not replace, restore, or go far to repair losses and damages amounting to hundreds of billions of dollars. We often hear the argument advanced that these losses were in the main paper losses and that real values have been retained. Be that as it will, every dollar lost, even in watered securities, did a dollar's worth of damage to someone. Take, for instance, a family which had invested all of its savings in good or bad securities at the beginning of 1929, then assume that, in an effort to provide greater security for itself in the future, this family borrowed money from banks on these securities and invested it in some form of enterprise. What happened to that family when the crash came or to the banks which made the loans, or both? We all know the consequences. Real wealth, including money, homes, farms, factories, insurance policies, annuities and endowments were sacrificed to replace inflated values. No one knows the total amount involved. Naturally, the only assets to completely disappear were paper assets; that is why it was, and is, necessary to enact regulatory legislation to prevent similar inflation in the future. Tens of millions of our good citizens were squeezed into sacrificing their real wealth for fictitious wealth. Today that lost wealth reposes, inactive, in the depositories of a greedy, but uneasy few. The irreparable damage to the morale of the people has probably retarded recovery more than financial highjacking.

Before the disaster the value of negotiable paper, including currency, was based on inflated and real values alike. When the tumor burst and the water drained off, the value of negotiable paper decreased proportionately, resulting in so-called "deflation." It was a natural process, true to the natural law, that where there is an action, there will be an opposite and equal reaction. There was nothing mysterious about the whole affair. The suckers lost and the sharks won. Innocent investors who either did not know that it was necessary, or know how to investigate securities they bought, were trapped in their ignorance. Credulous investors who believed the stories of high-pressure salesmen, or trusted the integrity and judgment of their bankers or brokers, were deceived. The irony of it is these innocent and credulous victims were promptly classified as "suckers" by those who profited by their misfortune.

Now that those who are charged with the responsibility for directing the destiny of our Nation are trying to effect recovery without water, the holders of the Nation's wealth are offering no cooperation. They intend to retain that wealth for themselves until they can find a way to create more water. They not only refuse to cooperate, they have concocted and disseminated every kind of propaganda conceivable to influence those who have been hurt against those who are trying to keep them from getting hurt again. The financial wizards who were responsible for the inflation are now protesting the loudest against the steps the Federal Government took, and obviously will have to take, to prevent another washout. The coffers of these wizards are bursting with their ill-gotten wealth, yet they are unwilling to circulate, without ironclad guaranty, even a portion of it among those who sacrificed it, in order that these unfortunate victims may

regain some of their lost social and economic independence. These unscrupulous manipulators of finance who display more sympathy for things inanimate than for their fellowman must receive some lessons in human sympathy whether they like it or not. The masses must be protected against their nefarious schemes and greed; call it communism, fascism, socialism, radicalism, criminal assault, or anything else, it is actually real democracy to the letter of its purpose. I say these things because they are true, and without malice or prejudice against those accountable. Maybe I would have pumped more water than they had I been in their shoes, or perhaps I would scream louder against Government regulation and try harder to keep my wealth until I could create another tumor. It matters not who did it or who would have done it, it was done, and it is recurrence that we must strive to avoid.

After all that has been done since 1929 the country is still in a state of confusion, discord, and bewilderment. At no time since the reconstruction period following the Civil War have our economic, social, and political structures been so demoralized and so menaced with disintegration. Since this calamity befell us our physicians have been so frantically engaged in the alleviation of acute misery and suffering caused by that disaster and its aftermath they have not had time to determine the extent of the injury nor have they devoted enough attention to devising ways and means to prevent relapses or recurrence. All sorts and conglomerations of treatments have been proposed for immediate cure, and all kinds of schemes have been advocated for prevention. Some of these treatments and schemes were born out of patriotic emotion; others have grown out of political, social, or economic ambitions; and others are purely selfish in their scope and purpose. Many of these proposals have been given widespread publicity and supported by intensive propaganda. All of this was to be expected, but the responsibility for the final solution rests with the chosen representatives of all the people—the Congress of the United States—and that solution, whatever it is, must be one which will coordinate the efforts and resources of all the people, voluntarily or involuntarily.

This disease is not a new one. It is as old as civilization. Many epidemics of it have been recorded during the past 7,000 years. With few exceptions, the principal method employed to combat or prevent it was armed conquest. The fallacy of that method needs no elaboration. The only cure or preventative that ever was, or ever will be equitably and successfully employed, is the balancing of supply and demand, or production and consumption, whichever we choose to call it. Overproduction and underconsumption are both fatal, but overproduction is by far the most damaging. Excepting war and disaster beyond the control of man, underconsumption is always the aftermath of waste resulting from overproduction. In spite of this basic knowledge and the oft-repeated lessons of history, we have failed, after 8 years, to accomplish control over the present epidemic. Control of any disease was always hampered by those who were unwilling to do their part and by those who, in one way or the other, restrained others. These obstructions are more prevalent and more damaging now than in the past. Our failure to accomplish control this time has been due largely to this type of interference.

How do we control other diseases—yellow fever, for example? What would have happened to large sections of this country if we had failed to accomplish rigid control over that disease? Could that control be maintained if necessary regulations and procedure were not administered without fear or favor? After the causes of yellow fever epidemics were discovered, control procedure was devised, which not only encouraged, it required, full cooperation of appropriate elements of local, State, and National Governments, as well as individuals and private institutions. After this coordination was accomplished yellow fever ceased to be a serious peril. When it does break out, it is promptly stamped out without great effort on the part of any unit engaged in the action, without unreasonable sacrifice on the part of any individual or group, with relatively little or no mortality, and at nominal expense.

The basic principles of yellow-fever control do not differ widely from those necessary to control economic fever. In either instance prompt action, cooperative effort, fearless and impartial administration of regulations and procedure, and necessary sacrifices are essential.

The cost of yellow-fever control, being equitably distributed between elements of National, State, and local governments and private enterprise, is not a serious drain on the Federal Treasury. Ways and means should be devised whereby in the future the cost of controlling economic diseases can be distributed in like manner.

Like all other diseases, economic fever can be most effectively controlled by preventive measures, and such measures should be included in all recovery legislation hereafter enacted by Congress.

The economic catastrophe from which we are now suffering has become so virulent and widespread the Federal Government should and must assume the responsibility for devising a plan to combat it and prevent its recurrence, which will encourage all elements of government and private enterprise to participate to an equitable extent.

Today we have under consideration legislation and appropriations which will directly affect a large cross section of our economic, social, and political life. All of the people of the country will be directly or indirectly affected. The direct relief and work relief measures proposed are necessary to relieve the misery and suffering of those who are unemployed and those who have no incomes, reserves, or resources of their own with which to take care of themselves. In other words, it should be generally understood that these provisions are intended as surface cures and are not expected to remove the causes.

Some of the proposed legislation will, if properly framed and administered, establish an equitable and practical temporary control over some parts of our crumbling economic structure. It will temporarily restore incomes to hundreds of thousands of individuals sufficient to permit them to live in decency and comfort. It will also temporarily provide new life and hope for hundreds of sick industries, and it will check the spread of the epidemic. It will not, in itself, provide permanent relief or work relief for those who cannot help themselves, neither will it go far to provide future security for those who will be directly or indirectly employed for a time, nor will it rehabilitate to a material degree the sick industries which will receive direct and indirect benefits from the expenditures contemplated.

Now we come to the object of this summary of the causes and effects of our economic depression and this discussion of the curative and preventative measures necessary to effectuate and perpetuate normal conditions in this country. As I said at the start, much good has been accomplished since the beginning of the depression through emergency and regulatory legislation and appropriations, but I doubt if all of those who have been responsible for this good work have had constantly before them a comprehensive composite plan of the principal and auxiliary operations necessary to accomplish permanent control over the disease. The same doubt applies to those of us who share the responsibility for the final solution. For this reason, I am offering my conception of a workable composite plan, and the premises upon which it is based. I do not believe that our responsibility can be successfully discharged without such a plan, and I sincerely hope that my humble suggestions will encourage others to cooperate in the formulation of such a plan.

In undertaking balancing of supply and demand, it seems logical to concentrate our attention, first upon the two principal sources of our national income—agriculture and industry. Each must be balanced within itself and with each other.

In my testimony before the House Appropriations Committee on April 30, which was reproduced in the Appendix of the CONGRESSIONAL RECORD on pages 1781 and 1782, I recommended heavy Federal spending for rural rehabilitation. I do not believe that enough attention has been directed to rural rehabilitation, and to coordinating it with industrial rehabilitation. I believe I am right in advocating a comprehensive rural rehabilitation program concurrently with an industrial rehabilitation program. Nearly all of our activities can be classified as either agricultural or industrial. Naturally there are many commercial activities which are allied with, and dependent upon, both agriculture and industry. These will adjust themselves if, and when, a proper balance is attained in agriculture and industry and between the two. Consequently, in formulating and charting our composite plan of attack, it seems logical to segregate our activities on two main fronts, and to coordinate and support these major drives with adequate auxiliary services. To be more specific, we should proceed with two comprehensive programs—industrial rehabilitation and rural rehabilitation, with social security, direct relief and work relief programs as auxiliaries to take care of unemployables and those who cannot find a place in either of the two major programs. The responsibility for the industrial rehabilitation program should be placed upon the Public Works Administration, the Reconstruction Finance Corporation and the various agencies engaged in urban slum-clearance and low-cost housing activities. The responsibility for the rural rehabilitation program should be placed upon the various agricultural adjustment, crop control, farm loan, farm credit and commodity credit agencies, and the agencies now engaged in rural resettlement and rural home construction and repair. In order that the operations involved in each of these major programs may be efficiently and effectively coordinated, and administrative expenses reduced to a minimum, I believe that the Department of the Interior should be charged with the full responsibility for the industrial rehabilitation program, and that all of the Federal agencies engaged in that program should be converted into bureaus of that Department. I also believe that the Department of Agriculture should be charged with the full responsibility for the rural rehabilitation program, and that all of the Federal agencies engaged in that program should be, if they are not already, converted into bureaus of that Department. Direct relief and work relief should be the responsibility of the Works Progress Administration, and the administration of old-age pension, unemployment insurance, and other social security activities should be the responsibility of the Social Security Board. Assuming that enabling legislation and appropriations will be adequate, I believe that the war against economic depression could be more expeditiously, efficiently, and effectively carried on, and with less confusion and lost motion under this plan of operation and organization.

The idle millions of industrial workers, including their families, must have relief in some form or the other. Under these circumstances there seems to be no better immediate recourse than another gigantic construction program to directly or indirectly provide useful work for them. However, the Federal Government cannot and should not continue to spend billions on industrial rehabilitation when a large part of that money serves only to employ the surplus of industrial workers and provide work for surplus plant. These surplus workers should be resettled on farms where they can support themselves and their families in decency and comfort under normal conditions, weather minor depressions without aid, and materially help themselves during the most severe and extended depressions.

The economic aspects of such resettlement is not the only desirable feature involved. Almost without exception, economic independence in a wholesome atmosphere encourages good citizenship. People in rural areas who are economically independent seldom, if ever, indulge in radical activities. If there is overproduction, either in industry or agriculture, it is far more desirable to have it on the side of agriculture. Even when there is little or no demand for agricultural products, farmers who have facilities for producing foodstuffs for home consumption are much more independent than industrial workers who have no such facilities. From the standpoint of the general welfare of the Nation I know of no better argument for resettling surplus industrial workers on farms where they can sustain themselves and their families than recognition of the bare fact that if they are not provided with such facilities they must be supported by some form of public relief and at great cost.

There are other features in the balancing of unemployment between industry and agriculture which would go far to solve our unemployment problem if industry and the workers involved would cooperate with Government. Some industries depend upon farm products for raw materials and begin their operations after the harvest, and either suspend their operations or reduce them to a very low ebb before planting time. There is no reason why all, or nearly all, the workers required for such industries should not produce crops during the off season for the industries involved. This was the case before the advent of relief and work relief, and it should continue to be. Manufacturers of durable goods could also cooperate to a great advantage if they would schedule their operations so as to furnish maximum employment during the winter months and then release a large percentage of their workers during the crop-growing season.

It should be evident by this time that complete economic recovery may not be accomplished for many years to come. After our experiences during the past 5 years we cannot reasonably expect private enterprise to cooperate with the various elements of government in the battle against economic depressions. Private enterprise not only failed to cooperate when the opportunity was offered, it boosted prices beyond all reason, thereby discouraging investors who were disposed to offer a helping hand. Our financing institutions claimed that they were handicapped by Federal regulations. This may be true in some instances, but I believe a conversation which occurred in a bank president's office in 1935 puts a different light on the subject. When that banker was asked why he did not begin investing frozen assets in private enterprise, or make loans to others who would, he fondled a large stack of letters on his desk and replied, "Here are over 700 agreements between banks and financing institutions resolving not to release funds for private enterprise until we have a Republican administration." This came to me from a reliable source. If private finance and industry have resolved not to cooperate with the elements of government in economic recovery, and if the Federal Government is to be confronted with the responsibility for paying all or a large part of the expenses of keeping people employed, Congress should resolve to do a good job. We may as well forget the public debt, the Budget, and mounting taxes. I suggest that we either start the money presses rolling in the Bureau of Engraving and Printing or authorize the Treasury to borrow billions of dollars, then pour that money into the forms of rehabilitation, which will restore the largest number of our impoverished citizens to economic independence in the shortest time.

We should not forget what happened in 1932, 1933, and succeeding years. In 1932 the probability of revolution in this country was common talk. That crisis was averted largely, if not entirely, on account of the election of Franklin D. Roosevelt to the Presidency. In 1933, after he was inaugurated, big and little captains of finance and industry were so perturbed over the general economic situation they literally begged, on bended knees, the President and Congress to initiate some form of industrial recovery. This was done and done quickly. The principal early complaints were against the delay in putting the recovery machinery into action. When the various recovery programs did get under way there were relatively few protests, and they came principally from disgruntled individuals or groups who thought that they were not making money fast enough, or that Government regulations were hampering their activities. In the main everyone was satisfied. The rub came after we were on the upgrade, with money restored to circulation. Political, financial, and industrial groups then began to damn the

administration for everything it did or did not do and promoted all manner of adverse propaganda to poison public sentiment. Finally came the cry that the President was seeking dictatorial powers. Naturally mistakes were made, but after reviewing the events of the past 5 years I have come to the conclusion that my pantry and bank account will receive more tolerant consideration from Franklin D. Roosevelt than it will from the financial and industrial wizards who garnered and are hoarding the wealth of the country.

After observing the way things are going in other countries, I believe that the masses of our people are glad that we are still a democracy. If we are going to continue as a democracy, the representatives of the people must promote and defend, to the best of their ability, the general welfare, without regard for individual ambitions or the calamity screams of selfish interests.

Now, that we have to consider new recovery legislation and appropriations, why should we not frame this legislation so that it will fit into the composite plan of operations necessary to end this depression and to control production and consumption in the future? We know that the agencies to which the appropriated funds will be distributed will be needed for years to combat the present depression and in similar emergencies in the future. Why should we not give the emergency agencies involved a permanent status? I refer particularly to the Federal Emergency Administration of Public Works and the Works Progress Administration. I see no sound reason for continuing them year by year as emergency agencies.

In considering the proposed public-works legislation, we should bear in mind that this plan of Federal cooperation in the battle against economic depression has been one of the most popular undertaken by the Federal Government; that it has received splendid cooperation from the various elements of State and local government, and that it has encouraged enormous private investments. Thousands of badly needed, economically and structurally sound public improvements have been provided. These improvements increased the capital wealth of the respective localities and the Nation in true proportion to their cost for the reason that every dollar expended resulted in a dollar's worth of improvement. The indirect benefits derived from expenditures for these improvements are inestimable, and reached millions of people in nearly every walk of life. Investments in manufacturing, processing, transportation, and distributing plant and facilities were restored for a time, to an earning basis.

I believe it is safe to say that no form of Federal enterprise yet devised has gone so far to boost the morale of all the people in this country. Every taxpayer wants full value for taxes paid. This they have gotten for that portion of their taxes invested in public improvements which were provided through and under the supervision of the Federal Administration of Public Works. In most instances these improvements have provided a higher standard of living for those who have had an opportunity to enjoy the facilities and conveniences afforded. The most significant advancement in this connection is that the desire to enjoy similar or better facilities has been painted in the minds of millions who have not yet had an opportunity to enjoy them. This means a continued upward trend in the standard of living which will be passed on to generations to come.

Regardless of how well industrial production, including construction, is balanced against demand, it is safe to predict that some sections of the country will be suffering from industrial unemployment at all times. There will be times when the entire country will be suffering from industrial unemployment. We can never hope to perfectly balance industrial production with consumption for long periods of time. Obviously there should be a shock-absorbing Federal organization which can take the field on short notice to absorb lag in production and boost consumption. Such an organization should be empowered with authority, and endowed with funds, sufficient to permit it to go into action without waiting for specific appropriation from Congress, or for specific authorization. It is the unexpected peaks and dips in industry that so seriously affect the stability of our bond and stock markets and industrial employment. We cannot reasonably expect our industries to anticipate these fluctuations and to plan their production so as to come out even with consumption at all times and under all conditions.

In addition to the peaks and dips normally to be expected, we have disaster to deal with; fire, earthquakes, floods, and droughts of varying intensity and scope. Sometimes municipalities are stricken, sometimes a portion of a State or a whole State, and sometimes several States are affected. The same organization which is prepared and authorized to act when economic fluctuations occur, can also go into action when disaster occurs. This is another reason why such an organization should be flexibly constituted, and not handicapped by complicated enabling legislation.

In some instances, stricken public bodies may not be able to finance betterments or improvements which are imperative, either under normal or abnormal conditions. In such instances it may be necessary for the responsible Federal agency to finance the entire cost of the work. Certainly we all understand that legislation authorizing variations in the amount of Federal subsidy would be impracticable, if not impossible to administer. The first variations made would bring a storm of protest on the grounds of discrimination. For these and many other reasons, it is the responsibility of Congress to provide flexibility in enabling legislation, and to fix the amount of Federal subsidy. The agency might be authorized to increase the amount of subsidy in cases of disaster. In other instances, the financial condition of a public body may be such as to make it impossible for that body to even assist in the financing of needed improvements. In such cases, the Federal agency should be authorized to finance the entire cost, and to lease the improvements to the public body on long and favorable terms, with provisions for postponing payments, when, after due investigation, it is found that the lessee cannot meet its payments according to the original schedule. Anyone who will stop to analyze such a provision will find that it provides great flexibility without discrimination in administering Federal aid to public bodies. Again, I beg you to consider the basic elements which must be incorporated in any successful plan of operation against economic depression. We must have the cooperation of private enterprise, and of State and local governments and their political subdivisions and instrumentalities. In order to reduce the cost of Federal participation and to avoid waste, it is also imperative to protect our investments. In the program of industrial rehabilitation, the plan of operation should provide for: Minimum out-of-pocket expense to the Federal Government; recovery of as great a portion of Federal investment as possible; a plan of financing which will attract private investment; a competent and experienced organization to direct and supervise all operations in which the Federal Government participates, and operations which will produce maximum direct and indirect benefits. All of these desirable features are embodied in the plan of operations of the Public Works Administration.

That organization has demonstrated beyond any doubt, its versatility, efficiency, and effectiveness. It seems logical and to the best interests of the country to convert it into a permanent bureau, vested with broad powers and authority, and financed with a revolving fund adequate to absorb shocks caused by disaster and industrial depression. It should be authorized to receive and examine applications for needed and authorized Federal projects, and for needed non-Federal projects without restriction as to time and the number of applications. This plan of procedure will make it possible for the bureau to accomplish the greatest good with the funds at its disposition. I do not see how we could enact more useful permanent legislation, and legislation which will permit more effective use of the ounce of prevention, and more effective application of the cure. With industrial shock absorbing provided for, Congress can devote more attention to the study and enactment of legislation to provide the same security and stability in agriculture.

Mr. TABER. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, first of all I propose to discuss the Republican motion to recommit this bill. The motion to recommit may be found substantially in a bill known as H. R. 10311, and is the same motion that we made last May on a similar relief bill. We propose to offer this alternative suggestion as a substitute for title I. Let it be understood at the outset that the minority realizes the necessity for adequate relief for the needy unemployed. With 12,000,000 men unemployed, we accept without quibble the President's own estimate of $1,250,000,000 for the first 7 months of the next fiscal year. We are not in favor of heartlessly dumping the relief problem back onto the States. We recognize the necessity for the Federal Government continuing to provide its share of relief expenditure. However, we do question the present administration's relief set-up under the W. P. A.

In brief, our proposal as a substitute simply sets up a bipartisan Federal board here in Washington, which is charged solely with the allocation of the $1,250,000,000 to the 48 States along certain well-recognized principles, such as need and population. The money is turned over to the States, but before the States can get it they in turn must set up bipartisan boards in the State to administer this fund. In this way the Federal funds will be fairly distributed throughout the 48 States of the Union, and in this way the huge overhead of the present W. P. A. set-up, which amounts to over $65,000,000 a year, will be eliminated.

We require that the States shall put up 25 cents for every dollar they receive from the Federal Government. Instead of $1,250,000,000 being available for relief of the needy the amount will be $1,562,500,000. In other words, under our proposal we believe there will be more money for relief and that more of the relief dollar will go to the man on work relief. We establish State responsibility, and we believe if we are ever going to liquidate this huge and ever-growing bureaucracy here in Washington, costing over $60,000,000 a year, that we must adopt some such plan as I am here proposing.

When I offered this last year in precisely the same form as I am going to offer it again, the gentleman from Virginia [Mr. WOODRUM], in opposing my amendment, said:

> Mr. Chairman, undoubtedly the principle set out in the Bacon amendment has much merit. Perhaps sometime we will reach a situation in this relief business when we will have to get down to the proposition of devising some permanent method of meeting relief. At the present time, however, we have not reached that point. I do not subscribe at the present moment to the statement of Mr. Hopkins that the Federal Government is now permanently in the relief business. [Loud applause on the Democratic side.]

Mr. Hopkins, in his testimony before the Appropriations Committee, predicted that the Federal Government would be in the relief business permanently. The gentleman from Virginia [Mr. WOODRUM] opposed my amendment last year on the ground that it was only an emergency and that we would not have to face the situation again, and he recommended at that time that we had better go along with the present set-up because after this year it would be all washed out anyway. We are still faced with the problem, and even a more serious situation than we were faced with last May.

Mr. Chairman, we are therefore offering this substitute in all seriousness, not as a political or partisan measure, in order to try to set up a workable scheme that may be used to take care of the needy unemployed and provide a vehicle for Federal aid to the States. The administration, we believe, should be in the States themselves. We realize there are no two States that have the same problem, and that a fixed, set rule promulgated in Washington may not meet the situation in Arizona or in New Jersey or in Pennsylvania or Florida; but we do believe that if each State takes over the administration of these Federal funds and adds 25 cents of State money for every dollar of Federal money, then they will be able to far better solve the relief situation in their respective communities.

We also believe that under our proposal the employables on direct relief who now cannot get on W. P. A. rolls will be getting a fairer break. There are over 2,000,000 on direct relief. Many of these 2,000,000 or a large proportion of them, I would say, are employable. They are just as much entitled to fair treatment as are those on the W. P. A. rolls. Today under the present set-up they get on direct relief an average of only $22 a month. We believe that, under this plan of giving the Federal funds to the State administrators, they in turn will be able to give those employables on direct relief a better break. Of course, we also believe that by setting up a bipartisan board simply to allocate the money to the States, and having bipartisan boards in each State appointed by the Governor, and bipartisan boards right down to the smallest community to administer the relief funds, we can go a long way toward removing politics from relief. If the minority party is represented on one of these boards, it can always appeal to public opinion and the press if politics creeps into the relief situation.

It may not eliminate politics entirely, but we certainly believe it will go a long way as an improvement over the present set-up. We believe the political exploitation of relief workers has become a demoralizing national scandal. We do not have to prove it. All we have to do is read the papers every single morning. We have had the deplorable spectacle of two members of the majority party in the State of Pennsylvania, who are now contesting in the primary, accusing each other of using Federal relief funds for political purposes in that primary.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. BACON. I yield to the gentleman from Minnesota.

Mr. KNUTSON. It is charged that the senatorial contest in Florida was settled by the use of W. P. A. money.

Mr. BACON. I suspect where there is so much smoke in the daily press there is some fire.

Whether or not you will agree with me that there is politics in relief, I believe you will agree that most people think there is, and this in itself is demoralizing to the American citizen. I refer to the sample poll taken by the American Institute of Public Opinion, which put this question in its poll:

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

In Arkansas the answer was 83 percent in the affirmative; in New Jersey, 78 percent; West Virginia, 77 percent, and so on through the list, with 28 States giving a return of 65 percent or more in the affirmative. I merely cite that to show you the American people believe there is politics in relief, and that in itself is a demoralizing thing. Therefore, this proposal we are presenting to you is designed to take politics out of relief and relief out of politics.

In his testimony, Mr. Hopkins was very illuminating on this subject about which I am now talking. We asked him to put in a table by months since 1933 showing the total number of persons receiving Federal assistance. This table reveals that in nonelection years the relief roll normally declined between June and October, when seasonal employment usually is at its peak, but that in the election years of 1934 and 1936 this normal summer decline in the relief load was reversed.

In sharp contrast with these summer increases in relief and assistance rolls in the two election years, we find decreases between June and November in nonelection years as follows:

In 1933, a decrease of 3,243,000 persons; 1935, a decrease of 3,165,000 persons; and 1937, a decrease of 2,648,000 persons. There was no election in those 3 years.

Neither are these fluctuations in relief related to the movement of industrial production, as charted by the Federal Reserve Board. In 1933 the relief load declined by 3,243,000 during these 4 months; and during the same four months the Reserve Board's index of industrial production also declined 20 points. But in 1934, an election year, the relief roll expanded by 2,283,000 between June and November, although in 1934 the Reserve Board's index of production was moving upward through September and October.

In the next election year, 1936, the combined Federal assistance rolls increased from 17,900,000 persons in July to

19,113,000 in November, despite the fact that the Federal Reserve index of industrial production moved steadily upward from 104 percent of normal in June to 114 percent of normal in November.

The following year, 1937, there was no national election, and therefore the assistance rolls declined 2,648,000 from June to November, during a period which witnessed the sharpest decline in the general production index in our entire economic history.

In the light of these figures, covering the experience of 5 years, it is impossible to escape the conclusion that fluctuations in the relief rolls are determined not by actual need as reflected in the movement of general business but by political considerations related to the incidence of general elections.

I have taken these figures from Mr. Hopkins' own tables, which he furnished our committee at the request of the gentleman from Massachusetts [Mr. WIGGLESWORTH], I believe.

Therefore, if you agree with us that there should be no relief in politics and no politics in relief, we believe our substitute proposal for title I will eliminate politics from relief as much as it can be eliminated. We also believe more money will get to the man on relief, and the money will be more fairly distributed. The two million plus on direct relief will get a fairer break. The huge administrative overhead will be eliminated, and we will have a flexible system that can work throughout the years, depending upon conditions, and that will be very much more efficient than the present set-up.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. BACON. I yield to the gentleman from Minnesota.

Mr. KNUTSON. What is the estimated cost of administering relief? Were any figures presented to the committee?

Mr. BACON. The administrative cost of this entire set-up is about $141,000,000. Mr. Hopkins admits to an overhead of $65,000,000 and Mr. Ickes admits to an overhead of $20,000,000.

Mr. KNUTSON. What does that include?

Mr. BACON. It includes salaries here and in the field.

Mr. BREWSTER. Mr. Chairman, will the gentleman yield?

Mr. BACON. I yield to the gentleman from Maine.

Mr. BREWSTER. Do I correctly understand that the figure of $141,000,000 for administrative costs includes all nonrelief employees? I refer now to supervisors, foremen, and others on particular projects.

Mr. BACON. I suppose in the case of W. P. A. there may be some people on relief who are used as foremen.

Mr. BREWSTER. Are there not a good many who are not on relief?

Mr. BACON. Yes. There is no question about that. I would not want to give the gentleman a definite answer. Certainly, that is not true of the Public Works Administration and it is not true of the Farm Security Administration and it is not true of all the others.

Mr. BREWSTER. Does the gentleman know whether that figure as to the administrative cost, including all nonrelief employees, has been anywhere compiled?

Mr. BACON. I am not aware of it. So much for title I.

Title II is the spending, pump-priming program, and in connection with title II, I am going to describe the tables I have put on this board, but before doing so I want to read a brief quotation from Professor Hansen, professor of political economy at Harvard University, and I am using this as the text of what I am going to say later:

> Former recoveries were carried forward on a wave of new investment which was narrowly gauged by the current and immediate level of consumption purchases. Large, bold projects looking far into the future were typically taken in the upswing period. * * * Daring investments, based on important technological advances, on innovations, cost reducing improvements, and on the discovery of new resources, were projected in the faith that the forward march in capital accumulation and productive equipment would itself call forth an enlarged purchasing power. Had the rate of investment always been narrowly geared to the current rate of consumer demand, we should never have witnessed the progress achieved in the nineteenth century.
>
> Investment in upswing periods has typically led and not followed consumption. It was of the very essence of a boom that a great forward thrust was made into the new frontiers of technical equipment and productive power. The developments of the boom had no relation to the then prevailing level of consumption. They were based instead on future expectations, on a dynamic conception of life. Revolutionary changes in technique, innovations in productive processes, the development of new products, the exploitation of new resources—these are the factors that caused capital expenditures. The industrial revolution, the waves of railway construction, the booms based upon electricity and automotive power, had no relation whatever to the current volume of consumption.
>
> This recovery, Professor Hansen continues, has been peculiarly based on a rise in consumption * * * but throughout the upswing, new investment in plant and equipment has been geared rigorously and narrowly, in a quite unusual degree, to the immediate requirements of consumption. Businessmen have avoided as much as possible long-term capital commitments. They have cautiously restored and expanded their production facilities to the bare limit severely required by the current and immediately prospective level of consumption.
>
> Unfortunately, a recovery resting almost exclusively on a rising tide of consumption can go forward only so long as the consumption stimulus is applied. Worse yet, it cannot even maintain the level reached once the new funds are no longer poured into the consumer markets.

In these rather clear words I think Professor Hansen has differentiated the recovery efforts of previous depressions and the situation as it exists today.

Let me now illustrate by these charts. On the chart at the left this line [indicating] is the average new purchasing power between 1926 and 1929. The average for this period was $453,322,000 per month, and practically all came from private capital in the form of new corporate capital issues.

Up to 1930 the purchasing power created by private enterprise through new corporate issues kept the country going and kept employed the otherwise unemployed. Then came the depression of 1931–32, and pump priming started in 1931–32 and has continued. New corporate capital issues have declined since 1931 and private capital has not done its part in maintaining national purchasing power.

The annual purchasing power created—and shown on this chart—is as follows, in million dollars:

	Through new corporate capital issues	By Federal Government	Combined new purchasing power
1929	8,002	−600	7,402
1930	4,483	+251	4,734
1931	1,551	+1,748	3,299
1932	325	+1,646	1,971
1933	161	+1,856	2,017
1934	178	+3,238	3,416
1935	404	+3,154	3,558
1936	1,215	+4,025	5,240
1937	1,159	+900	2,059
Total since 1929	9,476	+16,818	26,294

In the last 8 years since 1929 the total combined new purchasing power created by Federal Government and by private enterprise, through new corporate capital issues, was $26,294,000,000. At the old 1926 to 1929 rate of $453,322,000 per month, corporate capital issues alone would have created $43,518,888,000 of new purchasing power in the last 8 years. The red area—after 1929—on the chart therefore represents a deficit of $17,224,888,000 in new purchasing power in the last 8 years, from 1930 to 1937, in spite of Government injections of purchasing power. In other words, it must be obvious to you that the Government spending cannot take up the deficit of $17,224,888,000 in new purchasing power. We must have a flow of private capital into private enterprise. Without it we can never hope to take up that deficit through pump priming. Under this bill we may have a certain amount of pump priming, but unless private capital flows into private enterprise we will have a drop before 1940 and be back just

where we are today. If, on the other hand, capital once more can flow freely into private enterprise and take up this deficit in national purchasing power, the battle for permanent recovery will be won.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BACON. Yes.

Mr. CRAWFORD. Going back to the second chart on the right where the green proceeds, where the gentleman's pencil is, that is where the pump priming was efficient to take up the deficit as best it could.

Mr. BACON. Yes.

Mr. CRAWFORD. Then we start to recede from pump priming and the deficit followed that instead of private industry picking up.

Mr. BACON. That is right.

Mr. CRAWFORD. And keeping the deficit from following.

Mr. BACON. Exactly.

Mr. CRAWFORD. Operating like hot and cold pressure or a high- and low-pressure area.

Mr. BACON. That is a good simile. Unless private capital can once more flow freely into investments the needed pick-up in the national purchasing power will not be created. Let me cite one example of that. In the years back in 1928 and 1929 all the insurance companies together kept about $100,000,000 in cash and about $300,000,000 in Government bonds as a reserve to pay losses that might occur. That was a very infinitesimal part of their total resources, and all of their other resources went into investments, mortgages for housing, and what not. It helped build the country. Today what do we find? We find that the insurance companies have in cash and in Government securities $5,000,000,000 instead of $400,000,000, and the result is that the difference between $5,000,000,000 and $400,000,000 is the amount of new capital that could flow through the insurance companies into private enterprise.

Mr. GREEVER. Mr. Chairman, will the gentleman yield?

Mr. BACON. Yes.

Mr. GREEVER. I did not hear the first part of the gentleman's speech. I am interested to know what, in the gentleman's opinion, would be the most effective thing the Government could do to encourage the flow of private capital into private enterprise.

Mr. BACON. I am very glad the gentleman raised that point, because I intend to conclude my remarks with a suggested solution. The savings banks today have about $2,500,000,000 invested in Government bonds, something that never before occurred. Prior to 1929 most of that $2,500,000,000 was not invested in Government bonds, but was invested in mortgages in homes, in building programs, and all kinds of private enterprise, and so today the insurance companies and the savings banks together have over $7,500,000,000 which formerly flowed into private enterprise which is kept tied up in cash and Government bonds. That is the sort of capital that ought to be free.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BACON. Yes.

Mr. CRAWFORD. And those savings which have already been released by the individual and that have moved into these investment hands, amounting to seven or eight billion dollars, in round figures, are standing ready to go into industry when the psychology changes.

Mr. BACON. Exactly.

Mr. CRAWFORD. And I understand the gentleman will finish up with that.

Mr. BACON. Take the very much maligned public utilities throughout the country: they normally spend well over a billion dollars a year in new equipment and in extensions. In the last 3 years they have averaged less than $300,000,000 instead of over a billion dollars a year. If all of this private capital that is lying idle, tied up in Government bonds or cash, could be released, the purchasing power would be five times as great as anything that we provide in this bill.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TABER. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. BACON. I claim that the one thing necessary is a restoration of confidence, a much-misused phrase, but nevertheless it does describe the situation. I want to read you a part of an editorial:

> There are other ways, better ways, and safer ways for Congress to aid the business of this country than to hazard the national credit in another panicky spending spree which might merely have the result of frightening away private capital many times as great as any conceivable amount of capital which the Government could possibly pour in. Let Congress address itself to the fundamentals of the present situation, and amend such legislation as is now hampering the recovery of business. Let it amend the Public Utilities Act—not in order to do away with Government regulation, which is essential, but in order to establish conditions under which private capital will once more be invested confidently in the expansion of a great industry. Let it amend the Wagner Act—not in order to turn the clock back to an antiunion policy, but in order to increase the responsibility of labor, and not merely of employers alone, in the process of collective bargaining. Let it amend the Tennessee Valley Act—not in order to do away with a valuable experiment in Government operation, but in order to establish scrupulously fair conditions of competition, with no hidden subsidies involved. Let it amend the Social Security Act—not for the purpose of destroying a great reform which was needed, but in order to abandon the fiction of a so-called reserve fund which does not exist in fact and in order to put the whole system on a pay-as-you-go basis. Let it proceed as rapidly as possible to put the financial affairs of the Government in order, and to bring its expenditures within its income, in order that there may be some hope of early escape from the crushing burdens of taxation.
>
> Let Congress do these things and await the consequences of the steps which it will then have taken to restore confidence in this country. The pump of American industry can be primed with private capital, as it has been primed many times before, if Congress will clear the way for private enterprise to do the job.

That is a portion of an editorial written by a good Democrat in a Democratic paper.

Mr. MERRITT. What was the name of the paper?

Mr. BACON. The New York Times.

The minority, in preparing its report and its views—if my friends on the majority do not agree with it, I hope they will at least do us the honor of reading it; it is printed in the back part of the report on this bill—we have attempted to set forth certain recommendations, and I think it would be well to read them now, because they are in line with this editorial, and I think they ought to be in the RECORD as well as in the minority report.

> 1. Substitute for title I of the resolution substantially the provisions of H. R. 10311 to provide for the administration of relief by a bipartisan board in Washington, with bipartisan local administration, on the basis of Federal relief grants limited to 80 percent of each State's need.
>
> 2. Elimination of title II of the resolution.

That is the pump-priming proposition. Unless confidence is restored and unless capital once more flows into industry, we shall have only a recurrence of what is going on today, and the money we are now spending will have been thrown away.

> 3. In the event of the failure of these motions submission of an amendment forbidding the use of any funds allocated under titles I or II for projects which would provide competition by Federal or public agencies with private business or enterprise.
>
> 4. A congressional investigation of administration of Works Progress Administration and the expenditures of relief funds, especially in Pennsylvania and other States where charges of politics and flagrant misuse of funds have been made publicly, with a view toward making relief administration more efficient, more helpful to the needy, and less costly to the Government.
>
> 5. Outright repeal of the undistributed-profits tax and revision as soon as possible of the antiquated Federal tax structure in order to remove inequities which retard business.
>
> 6. Elimination of tax-exempt securities.
>
> 7. Reduction at once of the unnecessary and burdensome social-security taxes in order that in this time of recession both employer and employee may have more of their own money to spend in their own way.

8. Elimination of harassing restrictions and administration assaults on business.

And I refer to such venomous assaults as were made by Mr. Ickes and Mr. Robert Jackson in the early part of this year which had a very adverse effect on confidence in the country.

9. Restriction of Government competition with private enterprise.

10. Revision of the National Labor Relations Act along lines to promote harmony between employer and employee and not discord, as at present.

11. Repeal at once of the Thomas greenback law.

12. Immediate steps to eliminate waste and extravagance throughout the entire Federal Government with a view to reducing expenditures and bringing about a balanced Budget as soon as practicable.

Words are not sufficient; action is imperative now.

That program which we have suggested in lieu of this pump-priming proposition we believe will bring about real and permanent recovery. This bill will never result in permanent recovery. Our program will restore confidence and will cause the flow into the business life of the country of far greater sums than are contemplated in this bill. It will cause the permanent reemployment at a decent wage of those now on the relief rolls. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. WOODRUM. Mr. Chairman, I yield to the gentleman from Missouri [Mr. ANDERSON] such time as he may desire.

Mr. ANDERSON of Missouri. Mr. Chairman, one of the major problems of our national defense concerns our Air Corps and its equipment.

Most essential to the success of our Air Corps is a competent personnel and a fine esprit de corps.

Most important to the esprit de corps is confidence in the equipment furnished; a confidence that the equipment is the best that can be made and which reaches the tactical units only after a rigid inspection of its flying characteristics and construction features. Now, Mr. Chairman, that confidence means the difference between a successful and a disrupted Air Corps.

Some months ago, as we all know, labor trouble developed in the plant of the Douglas Aircraft Co., Inc., at Santa Monica, Calif., and only recently the National Labor Relations Board rendered a decision ordering the reinstatement of certain workmen with back pay. Reinstatement was ordered for all of those not rehired, regardless of cause.

Mr. Chairman, you have heard the remarks I made Monday before this House, in which I called attention to the decision of the National Labor Relations Board, which ordered rehired with back pay an alien, one Jack Ortman, despite the fact that the Air Corps Act of 1926 strictly prohibits the employment of an alien.

Well, this case to which I am referring, is equally as bad.

Another one of those ordered rehired was Vincent O. Racine. The Labor Board held that he was discharged for the reason that he joined and assisted in activities of the United Automobile Workers of America, a C. I. O. affiliate. The Board made such a ruling despite the fact that the United States Army inspector and the United States Navy inspector at the plant, with others, testified that Racine had stripped the bomb-rack bolts on a new Douglas bomber. This bomber, known as a B-18, is one of the newest and most powerful of the GHQ air force, and costs the taxpayers over $100,000 each.

The record of the hearing contains the testimony of five witnesses to the effect that Racine was a competent workman, had been given thorough instruction as to the installation of the bomb racks, but, despite all this, did strip the threads to such an extent that had they not been discovered in inspection, a disaster might have followed.

Capt. R. G. Harris, of the United States Army, stationed at the Douglas Aircraft plant to make inspections of United States Army aircraft, testified that it would "have been pretty hard for a man to be negligent enough to do the damage that was done" to the bomber by Racine.

Trial Examiner McNitt, of the National Labor Relations Board, asked Captain Harris:

Q. Did you take any part in the efforts to complete the bomber on schedule?—A. I did not. No.

Q. Did you know whether or not there was any attempt on the part of the strikers to block the completion of the work on schedule (referring to the bomber)?—A. I know there was. Yes.

Q. And the work was ultimately suspended?—A. That is right. Yes.

Q. Due to the conflict between the strategy committee (of the union) and the company in working out any plan to get it finished?—A. That is right. Yes.

Q. In other words, the company finally abandoned that effort to complete it. Did you hear any efforts of injury or damage to the bomber if the company undertook to complete the plane?—A. I did not hear any such. I heard one man say that the company would not be allowed to complete it. In fact, it was not only one; there were, I would say, 200 that stated that; and the reason that I am so well acquainted with that particular phase of it was that I had an officer of the War Department here and we walked through. He was not so very well acquainted with the airplane business, and he was quite carried away with the appearance of this airplane, and he made the remark, "Well, surely you men are not going to allow your bread and butter to be taken away from you by not allowing this plane to be completed." The general conversation was that it would not be completed—something in that order; not the exact words, but that it would not be completed.

Q. Now I want to ask you, Captain Harris, one more question at this point. There has been some testimony here—in fact, a section of the bomber was brought into the hearing.—A. Yes.

Q. And there was some evidence that some part had been improperly done. Did you form any conclusion—and again you may decline to answer this—as to whether or not that was deliberately done or whether it was just gross negligence, or negligence of any kind?—A. Well, I formed the opinion that it would have been pretty hard for a man to be negligent enough to do the damage that was done. If I were a workman and would have been put on the manufacture of a part like that, if I would have had the ability to be assigned to that, then I should not have made an error like that.

Q. (By Mr. David Persinger, representing the N. L. R. B.) Are you familiar with the piece that was brought into the hearing?—A. Yes.

Q. It consisted of four holes which had been enlarged; is that correct?—A. That is right. The threads had been stripped.

Q. (By Trial Examiner McNill.) You were the one that rejected the part, were you, Captain?—A. My inspector did.

Q. Someone of your 16 men called it to your attention?—A. Yes.

Q. And you confirmed the rejection of it?—A. The first part of it that I had of it was in here after it had been rejected.

Q. (By Mr. Marshall Ross, representing Local 214.) On that bomb-rack situation, if a man had had previous experience in doing that work, with other experience in the plant, it would be impossible for him to make that mistake, do you think?—A. A mechanic that could read blue prints—the fact that he had not worked on that particular part should not make much difference. If he is a mechanic, he is a mechanic wherever you put him.

STATEMENT BY MR. C. D. TRIPOLITIS, AERONAUTICAL ENGINEER, UNITED STATES NAVY, REPRESENTING COMDR. G. R. FAIRLAMB

It is not only that a mechanic might make a mistake and drill an over-sized hole, but stripping the threads is something else. * * * You cannot make a mistake by stripping the threads. You can pick up a wrong drill, and instead of drilling one-quarter, drill three-eighths. You can do that. It is done, but to strip the threads is something else. You cannot possibly strip threads by mistake.

Question by Mr. Ross. Had such threads been stripped before in similar work?

Answer by Mr. TRIPOLITIS of the United States Navy. Not that we know of. We do, of course, have some drilled oversize occasionally, but to strip holes, especially in a large piece, is very, very unlikely.

Now, Mr. Chairman, this is just one of the many, shall we say peculiar, interpretations made by the Labor Board in the Douglas case. * * * I have my idea of what Mr. Racine was doing. You may have yours. But the fact remains, that regardless of whether this was a deliberate attempt at sabotage against one of the new B-18 bombers being built for the United States Army or just a case of incompetency, the people of the United States cannot afford to take any such chances with our national defense.

We cannot permit the N. L. R. B. to jeopardize the effectiveness of our national defense.

Is this sort of thing going to be permitted? Can we afford to take a chance of having this great country unprotected, while the nations of the world are arming to the teeth? I say now it is time for every Member of this House to protest any activity of this sort. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. LUDLOW].

Mr. LUDLOW. Mr. Chairman, I am supporting legislation for Federal work relief because, frankly, I do not know what else I can do. I wish all of the millions of unemployed had regular jobs in business and industry and that not one single solitary person under the American flag had any need of a work-relief job. In my opinion, the ideal solution of the entire recovery problem is to so stimulate and encourage business and industry as to make it possible for them to exhaust all of their capabilities of taking over the relief load by resuming their normal operations.

But it is a condition and not a theory that confronts us. The existing situation is so saturated with tragic realism that I cannot ignore the consequences of the failure of a Federal relief appropriation at this time.

I cannot by any act of mine contribute to the widespread starvation and indescribable suffering that would result if Federal relief were chopped off instanter, as some of our friends on the other side of the aisle would have it. When it comes to an alternative between dollars and cents, on the one hand, and an urgent call of the humanities on the other hand, my vote and my voice and my influence, for what it may be worth, will always be on the side of the humanities.

What is the picture before us? At this moment 2,600,000 human beings, our fellow citizens, are on work relief under the Works Progress Administration in this country of vast riches and resources. Ninety-eight percent of those on the rolls have been certified as being in need of relief. Chop them off today and they and their families will be starving next week, innocent and pitiable victims of a depression which they had no part in creating.

Someone may say: "Let them go back to local relief."

The answer is that at the present time there is no local relief. The local fountains of relief have been drained dry. Cities, townships, and other units are swamped with debt and have no borrowing capacity left. States, cities, and other local entities find themselves right up against constitutional debt limits. Their legislatures in many instances will not meet for two years, unless called into extra session, and the revision of a State constitution is a long and laborious process. What immediate hope, therefore, would there be through the borrowing capacity of cities, counties, and States for the relief of our millions who will face the very realistic threat of starvation if another Federal relief appropriation is denied to them at this time? We must look at the situation as it is, and not as we would like to have it. If Federal relief were cut off now what else could we expect but food riots, social convulsions, and suffering on a colossal scale?

While I see no escape from the pending work-relief proposal I do think that as soon as possible the Works Progress Administration should be liquidated and the problem of relief administration should be sent back to be administered by the States, with the least possible minimum of Federal control, and I believe that as local units become strengthened financially they should be required to put up a reasonable proportion of relief money to match Federal dollars. As long as local communities can draw on Washington as the source and fountain of relief, just so long will they want that condition to be maintained. Enforced local participation to the extent of a reasonable percentage of the cost will hasten a tapering off of the relief problem as fast as it can be reduced without doing violence to the humanities. I do not see any reason on earth for a permanent Works Progress Administration but on the other hand I see every reason why that activity should be liquidated and the States and cities should resume their burdens as rapidly as they can do so. Until the States and cities are again capable of functioning as effective relief agencies there must be Federal appropriations for relief, but as business improves and times get better these Federal contributions should be on a continually diminishing scale. Who can administer relief better than the officials who are intimately acquainted with the problem in their own communities? In the nature of things it is not a problem that can best be administered by long distance from Washington, and those who contend for a permanent set-up and an enormous overhead in Washington are arguing against the best interests of the country, in my opinion. We should all be doing what we can to promote and encourage business, so that business and industry may take over the relief load, instead of allowing our imagination to be beguiled by the glamour of a great, overshadowing, permanent bureaucratic relief department in Washington.

Powerful groups are organizing to swell the recovery program with enormous additional appropriations which, if approved, will swell the bill to proportions beyond all reason. I do not challenge the good faith of those who are straining every energy to load this bill down with gigantic additional appropriations for public buildings, for slum clearance, for highways, and so forth. I know they are acting in good faith, but I think they are overlooking some very important considerations that ought to be taken into account. One is that the United States Treasury is facing bankruptcy. The credit of the Government will not be secure much longer if we continue these enormous outlays. Another thing we should not forget is that the American taxpayer is carrying about all the load he can stand.

Industry is in a deplorably prostrate condition and we have 12,000,000 unemployed. They and their families must not be allowed to starve and go naked. It is a plain duty we owe to humanity to see that no one goes without food, clothing, and shelter pending the time when improvement in economic conditions will enable industry to absorb those on relief rolls. We must have a relief bill, but we must not have a pork bill.

At the last session of Congress we passed a public-buildings bill authorizing $70,000,000 that was carefully drafted to carry out a 3-year program. That was to be a finishing bill, as we understood it then, a bill that was to insure every Member of Congress a building for his district. Now, before that program is fairly started, we find a proposal in title III of the pending bill to appropriate $25,000,000 more, and that is not all. We find an authorization for $35,000,000 more not estimated for by the Budget, raising the total to $60,000,000, and this, it is frankly stated, is to carry out a plan that will allow each Member two building projects instead of one for his district and what will happen when the bill gets to the Senate? Each Senator imagines at least that he is equal to a dozen Members of the House and by the time the Senators get through piling on appropriations the public-buildings item may assume Gargantuan proportions, indeed.

When we get down to brass tacks and a calm, dispassionate study of the proposal, all joking aside, what basis in justice and reason is there for the rule that every Member of Congress should get two post-office buildings for his district? Why should each district be arbitrarily given two post-office buildings any more than it should be given two quarantine stations or two lighthouse stations, or two of anything else? Government money should be spent where the needs of the service require and not under an arbitrary rule that gives so much money to a Member or to a district, whether the district needs it or not. More than 1,100 new Federal buildings have been constructed during the last 5 years—almost doubling the number of such structures in the country. I respect the proponents of this proposal, but I submit that there is no crying need for any more buildings now. Title III is not a relief measure and has no place in the bill. I moved in committee to strike it out, but my motion was defeated.

Likewise, while the recovery program submitted to Congress proposes $300,000,000 for housing, a powerful bloc is being organized to increase the amount to $500,000,000. When the Treasury is in a bankrupt condition and we are facing an appalling deficit it is wiser and safer to defer further slum clearance and housing experiments, rather than place such a stupendous additional obligation on the

Treasury. Another deplorable development is the flying wedge that is being organized to force through Congress unprecedented highway appropriations with the sky as the limit. With the country beribboned, as it now is, with hard-surfaced highways, we could well afford to mark time on our road program until the Treasury gets in better shape.

In many ways control over relief expenditures should be tightened and strengthened. One fact that impressed me very forcibly during the hearings is the prodigality with which American money is being poured into Puerto Rico for relief. Of course, we all sympathize with the Puerto Ricans and our hearts respond to the cry of distress there, as elsewhere. That possession has a very dense population and a vaulting birth rate, with the result that it presents a relief problem of the first magnitude. Uncle Sam has responded to the call there with a generosity that makes Santa Claus seem a piker. Up until March 31 last the Puerto Rican Reconstruction Administration, which is financed with relief funds, had spent $38,219,019.46 in Puerto Rico, and next year it proposes to spend $11,000,000 more. Objects of governmental expenditures there include highways, roads and streets, schools, public buildings, parks and recreational facilities, rural electrification, rehabilitation of farms, and so forth. The difference between Indiana and Puerto Rico is that in Puerto Rico no sponsor's contribution is required. When a road or street is built in Puerto Rico under this program, it is paid for entirely by the taxpayers of the United States, but if Indiana taxpayers desire a similar improvement at home through Public Works Administration aid, they must pay, or assume, 55 percent of the cost, and the extent of the Government's grant is only 45 percent. This is a discrimination against our own people. Land in Puerto Rico is held largely by wealthy foreigners, and in making these improvements on such a generous basis our taxpayers are unintentionally helping to enhance their holdings and further enrich them. Uncle Sam is truly a good neighbor and certainly his protectorate over the Puerto Ricans lacks nothing in generosity.

If there ever was a time to stop, look, and listen before incurring unnecessary debt, that time is now. Money for relief, yes. It is needed and in a large amount. Citizens who cannot get work, try as hard as they may, must be helped. But if we realize as we should the tragic condition of the country at the present time and the perils of a bankrupt Treasury, we will hold down our recovery bill to absolute essentials and keep out of it every semblance of "pork." [Applause.]

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include matter relating to Federal relief appropriations.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. WOODRUM. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman, as long as a small percentage of the people of our country have control of 97 percent of our wealth, that long will there be depressions, sweatshops, child labor, and slum districts.

The bill before us is a humanitarian measure. President Roosevelt should be highly commended for what he has done and is now trying to do for the poor of our country. It is not the President's fault that we have had depressions. If the majority of Members of Congress were as liberal-minded as our President, most of our economic problems would be solved. Every unemployed man and woman in the United States who is physically and mentally able to work should have a position which would pay a living wage. The aged and those who are unable to work because of a physical disability should be given an adequate pension.

Mr. WOODRUM. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. SIROVICH].

Mr. SIROVICH. Mr. Chairman, I have listened with profound interest to the very eloquent, constructive, and patriotic speeches that have been made on the subject of this recovery bill by both Republican and Democratic Members of the House. With your respectful consideration and kind indulgence, I shall endeavor to speak upon this controversial subject along lines that have not been approached by any Member of the House of Representatives. I shall endeavor to discuss the tremendous influence that the expenditure of these billions of dollars will have, on present and future generations, through the development of culture and civilization in our Nation.

Mr. Chairman, as the countless centuries marched across the proscenium of time they have presented two colorful and powerful dramas, enacted through pump priming, that paid for the labor of the unemployed—one labeled "culture," which is the source of human happiness, the other, "civilization," which is the basis of our comfort. Both of these entities, culture and civilization, have left their profound and indelible impress upon the development and progress of races and nations through the ages.

The knowledge of every human being comes through the five windows of our personality—hearing, seeing, smelling, tasting, and feeling. The extension, prolongation, and development of these five senses, aided and abetted through tools, machinery, or equipment, is responsible for civilization. The basis of all civilization is therefore man's organic weakness. As mankind is too weak to struggle for existence with his natural weapons, he must resort to the creation of artificial weapons, through his creative brain, which has brought about the development of tools, machinery, and mechanical appliances. These extensions of mechanical tools to be used by man's five senses are termed "civilization."

Since the mind of no animal can make a tool, animals are incapable of possessing a civilization. The expansion and development of the mind through the aid of writing, printing, art, and science is culture. Since the mind of no animal possesses these gifts, no animal possesses cultural opportunities. Therefore, culture and civilization belong to the human family.

Mr. Chairman, civilization is only another word for applied physics, for it deals mostly with tools and bodies. Its main task is to produce more and better tools to increase man's comfort. Because civilization deals with tools, it involves space, or the eye, just as culture dealing with ideas, notions, terms, similes, involves time, or the utilization of the ear. The American people have been trying now for 150 years to establish a new civilization on this continent. That it also simultaneously established a culture only testifies to the creative energies of the American people. Of course, our civilization has been of much greater importance to ourselves and to humanity than our culture. We have invented some tools of our own which have increased enormously man's comforts. In these enterprises we have been excelling the Europeans for a good many years, but as far as culture is concerned, they still outrank us and can teach us a thing or two.

Like the Romans of old, we are primarily creative in the field of civilization. Our field of activity is our vast spaces, comprising a whole continent, but the field of activity of ancient Greece, whose culture is to the present day a source of inspiration to all humanity, was not space but time. Of the former there was very little. Athens and Sparta were both but villages in comparison to our metropolitan cities, and civilization as a special entity was nonexistent. Part of it was found in Asia Minor, another in Italy, and a third part in what is today called Greece. The Greeks, whose genius was not space, but time, thought in terms of eternity, but the ancient Romans thought in terms of continents, what was to them tantamount to infinity.

Ancient Rome and Greece are not the only examples of this great division in history—civilization and culture. Ancient India and ancient Egypt represent a similar division. Ancient India had all the culture, all the metaphysics, all the poetry, all the philosophy, but ancient Egypt had all the

irrigation machinery, all the tools, all the great monuments, all the architecture, all the building activity, all the pyramids. Ancient Carthage and ancient Judea represent a similar division. Ancient Carthage had all the commerce, all the shipping, all the machinery, but ancient Judea had all the religion, all the poetry, and all the metaphysics. It is true that there were poetry, music, and philosophy in ancient Rome, just as there were art and religion in ancient Egypt, just as there were tools in ancient Greece and ancient Judea. The point is that while the center of gravity in ancient Rome was civilization, it was culture in ancient Greece.

In ancient Rome the appellation given to the king was the Latin sentiment "Pontifex Maximus"—the great bridge builder. When Rome was destroyed, that title was adopted by the Pope, the Pontiff. In ancient days the adage "all roads lead to Rome" symbolized the powerful construction work done by the ancient Romans in building roads, highways, bridges, and tunnels in order to accomplish their military mission in conquering the then known world.

During the Dark Ages there was no civilization but we had a modified form of static ecclesiastical culture. Education was in the hands of the church which disseminated it to all those who sought the influence of the church for learning and education. With the development of the Renaissance, real civilization and culture began. Roads, bridges, cathedrals, monuments, highways, art galleries such as the Uffizi and Petti Gallery of Florence, Doges Palace of Venice, Vatican in Rome and the Museum of Naples which shows the relics of Pompeii and Herculaneum, the civilization of 2,000 years ago. The Louvre and Cluny galleries in Paris; Versailles, the home of Louis XIV and the Bourbon kings who succeeded him; the Schönbrunn Palace, the home of the Hapsburg dynasty, with its priceless art treasures in Vienna; Potsdam, the mansion of the Hohenzollerns, filled with works of art and sculpture; the Hermitage and Sczarko Zelo palaces in Leningrad; and Kremlin the abode of the Romanoffs, with its magnificent collection of oriental art treasures, culture, and paintings of medieval times; these are evidences of the contribution of civilization and culture from the Renaissance up to the present time in the various great nations of Europe.

In modern times the great dictatorial nations such as Russia have only civilization and no culture. Culture preserves freedom of personality and permits the mind to express itself independently of restrictions and censorship. The modern Nazi state of Germany has only a civilization, but is destroying culture that formerly existed under a democratic regime. In modern Italy civilization is marching onward and upward, but culture is being destroyed through the enslavement of the mind. In Japan, another great autocratic nation, only imitative civilization exists. No culture has been developed, and not one philosopher of eminence has ever been produced in Japan, but the great parliamentary constitutional democracies, such as England, France, and the United States, because they grant freedom of mind and expression, have developed the greatest civilization and potential possibilities of a greater culture.

Mr. Chairman, to the extent that the center of gravity in ancient Rome was civilization, building roads and bridges, tunnels and canals, creating tools and machines, and establishing a vast organization of life, in that same measure is it in modern America—it is primarily civilization. In the cities the skyscrapers almost threatening the heavens remind us of the predominance of civilization, and out in the wide open spaces, the roads, tunnels, sewers, bridges, and all the dams, like Boulder Dam and Coulee Dam, remind us of it. To meet the emergencies arising out of the economic crisis we have embarked upon great enterprises of civilization, building more roads, planting more forests, constructing new dams, and creating new sources of power to serve the needs, not only of the already established settlements but also to serve the needs of the settlements to be established. It is true we have not forgotten our cultural needs altogether. Through the constructive genius of Harry Hopkins and his able assistant, Aubrey Williams, we have developed the Works Progress Administration. We have created a Federal theater project and have harnessed the creative energies of countless numbers of cultural workers, actors, painters, musicians, sculptors, writers, and the like, but we have concentrated not on culture but on civilization. We did it not as a caprice but to live up to our historical destiny. The center of gravity in America is civilization and not culture, and when the necessity arose to planfully revitalize our energies and at the same time give employment to millions of unemployed people, our first concern was instinctively enterprises of a self-liquidating character within the domain of civilization. More has been accomplished in this field in the last 5 years than would probably be accomplished under normal circumstances within 25 years. Our Public Works Administration, under the brilliant and gifted leadership of the greatest Secretary of the Interior that this Nation has ever had, honest Harold Ickes, has enriched enormously American civilization that future generations of American citizens will pay tribute to. The same holds good of many other enterprises of a similar character that Mr. Ickes and his distinguished, efficient, capable, and loyal assistant, Mr. E. K. Burlew, an eminent career man in public service for 25 years, and their magnificent organization of P. W. A., workers, have been perfecting all over our Nation.

Many of our people complain about the rising public debt, but they are either not wise enough, or honest enough, to admit that we have something to show for this debt—public buildings, good roads, bridges, hospitals, tunnels, dams, parks, public markets—whose values are never included in our Government balance sheet. When a private business concern draws up a statement showing liabilities and assets, it surely includes among its assets such properties as buildings and improved lands, and will surely include such items as the Boulder Dam, Muscle Shoals, Grand Coulee Dam, and similar pieces of valuable property, but for reasons unknown our Government only lists its liabilities. The citizens of this great country must know that the rising liabilities are matched by great assets which are a source of health and strength to our people. These assets are everlasting contributions to American civilization and a monument to the genius of President Roosevelt and his ablest Cabinet officer, Harold Ickes. [Applause.]

They embellish our cities with parks and playgrounds, they strengthen our landscape with new roads, new bridges, new dams, and new forests, and constitute the greatest contribution to American civilization made in the last 50 years. Those of us who think in historical terms instead of in terms of everyday emergencies, those of us who think in national terms instead of local terms, must wish that we continue to make these contributions to American civilization, not only because in so doing we continue to employ millions of people, but because we continue to enrich our country, we continue to develop our civilization, we continue to increase the security, comfort, and happiness of future generations of Americans. I am so convinced of the necessity of the continuation of the P. W. A. that I would advocate its prolongation into a permanent agency, even had we not to face a recession almost bordering on a major crisis. In the course of our daily business we forget that only by special effort can we continue to tap the vast resources of our country and to develop them, that only by special effort can we develop our avenues of communication. With the increasing traffic, we must have more and better roads. To prevent further devastation of the soil we must have more reforestation. To secure cheap power for vast electrification of sections of our rural population we must have more dams. To beautify the sky lines of our cities we must clear the slums. To provide our lower middle classes with modern, up-to-date housing facilities we must embark upon a vast building program. Our cities need more parks, more and better schools, bathing pools, and more playgrounds for children. In dozens of cities in the East, hundreds of new school buildings must be established because the old buildings have outlived their usefulness and can no longer serve their purpose. All that necessitates the continuing of the Public Works Admin-

istration, which has been the greatest agency of our Nation in developing our present and our future civilization. The budget of the P. W. A. should never be decreased but increased, for money spent on the P. W. A. is money spent on the development of our civilization, which is the primacy of our life and the glory of our Nation. Our Nation is fortunate in having at the helm of the P. W. A. Hon. Harold Ickes, a man of great vision, a profound student, who is aided and assisted by that loyal, faithful, honest, and hard-working Assistant Secretary of the Interior, Elbert K. Burlew. [Applause.]

It should be the policy of the American Government to keep the wheels of our civilization moving and to keep its parts in good shape. We must not permit our public buildings and markets to become dilapidated. We must not permit traffic to become too congested, and to prevent this we have to continue to build new roads. We must not permit our communications to decline because of lack of highways, bridges, and tunnels. America will be as strong as its civilization, and will be as modern as its civilization. To continue it, means continued activity. Civilization, like culture, is a continuous process. It cannot be interrupted for a second. To keep it moving and growing, a special agency—now it is the Public Works Administration, later it may be the permanent Public Works Department—always must be kept busy. Not only is the money involved well spent but the best possible national investments we could make to promote recovery and ultimately bring back prosperity. The preparedness of a nation is coequal with the efficiency of its civilization, and the greatness of a nation, of America, can only be measured by the greatness of its civilization. Its greatness expresses itself in its continuity. Through the great agency of the P. W. A. we must continue to build, continue to improve, continue to replace the old with the new—continue to be active, continue to bring form, harmony, and beauty out of chaos in order that American civilization should endure. That is the great task before us, and only an agency like the P. W. A. can perform this task. Let us, therefore, continue to strengthen and revitalize, fructify, and embellish the phenomena called American civilization. When you consider the P. W. A., do not look at the hundreds of millions of dollars involved; look at the things accomplished. That is the only possible approach to the problem, and it is the approach of true statesmanship and true American patriotism. Culture and civilization are the foundation upon which the superstructure of prosperity, happiness, and comfort will forever rest and thus bless our American people, and enrich our American homes, hearths, and firesides. [Applause.]

Mr. TABER. Mr. Chairman, I yield 20 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Chairman, we now have before us for consideration House Joint Resolution 679, making appropriations under the President's so-called pump-priming bill. This should be designated "a bill for the relief of the New Deal administration, for the relief of New Deal office holders and favorites, for priming the primaries and other elections."

No other person in or out of Congress could be more deeply interested in helping needy people who cannot help themselves than I am. My record of many years of public service attests that fact. This is now and has been throughout the depression the attitude of the Republican Party in the House and Senate. The new dealers do not have a monopoly upon philanthropy or Christian charity.

The objection of myself and the Republican Party is based on the way and manner in which the relief has been and is being administered. We have denounced and shall continue to denounce chiseling, fraud, wanton and reckless waste of the taxpayers' money, favoritism, and politics in the handling of the relief problem. Billions of dollars of the taxpayers' money have gone into the pockets of a great army of officeholders, politicians, political favorites, and chiselers, paying them high salaries, while at the same time millions of needy people have been denied relief or have been granted such meager relief as really means starvation. Under the name of liberalism and feeding and caring for hungry, needy people, these New Deal politicians have developed a political racket, using the taxpayers' money to build political machines and promote the interest of their party or factions of that party, not only in the final elections but in the primary elections. This money has been and is being used against Republicans and also for one faction of Democrats in various States and localities as against other Democratic factions. These so-called liberals are liberal in one way only—they are liberal with the taxpayers' money in promoting their own selfish interests. Very few, if any, have provided any jobs for the working people.

I submitted a questionnaire to thousands of people living in my congressional district as to whether or not there were partiality, favoritism, and politics shown in the administration of relief money. I received more than 5,000 replies, and all but some 15 or 20 answered in the affirmative. These replies came from each and every one of the more than 600 voting precincts in my congressional district. During the last 5 years I have visited almost every community in my district and I have received a similar report from the people themselves. A recent Nation-wide poll showed a big majority of the people of this Nation have the same opinion.

This monster of political favoritism, partiality, corruption, chiseling, oppression, and coercion of the people has grown day by day. It threatens the destruction of this Nation. It is little wonder that up to this time I have not received a single letter, telegram, or personal request from anyone living in my congressional district to support the bill now before us.

REPRESENT A WONDERFUL PEOPLE

I assert as a positive fact that I have not received a single letter, telegram, or other request from any person in my congressional district to vote for this so-called pump-priming, face-saving, political relief bill of the President, but, on the contrary, I have received many letters, telegrams, petitions, and personal requests from all groups of citizens in my district to vote against it. I received a petition signed by a number of citizens in a poor rural section urging me to vote against the bill. It was asserted in this petition that there were 15 voters in that voting precinct, and so far as they could learn each and every voter was opposed to the bill. They said in their opinion that one of the main purposes of this so-called relief bill was to continue the present administration in power, and that if we continued in this course of spending $2 for every dollar taken in our country would be destroyed. They urged that politics be taken out of relief and that the money go to the needy people.

I think this is the attitude generally of the Republicans and one section of the Democratic Party in my congressional district. Of course, the other faction is trying to use relief money and relief jobs to aid its candidate seeking the Democratic nomination for United States Senator.

Some member of nearly every family in my district at some time or other has worn the uniform of our country. They have given generously of their blood and their fortunes in every struggle that this country has made from Bunker Hill to Flanders fields. It is a great American district. The people believe in our Constitution and our republican form of government. They also still recognize that there is real virtue in honesty in government and in business, and that industry, economy, self-reliance, and common sense are not to be despised. They scorn communism, nazi-ism, fascism, socialism, but they cherish true Americanism. They realize that this great burden of taxes and this tremendous debt in the end must be borne by them and their children, and that we are eating up the future substance of our children and our children's children. They appreciate the rich heritage given to them by the heroic men and women

throughout the years. They believe, as I do, that this heritage, instead of being destroyed, should be handed down to our children and our children's children enriched by our own devotion and sacrifices. Now, if there should come a time that they desire to have some person represent them who would overturn the great charter of liberties given to us by our fathers—the Constitution—who would pull down the temples of our courts, who would overturn the great fundamental principles that have made this the richest, finest, and greatest country of the earth, who would destroy its credit and honor, who would forget the sacrifices of our fathers in the Revolution, the War of 1812, the Mexican, Civil, Indian, Spanish-American, and World Wars, and be willing to exchange the priceless heritage for a mess of pottage—when that time comes, I shall willingly surrender my seat in the House. I pray my desire for political preferment will never cause me to break my oath or vote for any measure that will lessen their freedom or take from them or the American people any part of this richest of all heritages. [Applause.]

PRIME THE PRIMARIES AND OTHER ELECTIONS

The main purpose of this so-called pump-priming program of the President and his New Deal friends is to try to cover up their blunders and prime the primaries and other elections. I have received hundreds of letters from Kentucky, and especially from my own congressional district, in which it is charged that one cannot get on the W. P. A. or other relief job or stay on the job without pledging to support a certain candidate for United States Senator against another Democrat running in the same primary. It is charged that campaign managers and leaders and workers for the administration's candidate for United States Senator are given in many instances the jobs as foremen and supervisors of relief work. It is also charged that Republicans are required to change their registration to Democrat, and it is broadly hinted day by day that unless these Republicans change their registration and they, with the Democrats on W. P. A., become interested in the administration's candidate for Senator and vote for him they will find themselves out of jobs. W. P. A. trucks are used openly to haul relief workers to the polls to register.

I recently visited a number of counties in my congressional district, and I found many Republicans wearing the button of this certain candidate for United States Senator, and they explained to me they were forced to do this in order to secure work to provide food, clothing, and shelter for themselves and their families. The Democrats in the other faction who are supporting the opponent of the administration's candidate talked to me very freely and denounced the oppression and coercion being used against those who had W. P. A. or other relief jobs.

I read from a letter sent to me by one of the prominent Democrats in my district, dated April 30, 1938, in which he uses this language:

W. P. A. workers in truckloads were brought in last week to the courthouse in W. P. A. trucks for the purpose of registering, some of whom had previously registered as Republicans, and some of these stated they were given to understand by their supervisor that their failure to register as Democrats would jeopardize their chances of being retained as workers. We have right here in our district the most flagrant abuse of W. P. A. authority. This is such an outrageous violation of public decency in the use of public funds and influence that I am constrained to bring it to your attention. Any number of affidavits could be obtained here that would bear out what I have written.

Another citizen writes:

I cannot get work because I have always voted the Republican ticket.

Yet another says in his letter:

Only those get on this W. P. A. who have got a good pull and are willing to say they will vote for the administration's man for Senator.

A Republican writes as follows:

I can't get on unless I would be willing to change my registration from Republican to Democrat. I would rather starve than to sell my birthright.

And another man says in his letter:

I am writing you in regard to what is going on here in the W. P. A. The Democrats are asking Republicans to register as Democrats in order to vote in the Democrats' primary for BARKLEY and threaten them with their jobs if they don't. The question is, Have we any protection?

Another voter writes as follows:

At this time we have got a confusion over politics. The foreman and timekeeper was on the check-up of each voter who was working on this project. There are about 45 men on the job, Republicans and Democrats. They are asking all to register and be Democrats.

I received another letter from a man in one of the county seats in my congressional district in which he says:

We had only one certifying agent in this county, and it was not always easy to find him. The other day they sent in four more, and one has to be d—n careful now to keep off the W. P. A. in this county.

I could go on and give similar quotations from scores of recent letters. In talking to Republicans and Democrats in both factions in Kentucky it was pointed out that the administration's candidate would have the W. P. A. and other relief project workers in the primary election. The W. P. A. ranks are increasing in Kentucky by leaps and bounds.

This coercion and oppression of needy people to me is damnable and unspeakable. [Applause.] Here are a lot of politicians in the name of philanthropy and Christian charity playing politics with the misery of needy people and forcing them to surrender their priceless privilege of voting for the man or party of their choice to secure food, clothing, and shelter for themselves, their wives, and children, requiring them to exchange their votes for bread, and at the same time these political philanthropists, these self-styled superpatriots, are breaking down the morale and self-respect of a great people.

These are the objections that I, other Republicans, and millions of other patriotic citizens have to the present political and partisan relief set-up in this country. I am ready, the Republican Party is ready, I am willing, the Republican Party is willing, and all citizens with any humanity in their hearts are willing to help those who cannot help themselves. We must, however, insist upon cutting out chiseling, fraud, graft, favoritism, partiality, and politics in the administration of relief. The Republican Party favors and I favor this relief money being administered by a nonpartisan or bipartisan board made up of intelligent, experienced, honest, patriotic citizens of both parties in the cities, counties, States, and the Nation, who will be motivated alone by service to the needy and have no selfish purposes to serve and no political axes to grind.

RELIEF ROLLS INCREASE IN ELECTION YEARS

During the summer months and up to November in the off years in which there are no national elections, relief rolls have greatly fallen off, but in the years in which there is a Federal election they have greatly increased. In 1933 from June to November there was a decrease of 3,243,000 persons on relief. In 1935 there was a decrease of 3,165,000 persons; and in 1937 a decrease of 2,648,000 persons; while on the other hand in the congressional election year of 1934 the relief rolls increased by 2,283,000 persons in the corresponding months from June to November. In 1936 the number of persons on the relief increased from 17,900,000 persons in July to 19,913,000 persons in November, notwithstanding the fact that the Federal reserve index of industrial production moved up 10 percent between June and November of that year and notwithstanding the fact that in 1937 the index of industrial production moved down. Inasmuch as it is shown by the relief records that the number of persons on relief increased by millions in the summer months in the years in which we have had congressional or Presidential elections and have decreased by millions in the same months in the years in which there were no congressional or Presidential elections, this is just some more proof that instead of using this money to prime the pump of agriculture, industry, and commerce, a lot of it was used to prime the primaries and general election.

A NATIONAL SCANDAL

In the recent Democratic primary in Florida our own distinguished colleague and Democrat, Mr. WILCOX, made vigorous complaint to the administration about the use of W. P. A. and other relief funds against him and in favor of his opponent in that primary. He felt so deeply on the subject that he proposed an amendment to this bill that W. P. A. funds be denied to anyone engaged in Federal, State, or municipal campaigns. The new dealers in the House defeated this amendment by a substantial majority.

Our colleague, Mr. BRUCE BARTON, Republican, of New York, offered an amendment to impose fines of $5,000 and prison terms of 5 years on persons found guilty of using W. P. A. money for political purposes. The new dealers of the House defeated this salutary amendment. An amendment by Congressman ALFRED M. PHILLIPS, Jr., Democrat, of Connecticut, to eliminate the use of relief money to play politics was likewise defeated.

Vigorous protests are being made by one group of Democrats in Pennsylvania, who are contesting with another group of Democrats in the primary to be held next week for Governor and Senator in that State. They point out and complain of the use of W. P. A. and other relief funds against them by another faction of the Democratic Party. In all these complaints there are coupled charges of coercion and intimidation on the part of those who have control of the relief money.

On my recent visit to Kentucky I heard scores and scores of citizens speak of the approaching primary in that State between two Democratic candidates for United States Senator and say there would be no primary election in Kentucky this year; that it would be a public auction; it would be the United States Treasury bidding against the State treasury. This is a sad comment, the campaigns of these candidates in the primary being largely financed out of the pockets of the taxpayers. There will be thousands of persons holding offices, rendering little or no service to the people, but devoting their time and energies to the promotion of some candidate. Millions of dollars of that money were taken from the pockets of the taxpayers to relieve needy people but is used to relieve needy politicians and their henchmen.

KENTUCKY W. P. A. WORKERS DISCRIMINATED AGAINST

The President and some of his northern and eastern New Deal friends have been insisting on having uniform wages and hours throughout the United States—North, East, West, and South; yet in the administration of this relief they pay the relief worker in Kentucky and other Southern States $21.60 a month with the high costs of living, and at the same time in some of the States of the North and East they pay as high as $60 a month in the rural sections for doing common labor, the identical kind of work being done by the W. P. A. workers in Kentucky and other Southern States who receive $21.60 or less per month, and are required to work more hours for this small sum than is required of those in the North and East. At the same time in many cases to my own personal knowledge these W. P. A. workers in Kentucky walk 8 miles or more over rough roads, hills, and mountains each way day and night to get to the W. P. A. project. They must leave by daylight in the morning in the long days of summer to reach their jobs on time, and they get back to their homes after dark.

Now, why should W. P. A. workers labor under conditions like that in Kentucky for about a third of what is paid W. P. A. workers for doing the same kind of work in New York, Pennsylvania, Ohio, and other States? Is it because this New Deal administration feels that Kentucky and other Southern States are safely Democratic and therefore they can force the W. P. A. workers in Kentucky to dig in the mud for $21.60 per month, but in States that are normally Republican, like Pennsylvania, Ohio, and New York, they give them around $60 per month?

I am referring now to wages paid in the rural sections. It costs just about as much to live in the rural sections of Kentucky as it does in the rural sections of the North and East.

If it is fair under the President's wage and hour bill to pay uniform wages and have uniform hours in industry throughout the country, how can the Government justify its position in refusing to pay uniform wages on Government work?

I shall sponsor an amendment and other Members of the House will sponsor amendments and do everything possible to secure favorable action requiring that uniform wages be paid for W. P. A. work in rural sections throughout the Nation. These amendments will be urged by Democrats, Mr. TARVER, of Georgia, and Mr. MCREYNOLDS, of Tennessee, and others.

There is no good reason on earth for this favoritism and partiality. In the first place, there should be no relief projects except those that are necessary and economically sound, and there are plenty of these projects. There are 2,500,000 miles of unimproved roads in this country, many communities needing public buildings, elimination of grade crossings, and other necesasry work. These are worth-while and necessary projects. Let those on relief work and render good service, and pay them real wages.

It has been shown that the cost of living is about the same in the North, East, West, and South in the rural sections and in no event is there more than 10 percent difference, but under this relief set-up, those in one section receive from 100 to 200 percent more wages than do our relief workers in Kentucky.

This bill will be put through the House under the whip, lash, and spur of the administration without correcting this discrimination and partiality. I am urging the citizens of Kentucky to call upon the Democratic Senators of Kentucky and others to insist upon giving the relief workers in Kentucky the same fair consideration that is given the relief workers in other States.

Only about 60 cents of every relief dollar ever gets down to the people. The balance of the money goes to overhead—to support a great army of officeholders and political favorites and to pay big salaries and enormous traveling expenses to them. The Republican Party stands for a policy that will take politics out of relief and relief out of partisan politics and get the money to those who need the relief and let there be on discrimination whether the needy person be black or white, Democrat, Republican or Socialist. Let us put a stop forever to this financing of either faction in the Democratic Party or any other party, or financing either party in the final election out of the pockets of the taxpayers of the country. It is now admitted that on an average from 25 to 33⅓ percent of the income of the American people goes for taxes—district, town, city, county, State, and national, and as well said by President Roosevelt some years ago:

> Taxes are paid in the sweat of every man who works and if excessive they are reflected in closed factories and a great army of unemployed walking the highways seeking the jobs they cannot find.

PUMP PRIMING, BLOOD TRANSFUSION, OR OXYGEN TENT

For 5 years our New Deal friends in the House and Senate have referred to the various sums appropriated for relief as pump priming. Our new orators have made no mention of pump priming in this debate. They know the American people have become fed up on the pump-priming slogan. The American people know that the pump has not been primed. So our New Deal friends have coined a new slogan. Our distinguished friend from Virginia [Mr. WOODRUM], who has charge of this bill, in a story he told yesterday about surgical and medical treatment being given to a soldier in the Walter Reed Hospital, suggested that this bill was a blood transfusion or an opiate. The records of the Treasury Department and the Federal Reserve Board show that the Government has appropriated for the 5 fiscal years from July 1, 1933, to be used in the 5 years ending June 30, 1938,

over $45,000,000,000 and for the 6 years ending June 30, 1939, approximately $56,000,000,000 and has authorized to be appropriated over three billions more. These countless billions we have spent must have been an opiate, as they have put industry, agriculture, and commerce to sleep. They have caused a tremendous decrease in the number of employed workers, farm commodity prices, and a tremendous increase in taxes, debts, deficits, and unemployment. Therefore, our distinguished friend from Virginia insists that the six billion or more provided for in this bill is a blood transfusion, but Mr. Hopkins insists that the relief for W. P. A. called for will be exhausted by February 1, 1939, and it will require an additional billion or more to carry us through until July 1, 1939. Therefore we will have another relief bill up in Congress in January 1939. The transfusion of $6,000,000,000 for the fiscal year beginning July 1, 1938, will not restore the patient. I am wondering what slogan our friend from Virginia will use when he calls for more money for relief in January 1939.

I am always alarmed when a patient requires a transfusion of blood. It shows that the patient is very ill and in a desperate condition. Therefore Mr. WOODRUM admits that our country is very ill and in a desperate condition. No doubt in January 1939 when additional relief money is required he will speak of it as the oxygen tent.

Now, let us see how much the pump has been primed from June 1933 up to the present time, and let us examine the results. The President asserted in his campaign speeches in 1932 that there were from seven to ten million workers unemployed in this country. In June 1933 it was claimed by the New Deal and the President that there were 10,000,000 unemployed. Congress gave to the President $3,300,000,000 in a lump sum to prime the pump, to bring about recovery, and to put the unemployed people to work. It was asserted by the New Deal spokesmen that this pump priming would put at least 6,000,000 of these unemployed workers back to work by Labor Day, September 1933, and recovery assured. In February 1934, $950,000,000 more was appropriated, and on June 19, 1934, another appropriation of $1,424,675,000 was made. Early in 1935 Congress gave the President another blank check for $4,880,000,000 to prime the pump. There was appropriated by two acts of 1936 an additional amount of $1,733,000,000 to prime the pump, and in 1936 another sum of $884,000,000, and as these various sums were appropriated the country was assured that each appropriation would be the last. Business recovery was assured and unemployment would be taken care of. In June 1937 the administration was given another blank check for $1,500,000,000; in July 1937, for the C. C. C., an additional $350,000,000; on March 2, 1938, another $250,000,000. These do not include $2,653,000,000 which Congress directed the R. F. C. to put out for relief purposes. We might say in passing, that this $2,653,000,000 of so-called loans without security or worthless security have proven to be a total loss and recently by act of Congress the R. F. C. was given credit for that sum and the Government took over the worthless securities. Our New Deal friends admit that that was a total loss.

We have paid out about $3,000,000,000 in one form or another for farm relief made up of processing taxes and other funds.

Altogether the Government has expended more than $22,000,000,000 for so-called pump priming or relief. This does not include other expenditures of the Government. In all, up to June 30, 1938, there will have been expended in 5 years nearly $50,000,000,000. Now, is the pump primed? The pump not only is unprimed, but we have exhausted the water taken from the spring of the United States Treasury. We have increased the amount of Federal revenues taken from the people more than 200 percent annually. We have spent all of this increase of taxes and borrowed approximately twenty billions for pump priming, and in order to provide funds for relief to give people work, as they say, we are proposing to expend in addition to the ordinary expenses of the Government more than $6,000,000,000 for the next fiscal year. I heard a very distinguished Democratic Senator say in a speech the other night that the national debt by June 30, 1939, would be $42,000,000,000. Other good Democrats have declared that it would be $45,000,000,000, and these same Democrats predict that the deficit for the coming fiscal year will be somewhere between $3,000,000,000 and $5,000,000,000, but the pump is not primed.

The Government records show that this Nation expended from 1789 to July 1, 1933, $134,222,069,584. With this sum of money the ordinary expenses of the Government were carried on for 144 years. We fought the War of 1812, the Mexican War, the Civil War, the Spanish-American War, the World War, and a score of Indian wars. This includes also all the money spent in the 144 years for the Lousiana Purchase, the purchase of Alaska, the purchase of the Philippine Islands, the cost of building the Panama Canal, the payment of pensions to all the veterans of all the wars, their dependents, widows, and orphans, the construction of harbors, public highways, public buildings, and the part that the Federal Government has taken in the development of this great country of ours. A little over $134,000,000,000 in 144 years and during that time we passed through five great panics. This administration with no war has spent over $45,000,000,000 in 5 years and has expended in addition approximately five billion of the proceeds of bonds issued by various agencies of the Government, the principal and interest of which had been guaranteed by the Federal Government. In other words, it has spent $50,000,000,000 and has had unlimited powers granted to it and yet we find ourselves with the greatest army of unemployed that this country or any other country has ever had; we find business, industry, and commerce almost paralyzed. If we consider what is carried in this bill with other appropriations made for the fiscal year ending June 30, 1939, Congress will have appropriated for the 6 years of Mr. Roosevelt's administration almost $56,000,000,000, not including the nearly $5,000,000,000 worth of bonds guaranteed by the Government. This is nearly 44 percent of the cost of operating this Government during the 144-year period including all the wars and all the panics and this great sum equals nearly 44 percent of the assessed value of all the real and personal property as shown by the assessors' office in all the 48 States, as fixed in 1935; but the pump is not primed.

Now, have we recovered? No; we have not recovered. Many of our Democratic friends, in their speeches on the floor of the House, have placed the number of unemployed somewhere between twelve and sixteen million. John L. Lewis, head of the C. I. O., in March 1938 placed the number of unemployed workers at 13,000,000 or more and declared that the number was on the increase. William Green, president of the American Federation of Labor, and a good Democrat, places the unemployed at approximately 12,000,000 as against the 10,000,000 that were claimed as unemployed by the administration in June 1933.

There are less miners and railroad workers at work in my district today than at any time during the so-called Hoover depression. The Interstate Commerce Commission, on April 6, 1927, reported there were 1,131,000 railroad men at work. The Commission reported again on April 6, 1938, 1 year later, 913,070 railroad men at work. In other words, in 1 year railroad employment decreased 217,960, which is approximately 20 percent in 1 year, and, unfortunately, the number of employed railroad workers is still going down. There was a decrease of 14,278 in the month of April, and this is the spring of the year, when business and employment should be on the increase. The mines are operating on an average of about 1 or 2 days per week. The administration admits that there has been the sharpest decline in employment in the last few months than at any time in our history, and during all that time billions of so-called pump-priming funds were being poured out by the administration.

Of course, business reflects the same conditions in industry and commerce. Business is now down 22 points below the level reached in July 1933. The production of motorcars has been cut approximately 60 percent in a year's time.

Car loadings are in the neighborhood of 40 percent below what they were this same time in 1930.

Every time the President makes a fireside chat, business slumps and unemployment increases. I saw a good Democrat from my district the other day who is in the real-estate business, and he wanted to know if there was not some way to stop the President from making these fireside chats. He asserted that every time the President made a fireside talk it hurt his business.

With all the publicity about this pump priming, blood transfusion, and recovery program, farm commodity prices continue to go down, business continues to decline, and unemployment continues to increase.

Harry Hopkins says he makes no claim that the expenditure of large sums of public money will bring about recovery. Mr. WOODRUM, in charge of this bill, makes no claim that the expenditure of this sum of money will bring about recovery or restore employment. For 5 years the administration and its friends have been making extravagant claims as to what the expenditure of these large sums would mean in the way of recovery and bringing about prosperity and employment. In each and every case they have proved to be unreliable prophets. Conditions have grown worse all the time.

It is quite evident that we need a new pump and a new set of pumpers. We are trying to transfuse with the wrong type of blood. We have been trying to put into the blood stream of this great American system socialistic and communistic policies. It has added to the illness and distress of the patient. Our friend, Mr. WOODRUM, said on yesterday in his speech that because of the failure of one transfusion or a few transfusions we should not discharge the doctors and nurses and leave the patient without any doctors or nurses. We would not urge that the patient be left without medical treatment or the care of nurses, but after a lot of doctors and nurses have worked on the patient for 5 long years and the patient has grown steadily worse, the dictates of reason and common sense would suggest that there be a change of doctors and a change of treatment. This Nation needs some new doctors and some new treatment. We need doctors who are versed in and believe in the American system of government—doctors who know and believe that jobs must be provided for the workers of this country by agriculture, industry, and commerce. There are fifty-odd-million workers in this country. No one is foolish enough to think that the Government can provide the jobs for all the workers. We have had a big relief program on all the time, yet we have from twelve to sixteen million unemployed workers. Why? Agriculture, business, and commerce languish. Why? It is because of the so-called reform policies of this administration. Socialism and communism do not fit into our political or economic scheme. These doctors and nurses have been belaboring the patient with clubs and rubber hose, with excessive taxes, unwarranted interference, and oppressive regulations by attempting to place the activities and enterprises of 130,000,000 Americans into the hands and control of the bureaucrats here in Washington, by Government competition with private enterprise, breaking down of confidence, stirring up of class hatred, destroying self-reliance, by lack of honesty in government, and by discouraging industry and business. The Federal Government must encourage agriculture, industry, and commerce. It must protect agriculture, industry, and the workers in agriculture and industry of this country from the unfair competition of the farmers and industry and the workers on farms and in industries in foreign countries. Give the American market to the American farmers, industries, and workers. Do not take away everything that the people earn in taxes to support myriads of unnecessary job holders.

FALSE PROPHETS, POOR LEADERS, UN-AMERICAN POLICIES

It is admitted that this is the greatest agricultural, industrial, and commercial country of the world. No other country can equal us in its splendid harbors, its rivers, lakes, its soil, its climate, its natural resources, and the intelligence of its cititzens. Yet today this country is in the worst condition of any country in the world, except those engaged in war. Many countries have more jobs than it has workers. For instance, Germany is one of these countries.

An Englishman, who had studied our country, in one of the English papers in substance had this to say about our country, its present leadership, and their policies. This writer points out that our country contains only 6 percent of the world's area and only 7 percent of its population, yet, we operate 60 percent of the world's telephone and telegraph facilities, own 80 percent of the motorcars now in use, operate 33 percent of the railroads, produce 72 percent of the oil, 60 percent of the wheat and cotton, 50 percent of the copper and pig iron, and 40 percent of the lead and coal output of the world. It has two-thirds of the world's banking resources; one-half of all the gold in the world. Its 130,000,000 people have the purchasing power of the entire population of Europe with its 500,000,000 people, and greater purchasing power than the more than a billion people living in Asia. After pointing out the smallness of our population and our tremendous resources and development he continues:

> Responsible leadership which cannot translate such a bulging economy into assured prosperity is destitute of capacity. A pompous statesman looking over this country solemnly declares that the methods by which it was created are all wrong, ought to be abandoned, must be discarded; that the time has come to substitute political management for individual initiative and supervision.

He continues:

> There is only one way to characterize that proposal * * * it is just damn foolishness.

He truly points out this New Deal administration has turned its back on all the principles, policies, and experience that have made this Nation the envy of the world in its progress, development, wealth, resources, and manpower, and is trying to force down the throats of the American people the wild, exploded theories of Marxism, socialism, and communism—theories that were tried and discarded centuries ago.

This administration has bankrupted this country in an attempt to change our form of government, instead of bringing about recovery. Our Nation has been sick, and it is sicker today than it was 5 years ago. The chief concern of a true surgeon and doctor would be to provide proper treatment and bring about the recovery of his patient before insisting upon his reform.

We must bring about recovery. To do so, we must encourage agriculture, industry, and commerce. There must be a constant flow of capital into enterprise instead of into politics. There must be a flow of capital into enterprise, produce, buy, sell, consume, dispel fear, restore confidence, encourage every individual, both large and small, to invest his or her money in farms, homes, factories, mills, shops, stores, and mines, and give the American people real work at real wages. Let us use the taxpayers' money to promote the general welfare of the people of the Nation instead of promoting the political fortunes of some party or the faction of any party.

Mr. WOODRUM. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and in connection therewith to insert certain letters and documents relating to certain matters I shall discuss.

The CHAIRMAN. The gentleman will have to secure that permission when we go back into the House.

Mr. TARVER. Mr. Chairman, I want to discuss one particular subject matter connected with this bill, and that is the rates-of-pay provision with regard to W. P. A. workers. I wish to use in connection with what I may say, as I have indicated, certain letters and documents which have relationship to the question, and I shall endeavor later to get the permission in the House necessary in order to incorporate those in the RECORD in connection with my remarks.

I intend to offer, when this bill is read under the 5-minute rule, an amendment which will read as follows:

Page 9, line 7: Strike out the period, insert a colon, and the following: "*Provided*, That no differentials in such rates of pay exceeding 10 percent of the maximum rates shall be fixed as between different States or areas of the same general types in the several States."

I have procured from the Works Progress Administration a statement showing the schedule of monthly earnings established by Executive order for W. P. A. workers. The country, as you doubtless know, is divided into three regions, region 1 including the States of New York, Pennsylvania, and various other important Northern and Eastern States; region 2 including Kansas, parts of Missouri, Delaware, the District of Columbia, Maryland, parts of Texas, and West Virginia; and region 3 which includes the Southern States.

The statement referred to, incorporated herein under permission obtained in the House, is as follows:

TABLE I.—*Schedule of monthly earnings established by Executive order*

Wage rate region[1]	Urbanization group[2]				
	(A)	(B)	(C)	(D)	(E)
UNSKILLED WORK					
Region I	$55	$52	$48	$44	$40
Region II	45	42	40	35	32
Region III	35	33	29	24	21
INTERMEDIATE WORK					
Region I	65	60	55	50	45
Region II	58	54	50	44	38
Region III	52	48	43	36	30
SKILLED WORK					
Region I	85	75	70	63	55
Region II	72	66	60	52	44
Region III	68	62	56	48	38
PROFESSIONAL AND TECHNICAL WORK					
Region I	94	83	77	69	61
Region II	79	73	66	57	48
Region III	75	68	62	53	42

[1] Regions as of August 1937 included the following States: I—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Illinois, Indiana, parts of Kentucky, Michigan, Minnesota, parts of Missouri, Ohio, Wisconsin, Arizona, California, Colorado, Idaho, Iowa, Montana, Nebraska, Nevada, North Dakota, New Mexico, Oregon, South Dakota, Utah, Washington, Wyoming; II—Kansas, parts of Missouri, Delaware, District of Columbia, Maryland, parts of Texas, West Virginia; III—Arkansas, parts of Kentucky, Louisiana, Oklahoma, parts of Texas, Virginia, Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee. Region IV was eliminated as of July 1, 1936, through the transfer to Region III of all States previously included in it.

[2] Urbanization groups are defined as the groups of counties in which the 1930 population of the largest municipalities was as follows: Over 100,000, group A; 50,000 to 100,000, group B; 25,000 to 50,000, group C; 5,000 to 25,000, group D; under 5,000, group E.

An examination of these rates of pay for W. P. A. workers as now provided—and I may say that there is not as much discrimination now as there has been at certain times heretofore—shows that these rates run all the way from $21 per month in region No. III provided for a W. P. A. worker in areas where there are not cities of 5,000 population or more, to $55 per month for the same type of work—that is, unskilled work—in region No. I. For skilled and intermediate work, professional and technical work, the maximums in region No. I run $65, $85, and $94 per month. This does not tell the whole story. If you will examine the report of the Byrnes Committee filed on April 20, 1938, the special committee appointed to investigate unemployment and relief, you will find that that committee developed by its investigation the fact that in some areas of the country a so-called skilled worker is employed at union wages on the W. P. A. roll and works only a few days a month for the W. P. A., earning in those few days his security wage; and thereafter, in 63 percent of the cases investigated, works for other employers, thereby depriving other men who are not employed of work that they might otherwise have obtained from these other outside employers. May I read briefly from the report submitted by the Byrnes Committee: For instance:

In the District of Columbia a carpenter on a Works Progress Administration project earns his security wage of $73.50 by working 42 hours in a month at the established prevailing wage of $1.75 per hour.

In other words, the carpenter on the W. P. A. project in the District of Columbia works 2 hours over a 5-day month, if you figure 8 hours per day, and he earns $73.50; whereas the unskilled worker who toils on a W. P. A. project in my district in Georgia works the full number of hours required all of the month and earns $21. The monthly scale, therefore, does not show in full the great differences in pay. To know this you would have to know how many days a man has to work to earn his month's pay.

It further appears, according to the report of this committee, which immediately follows the language I have read, that 63 percent of the W. P. A. employees whose cases were investigated by the committee not only work only a few days a month in order to earn this comparatively high security wage, but thereafter enter other employment for outside employers, thus depriving other men of jobs.

This is a situation which in my judgment is fundamentally unfair. I am not one of those—and I direct my remarks to the Members of the House who favor the passage of the pending wage and hour bill—I am not one of those from the South who have announced that they do not propose to vote for any legislation regarding wages and hours. On the contrary, I regard the problem which is represented by the pending legislation as one of the most important to the prosperity, not only of the American laboring man but of the people generally, which has been presented to the Congress in a great many years; and I am not out of accord with the position of the Democratic platform that through State and National cooperation some method should be worked out by which that problem may be solved. I think the method should be constitutional, and the fact that the authority of Congress exists only under the interstate commerce clause of the Constitution, and that the portion of the problem having to do with intrastate activities must be dealt with by State legislatures, is recognized by the Democratic platform of 1936. I think it would be wiser to provide first for limitation of hours and defer until later attempted wage regulation, when we may act in the light of the experience gained with hours regulation, and not attempt too drastic a revolution in industry at one time. But any man in public life today is blind who cannot see that this problem must be faced and must be eventually solved not only in the interest of labor but of employers as well.

But to say that is not saying I intend to support just any legislation, whatever it may be, which is advanced dealing with this subject matter. I want to be sure before I give my support to legislation of that character that it is legislation which will tend to improve the condition of the workingman, and, of course, I am particularly interested in the workingmen in the section of the country I represent, rather than legislation which will throw them out of employment and instead of insuring that they will be employed at the minimum wage provided in the bill may perhaps bring about the result of insuring that they have no jobs at all.

A majority of the membership of this House, and that majority could have been increased had it been necessary, has recently signed a discharge petition to bring to the floor of the House a bill which provides for minimum wages and maximum hours, fixed and rigid in character, and applicable to the entire United States. In my section of the country the majority of the people, in my judgment, are oppressed with the fear that this legislation is not advocated in good faith for the purpose of improving the condition of the American workingman but that it is advocated—certainly in certain quarters—for the purpose of trying to bring about an advantage for industry in certain sections of the country over industries of the South, and to try to penalize the South

because of the progress it has made industrially during recent years. I do not believe all of those who signed that discharge petition are actuated by that motive, but I fear some of them who I understand have been campaigning recently in their own States, especially in the Northeast, on the idea that they are going to secure the passage of a bill of this kind in order to bring back to their section industries which had left their section and had gone to the South, are actuated by motives of that sort rather than by a desire to improve the condition of the American workingman. I will do anything in my power to cooperate with men who are trying to better the condition of the American toiler. I will not cooperate in any effort to take away from southern workers their jobs.

I want to test the sincerity of those of you who signed the discharge petition indicating your favor for a bill which will fix rigid levels for wages and hours throughout the country. You certainly would not want to put the stamp of your approval on a W. P. A. schedule of wages and rates which provides for discriminations in wages of approximately two-thirds—that is, 3 to 1—between employees of the W. P. A. in certain sections of the country and those who perform similar work for the W. P. A. in other sections of the country.

Is it fair that a man who digs a ditch for the W. P. A. in Georgia should be paid $21 per month for that service and that a man who performs the identical work for the W. P. A. in the State of New York should receive, as shown in this present schedule, $40 per month if he lives in certain areas, or $55 if he lives in others? I admit there are certain differences that ought to be taken into account in connection with the cost of living. Nobody would insist, I take it, that the differences that should so be taken into account would be as great as is indicated by that differential in the wage scale. The statement I made had particular reference to employment in rural New York. I concede that in the great cities of the country it is vastly more expensive for a man to maintain himself and his family than it is for him to do so in a rural area, either in the North or in the South; but at the same time those of you who have brought about the discharge of the Rules Committee from the wage and hour bill rule have not taken that into consideration in providing the wage levels, because you have undertaken to apply the same minimum wages to workers in the large cities that you apply to workers in the rural areas; that is, in areas where they do not have large cities.

I want you to show your good faith. I have provided in this amendment a small differential of 10 percent, going to that extent beyond the provisions of the pending wage and hour bill. I have prohibited by the language of the amendment greater differentials, so far as the W. P. A. is concerned, as to the same class of workers doing the same work as between States or areas in the several States. If you feel there ought to be a minimum wage level applicable to the whole country, a fixed level as to which there shall be no differential, for private industry, and you believe your position is based on a just and fair appreciation of conditions as they exist in this country today, and that feeling is not actuated by prejudice or by sectional feeling, then I want you to support an amendment which will at least provide that there shall not be more than a 10-percent differential as between W. P. A. workers in the wages paid in various sections of the country.

Mr. COCHRAN. Will the gentleman yield?

Mr. TARVER. I yield to the gentleman from Missouri.

Mr. COCHRAN. The W. P. A. is now paying what is known as a security wage, is that not correct?

Mr. TARVER. The W. P. A. is paying what is called a security wage.

Mr. COCHRAN. And the purpose of that, as I understand it, is to have a wage slightly below the prevailing scale, is that correct?

Mr. TARVER. The purpose of that, as I understand, is to provide a sufficient livelihood under the circumstances in the locality where the worker may live for the support of himself and those dependent upon him, and in connection therewith it may be that some effort has been made to provide a wage slightly below the prevailing wage.

I am not unaware of the fact that in my own State there has been great complaint concerning the wages paid W. P. A. labor as preventing other employers from obtaining needed employees. I am not of the opinion that we have yet found a plan for dealing with unemployment which will stand the test as a permanent policy. I believe that eventually this entire program for unemployment relief will have to be changed. But so long as you have it, you ought to try to deal fairly with the unemployed who are given Government employment in all parts of the country. If the Government hires a stenographer, it pays her the same salary, whether she works in Georgia, New York, or Washington. If it hires men to build roads or for any other kind of public work, why, in justice to those men, should it pay them three times as much in one locality as in another? The W. P. A. worker's labor is all that he has to sell. Why should there be such a great difference between what it brings in Georgia and in New York? The same reasoning applies to private industry. The Georgia textile worker is worth just as much as the worker who does similar work in the North, and in his case, even if his living expenses are lower, there is no reason he should not receive the advantages of living in a section more greatly blessed than some other parts of the country. If, however, because of discriminatory freight rates and other disadvantages, you have made it impossible for a southern employer to pay a worker the wages he ought to have and compete with northern employers in the same industry, I do not want you to pass any legislation which will close down the southern employer's business and throw his employees out of work. But whatever you may do with wages in private industry, you cannot consistently vote to apply a rigid rule to wages in private industry, and permit from 100 to 200 percent discrimination in wages of W. P. A. employees.

Under the permission granted me, I am hereto appending a copy of a letter I addressed to Mr. William Green, president of the A. F. of L., regarding this question, and his reply:

MAY 4, 1938.

Mr. WILLIAM GREEN,
President, American Federation of Labor, Washington, D. C.

DEAR MR. GREEN: I have your telegram of May 3 relating to pending wage and hour legislation.

Your viewpoint is always of very great interest to me and I accorded with it in my vote to recommit the wage and hour bill in the form in which it heretofore came before the House.

The whole problem of trying to secure better wages and hours for labor in American industry is one of vital importance, although differences of opinion exist among the friends of labor as to how its solution should be attempted.

Personally, I believe that the regulation of hours by Federal legislation relating to industries engaged in interstate commerce and by State legislatures as to industries engaged in intrastate commerce is very essential and desirable.

Aside from these questions, however, I wish to direct your attention to a subject matter which is, of course, within your knowledge. I have reference to the discrimination practiced by W. P. A. in the fixing of wages of W. P. A. labor in our section of the country under which, as you are aware, labor in Georgia, for example, is paid approximately one-third of what is paid labor in New York for the same character of work.

I wish to inquire if it would be possible to secure the support of your powerful organization for an effort to prohibit such discrimination in wages as between laborers in different sections of the country in the passage of the pending recovery appropriation. I recognize, of course, that some difference based upon difference in cost-of-living expenses might be justified, but certainly no such discrimination as has been practiced could be justified upon any reasonable theory, and since the wage and hour legislation which you urge me to support proposed for industry identical wage standards in all sections of the country, I would like to know whether or not you would favor a requirement that W. P. A. workers performing the same character of service be paid the same wages in each section of the country.

With highest regards, I am

Yours truly,

M. C. TARVER.

AMERICAN FEDERATION OF LABOR,
Washington, D. C., May 6, 1938.

Hon. M. C. TARVER,
House Office Building, Washington, D. C.

MY DEAR REPRESENTATIVE TARVER: Your letter of May 4 raises a most important question, one that has been given much consideration by the American Federation of Labor.

You state that you believe the regulation of hours by Federal legislation relating to industries engaged in interstate commerce is very essential and desirable. You then direct my attention to the differentials in wages enforced by the W. P. A. which never have been given the support of the American Federation of Labor.

When the N. R. A. was established the American Federation of Labor always insisted that there should be no differential in wages in the same occupation. When the Federal Emergency Relief Administration was established, the American Federation of Labor continued its opposition to differentials in wages between certain sections of the country. It was that principle that was followed in opposing any wage and hour bill that provided for differentials in wages.

It therefore occurs to me that the time is opportune to establish the principle of no differentials in wages. When the relief bills are reported to the House the American Federation of Labor will do its utmost to eliminate provisions permitting differentials in wages for relief work.

If those who have opposed the wage and hour bill will vote for its passage, it will establish a principle that will hereafter be followed in legislation fixing wages for relief work.

I therefore inform you without any hesitation whatever that the American Federation of Labor will oppose differentials in wages between different sections of the country in the same trades and callings.

Very truly yours,

WILLIAM GREEN,
President, American Federation of Labor.

I do not agree with Mr. Green's viewpoint that the passage of the pending wage and hour legislation would provide a standard which would necessarily be followed in future in W. P. A. wage standards. The wage and hour bill by its terms relates to transactions in or directly affecting interstate commerce. The W. P. A. worker by no stretch of the imagination is engaged in interstate commerce. Besides, the provision of a minimum wage would not correct discrimination as between that wage, whatever it might be, and the maximum that might be provided for workers in some sections. It is that discrimination of which I complain. Pay the W. P. A. workers what you can, be it much or little, but treat them fairly. If you make a difference in their wage, base it on whatever difference may exist in living expenses, but you know and I know that that difference is not as great as the difference which has been made in wages.

I also include in my remarks under permission granted the following excerpts from the report of the Byrnes committee which I have discussed:

[Extract from Byrnes committee report]

Thus, by act of Congress, there has developed the possibility of a man employed on a Works Progress Administration project earning the security wage in one-third of the full working hours of a month and being free for the balance of that month. That Works Progress Administration workers have taken advantage of this opportunity is not surprising. For instance, in the District of Columbia, a carpenter on a Works Progress Administration project earns his security wage of $73.50 by working 42 hours in a month at the established prevailing rate of $1.75 per hour.

The study in the five cities mentioned was undertaken to determine whether a security-wage worker sought other employment in his spare time. Since it was impracticable to check the records of all Works Progress Administration workers in a given community, the study was confined to workers classified as skilled. It was assumed that, since the prevailing hourly rate for such workers is higher than for workers in other classifications, spare-time employment, if it existed at all, would be more prevalent among this group.

In the 5 cities mentioned, there were on the Works Progress Administration rolls at the time of the investigation 26,736 workers classified as skilled workers. Of this number, 7,982 were interviewed. Of the number interviewed, 5,049, or 63 percent, when asked the question admitted that they had other employment. Of the total number interviewed, 6,454, or 81 percent, had been on the Works Progress Administration pay rolls constantly since January 1937.

Of the 5,049 workers who admitted outside earnings, 4,312, or 85 percent, had such other employment during the same month for which they had already received pay from Works Progress Administration.

A little less than one-fourth (1,036 of 4,312 or 24 percent) were found to be working in outside employment at occupations similar to those at which they were employed by Works Progress Administration but at a lower hourly rate of pay.

Of the 4,312 workers who had outside earnings during the same month as their employment by Works Progress Administration, 2,389 gave the names of their employers. A number of these employers were interviewed, namely, 1,330. In the great majority of cases, the amount of the outside earnings was much in excess of the amount stated by the worker himself.

There can be no doubt that the policy of part-time work for Works Progress Administration workers makes possible outside employment during the spare time of the workers. This outside employment is in competition with other unemployed workers. It must be obvious that this practice tends to defeat the evident intent of Congress, which was the protection of the going rate of pay in private industry, by making it possible for workers with a guaranteed monthly income to underbid other unemployed workers for available jobs.

Mr. WOODRUM. Mr. Chairman, I move that the Committee now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects, had come to no resolution thereon.

LEGISLATIVE BRANCH APPROPRIATION BILL, 1939

Mr. DOCKWEILER submitted a conference report and statement on the bill (H. R. 10216) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1939, and for other purposes.

EXTENSION OF REMARKS

Mr. TARVER. Mr. Speaker, I ask unanimous consent to incorporate in the RECORD in connection with the remarks I just made in the Committee of the Whole certain letters and documents which I mentioned in connection therewith.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. HANCOCK of North Carolina asked and was given permission to revise and extend his own remarks in the RECORD.

UNITED STATES CONSTITUTION SESQUICENTENNIAL COMMISSION

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (H. J. Res. 623) making available additional funds for the United States Constitution Sesquicentennial Commission, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 7, strike out all after "appropriated" down to and including "1937", in line 9, and insert "for the payment of the obligations of the said Commission now outstanding and for the sale of such publications and material as are now on hand, this fund."

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate insists upon its amendments to the bill (H. R. 10238) entitled "An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1939, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. RUSSELL, Mr. HAYDEN, Mr. COPELAND, Mr. BANKHEAD, Mr. NYE, and Mr. MCNARY to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing

votes of the two Houses on the amendments of the Senate to the bill (H. R. 10216) entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1939, and for other purposes."

The message also announced that the Senate had passed the following concurrent resolution:

Senate Concurrent Resolution 32

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (H. R. 9682) to provide revenue, equalize taxation, and for other purposes, the Clerk of the House is authorized and directed, in subparagraph (2) of section 22 (d) relating to inventories in certain industries, to insert after the phrase "after December 31, 1938, of raw materials" the following parenthetical expression: "(including those included in goods in process and in finished goods)", to strike out the following: "(B) not yet included in goods in process of finished goods; and", and to strike out "(C)" and insert "(B)."

REVENUE BILL OF 1938

Mr. DOUGHTON. Mr. Speaker, I present the conference report and statement on the bill (H. R. 9682) to provide revenue, equalize taxation, and for other purposes, and pursuant to the unanimous-consent agreement entered into on yesterday, I ask that the statement be read in lieu of the report.

The Clerk read the statement, as follows:

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9682) to provide revenue, equalize taxation, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment No. 1: This is a technical amendment made necessary by amendment No. 150; and the Senate recedes.

On amendments Nos. 2, 3, and 4: These amendments make clerical changes; and the House recedes.

On amendment No. 5: This amendment makes a clerical change; and the Senate recedes.

On amendment No. 6: The House bill provided, in a general rule, for a tax rate of 20 percent on the adjusted net income of corporations having net incomes in excess of $25,000 with a reduction of 4 percent with respect to the dividends paid credit and with a reduction of 16 percent with respect to the dividends received from other domestic corporations. Thus a tax was provided which might vary from 20 to 16 percent, according to the amount of net income paid out in dividends.

Corporations with net incomes of $25,000 or less were to be taxed upon their "special class net incomes" (adjusted net income minus dividends received credit) as follows:

Twelve and one-half percent of the first $5,000 of their special class net incomes;

Fourteen percent of the next $15,000 of their special class net incomes; and

Sixteen percent on the balance of their special class net incomes in excess of $20,000.

Corporations with net incomes somewhat in excess of $25,000 were to be taxed under the general rule or under an alternative plan (if it produced a lesser tax) whereby the corporation was taxable on the first $25,000 of its net income as if such amount were its entire net income, plus a tax of 12 percent of so much of the remainder of the net income as consisted of dividends received from other corporations, plus a tax of 32 percent of the balance. This alternative tax was designed to provide for a proper transition between the tax on corporations with net incomes of less than $25,000 and the tax on corporations coming under the general rule.

In the case of corporations coming under the general rule, the House bill provided for several relief provisions with respect to the undistributed-profits tax. These provisions are (1) a 2-year dividend carry-over, (2) a 1-year net operating loss carry-over, and (3) a "consent dividends credit." This last credit is allowed to a corporation on account of the amounts included by its shareholders in their incomes.

Joint-stock land banks, rental housing corporations provided for in the National Housing Act, and domestic corporations in bankruptcy or insolvent and in receivership were relieved from the undistributed-profits tax by means of a tax credit equal to 4 percent of their adjusted net income when such corporations were subject to the general rule.

Banks, China Trade Act corporations, corporations deriving a large part of their income from sources within possessions of the United States, insurance companies, and mutual investment companies were to be taxed at a flat rate of 16 percent in all cases under the House bill. Resident foreign corporations were to be taxed at 20 percent.

The Senate bill eliminated the undistributed-profits tax and provided for a tax at a uniform rate of 18 percent on the normal tax net income of all corporations. Relief was given the smaller corporations by a credit against net income of 10 percent of the amount by which $25,000 exceeded the net income.

The bill as agreed to in conference follows the plan of the House bill, retaining the principle of the undistributed-profits tax. The principal features to be noted are as follows:

First. The rate of tax on corporations coming under the general rule has been reduced from 20 to 19 percent. The tax computed at this rate is subject to reduction by 2½ percent with respect to the dividends-paid credit and by 16½ percent with respect to dividends received from other domestic corporations, instead of the percentages used in the House bill of 4 and 16 percent, respectively. The result of this plan is to bring about a maximum tax of 19 percent if no dividends are distributed, and a minimum tax of 16½ percent if the entire net income is distributed to the shareholders.

Second. Corporations with net incomes of less than $25,000 are taxed in the same manner and at the same rates as in the House bill.

Third. The alternative tax provided for in the House bill in the case of corporations with net incomes slightly in excess of $25,000 has not been changed in substance.

Fourth. In the case of corporations coming under the general rule, the relief provisions provided for in the House bill are retained. These provisions are a 2-year dividend carry-over, a 1-year net operating loss carry-over, and a "consent dividends credit." In addition, relief provisions are provided for as described under amendment No. 22, which provide relief for corporations which are in debt or which have a deficit in their accumulated earings and profits.

Fifth. Joint-stock land banks, rental housing corporations provided for in the National Housing Act, and domestic corporations in bankruptcy, or insolvent and in receiverships, are taxable as under the House bill, except that the maximum effective rate of tax on such corporation is 16½ percent instead of 16 percent.

Sixth. Banks, China Trade Act corporations, corporations deriving a large part of their income from sources within possessions of the United States, insurance companies, and mutual investment companies are taxable as under the House bill except that the rate of tax is 16½ percent instead of 16 percent.

Seventh. Resident foreign corporations are taxed at the rate of 19 percent.

Eighth. The corporate tax system which has been described is temporary in character and will not apply to any taxable year beginning after December 31, 1939.

On amendment No. 7: This amendment makes a clerical change; and the Senate recedes.

On amendment No. 8: This Senate amendment provides that if obligations of the United States or its possessions or obligations of an instrumentality of the United States, organized under act of Congress, are deposited with a trustee, under a participation agreement under which only such obligations may be deposited, the interest thereon when distributed to the beneficiary shall be considered as having been paid directly to such beneficiary. The Senate recedes.

On amendment No. 9: This amendment provides for the taxation of future issues of obligations of the United States and Government corporations. The Senate recedes.

On amendment No. 10: This amendment provides that the cost of goods sold during any taxable year beginning after December 31, 1938, may be computed upon the last-in, first-out basis if such basis conforms as nearly as may be to the best accounting practice in the trade or business and is regularly employed in keeping the books or records of the taxpayer; and the change to such basis shall be made for any year in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary to prevent the avoidance of tax. Any taxpayer who, for any taxable year, is permitted under the preceding sentence to change to such basis shall be considered to have made an irrevocable election with respect to such year and future taxable years and shall not be permitted to change from such basis in any subsequent taxable year.

The House recedes with an amendment which substitutes for the Senate provision a subsection providing as follows:

Certain taxpayers, with respect to certain raw materials, are entitled to elect, in taking their inventory as of the close of any taxable year beginning after December 31, 1938, to treat such raw materials remaining on hand as being, first, those included in the inventory as of the beginning of the taxable year (in the order of acquisition) to the extent thereof, and second, those acquired in the taxable year in the order of acquisition.

Taxpayers to whom this privilege is given are taxpayers whose principal business is—

(1) Smelting nonferrous ores or concentrates, or refining nonferrous metals, or both; or

(2) Producing brass, copper products, or brass products, or any one or more of them, not further advanced than rods, sheets, tubes, bars, plates, or strips.

The raw materials to which such provisions apply are raw materials which are (1) used in a business above described; and (2) not yet included in goods in process or finished goods; and (3) so intermingled that they cannot be identified with specific invoices.

A taxpayer whose principal business is tanning hides or skins or both shall be entitled to elect the method provided above (with respect to any taxable year beginning after December 31, 1938) as to the raw materials (including those included in goods in process

and in finished goods) in the business of tanning hides or skins or both, if so intermingled that they cannot be identified with specific invoices.

In the case of the application of the above rules all inventories of such materials shall be taken at cost, including the inventory as of the close of the preceding taxable year.

The method above provided as to inventories of raw materials shall not be applied unless the taxpayer, at or before the filing of his return for the preceding taxable year, has filed with the Commissioner his election to have it apply.

The change to such method shall be made in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary to prevent the avoidance of tax.

An election made under this subsection shall be irrevocable and the method so elected shall be applied in all subsequent taxable years notwithstanding any change in the principal business of the taxpayer, unless with the approval of the Commissioner change to a different method is authorized, and then upon such terms and conditions and in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe.

On amendment No. 11: This amendment makes a clerical change; and the Senate recedes.

On amendment No. 12: This amendment makes a clerical change; and the House recedes.

On amendments Nos. 13 and 14: The House bill provided that if any securities (defined as shares of stock or stock rights) become worthless the resulting loss shall be considered as a loss from the sale or exchange on the first day of the taxable year of capital assets. Senate amendment No. 13 confines the operation of this rule to taxpayers other than corporations; and the Senate recedes. Senate amendment No. 14 substitutes the last day of the taxable year for the first day of the taxable year as provided by the House bill; and the House recedes.

On amendment No. 15: The House bill provided that if any securities (defined as bonds and other evidences of indebtedness of corporations with interest coupons or in registered form) become totally worthless the resulting loss shall be considered as a loss from the sale or exchange on the first day of the taxable year of capital assets. The House bill further provided that if any such securities become partially worthless no deduction might be taken. The Senate amendment confines the operation of these rules to taxpayers other than corporations and substitutes the last day of the taxable year for the first day of the taxable year as provided by the House bill. The House recedes with an amendment confining the operation of the rule of the House bill to taxpayers other than banks as defined in section 104 of the House bill. Under the conference agreement if such securities owned by banks as so defined become either totally or partially worthless the loss will be treated in the same manner as other bad debts.

On amendments Nos. 16, 17, 32, 147, and 160: The House bill provided, in the case of the so-called "charitable contribution" deduction, that if gifts are made in property other than money the deduction shall be limited to the adjusted basis of the property in the hands of the donor or the fair market value of the property at the time of the gift, whichever is the lower. The Senate amendments strike out these provisions; and the House recedes.

On amendment No. 17: See amendment No. 16. The House recedes.

On amendments Nos. 18 and 19: These are technical amendments made necessary by amendment No. 9, and the Senate recedes.

On amendments Nos. 20, 22, and 151: Senate amendments Nos. 20 and 22 strike out certain parts of the House bill relating to the dividends paid credit provided with respect to the 20–16 tax of the House bill (which was eliminated by Senate amendment No. 6), and Senate amendment No. 151 reinserts these provisions as supplement Q (as they remained applicable for the purposes of title IA and section 102) with certain technical amendments. The Senate recedes on amendment No. 151. The House recedes on amendments Nos. 20 and 22, with amendments incorporating, with changes, the technical amendments made by the Senate, and making further amendments made necessary by the conference agreement on amendment No. 6 (corporation tax).

The changes made under the conference agreement in the dividends paid credit, as a part of the conference agreement on the corporation tax, are as follows:

(1) Deficit credit: There is included in the dividends paid credit an amount equal to the excess of any deficit in accumulated earnings and profits as of the close of the preceding taxable year (whether beginning on, before, or after January 1, 1938) over the amount of the net operating loss credit allowed by section 26 (c) for such preceding taxable year (if beginning after December 31, 1937). Such a deficit can be created only by the operation of the business at a loss. A distribution to shareholders, regardless of its source, cannot create a deficit in accumulated earnings or profits. Even though a distribution out of accumulated earnings or profits so exhausts the earnings and profits account as to leave it incapable of absorbing a loss thereafter resulting from the business, the loss and not the distribution creates the deficit. The credit is limited to the excess of such deficit over the net operating loss credit in order to prevent a double deduction, since the net operating loss credit already forms a part of the dividends paid credit. The amount permitted to be included for the first taxable year beginning after December 31, 1937, however, will be the full amount of such deficit, since net operating losses for years beginning prior to January 1, 1938, are not allowed as a credit in the subsequent year.

(2) Debt credit: There is included in the dividends paid credit amounts used or irrevocably set aside to pay or to retire indebtedness of any kind, if such amounts are reasonable with respect to the size and terms of such indebtedness. The term "indebtedness" means only an indebtedness of the corporation existing at the close of business on December 31, 1937, and evidenced by a bond, note, debenture, certificate of indebtedness, mortgage, or deed of trust, issued by the corporation and in existence at the close of business on December 31, 1937, or by a bill of exchange accepted by the corporation prior to, and in existence at, the close of business on such date. Where the indebtedness is for a principal sum, with interest, no credit is to be allowed for amounts used or set aside to pay such interest. Indebtedness incurred through the assumption of the liabilities of another cannot be considered indebtedness within the meaning of the provision, even though such assumption took place prior to January 1, 1938, unless evidenced by one of the instruments required by the provision, issued by the taxpayer prior to, and in existence at, the close of business on December 31, 1937. Similarly, indebtedness represented by a renewal obligation issued after December 31, 1937, will not be classed as indebtedness. Nor will the issuance of a renewal obligation subsequent to December 31, 1937, be considered payment of an indebtedness.

On amendment No. 21: This amendment makes a clerical change; and the House recedes with an amendment making a further clerical change.

On amendment No. 22: See amendment No. 20.

On amendment No. 23: This amendment makes a clerical change; and the Senate recedes.

On amendment No. 24: This amendment dispenses with the requirement of an oath with respect to individual income-tax returns, and provides that the return shall contain or be verified by a written declaration that such return is made under the penalties of perjury. The Senate recedes.

On amendment No. 25: This amendment provides that the fact that an individual's name is signed to a filed income-tax return shall be prima facie evidence for all purposes that the return was actually signed by him. The House recedes.

On amendment No. 26: This amendment makes a clerical change; and the Senate recedes.

On amendment No. 27: This amendment makes a clerical change; and the House recedes with an amendment making a further clerical change.

On amendment No. 28: The House bill created a new subsection (c) (2) providing for an extension of time not to exceed 5 years for the payment of tax attributable to short-term or long-term capital gain derived upon complete liquidation of personal holding companies or foreign personal holding companies if request therefor was made by the taxpayer.

The Senate amendment retains this provision but eliminates the requirements for the approval of the Secretary of the Treasury to every such request. The House recedes.

On amendment No. 29: This is a technical amendment; and the House recedes.

On amendment No. 30: This amendment provides with respect to section 102 that the fact that the earnings or profits of a corporation are permitted to accumulate beyond the reasonable needs of the business shall be determinative of the purpose to avoid surtax upon shareholders unless the corporation by the clear preponderance of the evidence proves to the contrary. The House recedes.

On amendment No. 31: This amendment makes a clerical change; and the House recedes.

On amendment No. 32: See amendment No. 16. The House recedes.

On amendments Nos. 33 and 34: These amendments make clerical changes; and the Senate recedes.

On amendment No. 35: This amendment makes a clerical change; and the House recedes.

On amendments Nos. 36, 37, 38, and 39: These amendments make clerical changes; and the Senate recedes.

On amendment No. 40: This is a clerical amendment made necessary by amendment No. 6; and the Senate recedes.

On amendment No. 41: This amendment makes a clerical change; and the Senate recedes.

On amendment No. 42: This amendment provides for the nonrecognition of gain or loss in certain cases where exchanges or distributions are made in obedience to orders of the Securities and Exchange Commission. The kind of cases covered and the extent to which there will be no recognition of gain or loss are described in detail in supplement R, added by amendment No. 152.

The House recedes with a clerical amendment.

On amendment No. 43: This is a technical amendment; and the House recedes.

On amendment No. 44: This is a technical amendment; and the House recedes with an amendment making a further technical change.

On amendments Nos. 45 and 223: Amendment No. 45 adds a new provision to the House bill and is required in connection with amendment No. 223. Section 110 of the Revenue Act of 1935 amended the Revenue Act of 1934 so as to provide that on certain complete liquidations of a subsidiary by a parent corporation no gain or loss was to be recognized to the parent. In such cases the basis of the property transferred to the parent was, in its hands, the basis of the stock which the parent gave

up for the property. The 1936 act superseded the 1935 act amendment as to distributions in taxable years beginning after December 31, 1935, and provided that the basis, in the hands of the parent, of the property transferred should be the basis, in the hands of the liquidating corporation, of the property transferred.

The effect of amendment No. 223 is to permit such a parent corporation to elect to have the basis provisions of the 1934 act (those which would have governed had the 1935 amendment not been superseded) apply to property received. The election may be made only with respect to property received before June 23, 1936 (the day following the enactment of the 1936 act), in a taxable year of the parent beginning after December 31, 1935. The election applies only if the liquidation was completed before June 23, 1936. The election applies to all the property received in such period and may not be made with respect to particular pieces or to particular distributions. Distributions made after the date of the enactment of the 1935 act (August 30, 1935) and prior to a taxable year of the parent beginning after December 31, 1935, were not, under the 1935 amendment or the 1936 act, tax free. Amendment No. 223 does not affect these distributions or the basis of property so received, but the fact that there were distributions during that period does not affect the recognition of gain or loss on the transfer of property or the basis thereof if received by the parent after that time in a liquidation completed prior to June 23, 1936. The parent corporation, in order to have the 1934 act basis, must affirmatively elect to have such basis apply to the property. This must be done within 180 days after the date of the enactment of the bill. Failure to elect is not an election and an election once made is irrevocable.

On amendment No. 45: Preserves the applicability of the 1934 act basis provisions elected by the parent for years to which the new bill applies. The provision gives no new election for taxable years 1938 and following. Once having elected under the amendment No. 223, the election stands not only for 1936 and 1937 but also for 1938 and subsequent years. The House recedes.

On amendment No. 46: This amendment provides the basis for determining gain or loss in the case of property where exchanges or distributions are made in obedience to orders of the Securities and Exchange Commission. The kind of cases covered and the rules with respect to determination of the basis are described in detail in supplement R, added by amendment No. 152. The House recedes.

On amendment No. 47: See amendment No. 52. The House recedes with an amendment.

On amendments Nos. 48 and 49: These amendments make clerical changes; and the Senate recedes.

On amendment No. 50: Under the House bill, in the case of distributions in liquidation of a corporation, 100 percent of the gain recognized was to be taken into account in computing net income, except in the case of amounts distributed in complete liquidation as defined in section 115 (c). Under the Senate amendment, the gain recognized on a distribution in liquidation (except in complete liquidation as so defined) is to be considered as a short-term capital gain. The House recedes.

On amendment No. 51: In the case of corporations, other than foreign personal holding companies, this amendment extends the time within which complete liquidation must occur, so as to come within section 115 (c), so that in the case of liquidations begun in a taxable year beginning after December 31, 1937, such time will be 3 years in lieu of 2 years. In the case of liquidations begun in a taxable year beginning before January 1, 1938, the time is not extended and continues to be 2 years, as under the 1936 act. The House recedes.

On amendments Nos. 52 and 47: Amendment No. 52 provides that in the case of the complete liquidation of a corporation begun and completed within the first taxable year of the corporation beginning after December 31, 1937, each shareholder may elect to have his gain recognized only to the extent of the amount of his ratable share of earnings and profits accumulated since February 28, 1913, or the amount of money received by him, whichever is greater. Such gain to the extent of such earnings or profits is to be taxed as a dividend, and the remainder of the recognized gain is to be taxed as a capital gain.

The House recedes with an amendment providing that the liquidation must be in pursuance of a plan of liquidation adopted after the date of the enactment of this act, regardless of whether the date of such adoption occurs within the taxable year of the corporation beginning on, before, or after January 1, 1938. The distribution must be in complete cancelation or redemption of all the stock.

Under the conference agreement, the transfer of all the property under the liquidation must occur within the month of December 1938. If proper arrangements are made in good faith for the payment, after December 31, of unascertained or contingent liabilities and expenses, the requirement will be complied with.

Under the conference agreement, shareholders who may avail themselves of the benefits of the provision are divided into two groups—(1) shareholders other than corporations and (2) corporate shareholders. From the group of corporate shareholders is excluded a corporation which, at any time between April 9, 1938, and the date of the adoption of the plan of liquidation, both dates inclusive, is the owner of stock possessing 50 percent or more of the total combined voting power of all classes of stock entitled to vote upon the adoption of such plan of liquidation.

Under the conference agreement, any shareholder in either group (whether or not entitled to vote on the adoption of the plan of liquidation) may entitle himself to the benefits of the provisions as to recognition of gain, in respect of shares owned by him at the time of the adoption of the plan of liquidation, if the following conditions are complied with:

(1) The shareholder must have made and filed a written election (which cannot be withdrawn or revoked) to have the benefits of the nonrecognition of gain provided for;

(2) Such written election must be filed by him or by the liquidating corporation with the Commissioner within 30 days after the adoption of the plan of liquidation;

(3) Such making and filing must be in a manner not in contravention of regulations prescribed by the Commissioner with the approval of the Secretary; and

(4) Such elections must have been so filed by shareholders of the same group who are owners of stock possessing at least 80 percent of the combined voting power of all classes of stock owned by shareholders of the same group on the date of, and entitled to vote upon the adoption of the plan of liquidation.

Gain, in the case of a shareholder entitled to the benefits of the provision, will be recognized only to the extent of the greater of the following: (1) The shareholder's ratable share of the earnings and profits accumulated since February 28, 1913, or (2) the sum of the money received by him and the fair market value of any stock or securities received which were acquired by the corporation after April 9, 1938. In the case of a corporate shareholder such recognized gain is treated as capital gain. In the case of a shareholder other than a corporation, however, that portion of the recognized gain which is not in excess of his ratable share of the earnings and profits is treated and taxed to him as a dividend and the remainder as a short-term or long-term capital gain, as the case may be.

The amount taxed to the shareholder as a dividend is to be treated as a dividend for all tax purposes. Therefore, in the case of a shareholder which is a partnership or a trust, for example, the tax consequences will be the same as though a dividend had actually been received in ordinary course.

On amendment No. 47: Provides for the basis in the case of property received in liquidation described in connection with amendment No. 52. In such case the basis of property thus received by an electing shareholder is the basis of his stock canceled or redeemed, increased in the amount of gain recognized to the shareholder. The House recedes with an amendment, eliminating unnecessary language and providing that the basis of property received in cancelation or redemption of stock with respect to which gain was realized but with respect to which the extent of the recognition of such gain was determined in accordance with the conference agreement on amendment No. 52, shall be the same as the basis of the stock canceled or redeemed in the liquidation, increased in the amount of gain recognized to the shareholder, and decreased in the amount of any money received by him.

On amendments Nos. 53 and 55: These are technical amendments; and the House recedes.

On amendment No. 54: This amendment extends to July 1, 1939, the time within which liquidation of a foreign personal holding company must be completed in order for the shareholders to receive the benefits of the capital gains provisions.

The House recedes with an amendment providing that the gain resulting from a distribution in complete liquidation shall be considered a short-term capital gain, unless the liquidation was completed before July 1, 1938, or (if it is established to the satisfaction of the Commissioner by evidence submitted prior to July 1, 1938, that it is or will be impossible to complete the liquidation on or before such date) the liquidation is completed on or before such date as the Commissioner may find reasonable, but not later than December 31, 1938.

On amendment No. 55: See amendment No. 53. The House recedes.

On amendment No. 56: This amendment makes a clerical change; and the Senate recedes.

On amendments Nos. 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, and 77: These amendments deal with the subject of capital gains and losses in the case of taxpayers other than corporations.

House bill

Under the House bill, capital gains and losses were divided into two groups called short-term capital gains and losses and long-term capital gains and losses. Short-term capital gains and losses were defined as those realized upon the sale or exchange of capital assets held for 1 year or less, if and to the extent such gains and losses were to be taken into account in computing net income. Long-term capital gains and losses were defined as those realized upon the sale or exchange of capital assets held for more than 1 year, if and to the extent such gains and losses were to be taken into account in computing net income. It was provided that short-term capital losses could only be offset against short-term capital gains and not against ordinary income or against long-term capital gains. However, any excess of short-term capital losses over short-term capital gains were permitted to be carried forward into the subsequent year to be applied against the short-term capital gains of that year. Where the short-term capital gains exceeded short-term capital losses, the excess was to be added to the ordinary income of the taxpayer and taxed at the full normal and surtax rates applicable.

In the case of long-term capital losses, such losses could only be offset against long-term capital gains, except that where such losses exceeded the gains, $2,000 of such excess could be charged against ordinary income and the balance carried over to the subsequent year and charged against the long-term capital gains of such year. The capital gains and losses taken into account in computing net income, in the case of long-term capital gains and losses, were reduced to percentages thereof which became less monthly as the period for which the assets were held became longer, except that in the case of assets held over 5 years a minimum of 40 percent was provided. Where the long-term capital gains (as reduced to the appropriate percentages thereof) exceeded the long-term capital losses (as reduced to the appropriate percentages thereof), the excess was to be included in net income and taxed at the regular rates. However, an alternative tax was provided with respect to a net long-term capital gain. This provision gave the taxpayer the right (if it would produce a lesser tax) to have a partial tax computed on his net income, with the net long-term capital gain excluded, at the regular normal and surtax rates and to compute the final tax by adding to such partial tax 40 percent of the net long-term capital gain. Thus, with respect to a gain recognized on the sale of an asset held over 5 years, only 40 percent of such gain would be taken into account in computing net income, and the tax on this amount at 40 percent would result in a maximum tax of 16 percent on the actual gain.

Senate amendments

The Senate amendments retain the plan in the House bill of dividing capital gains and losses into two groups, namely, short-term capital gains and losses and long-term capital gains and losses. The treatment of short-term gains and losses is identical with the House bill, but short-term gains or losses are defined as gains or losses recognized on the sale or exchange of assets held for 18 months or less, instead of 1 year or less. The treatment of long-term gains and losses was different from the House bill. The percentage brackets based on the length of the holding period were eliminated and the general rule laid down that in the case of capital assets held for over 18 months only 50 percent of such gains or losses as were recognized on sales or exchanges should be taken into account in computing net income. The Senate amendments further provide for an alternative tax in case such a method would produce a lesser tax. This provision entitled the taxpayer to compute a partial tax on his net income, exclusive of net long-term capital gains, and to arrive at his final tax by adding to such partial tax 15 percent of his net long-term capital gains. Thus a maximum tax rate of 15 percent was provided for with respect to gains on the sale or exchange of assets held for more than 18 months. A consistent treatment was provided for in the case of a net long-term capital loss. In this case two computations were also provided. A tax at the regular rates was first computed after taking into account in computing net income 50 percent of the net long-term loss. A second tax was then to be computed on the net income of the taxpayer (before reducing such net income on account of the net long-term capital loss) at the regular rates and then reducing the result by a tax credit of 15 percent of the net long-term capital loss. In the case of net long-term capital losses, the Government was entitled to receive whichever tax was the greater.

The Senate amendments allow no carry-over of long-term losses for they are allowed against ordinary income.

Conference agreement

The bill as agreed to in conference provides for the following system with respect to capital gains and losses:

First. The treatment of short-term capital gains and losses is the same as provided for in the Senate amendments. The holding period is fixed at 18 months. It has already been pointed out that the treatment in the Senate amendments is the same as in the House bill, except that in the latter bill the holding period was 1 year or less, whereas in the Senate amendments the holding period is 18 months or less.

Second. Long-term capital gains and losses are defined as those realized on the sale or exchange of capital assets held for more than 18 months, if and to the extent such gain or loss is taken into account in computing net income. The rule provided with respect to the percentage of long-term gain or loss to be taken into account is as follows:

Sixty-six and two-thirds percent if the capital asset has been held for more than 18 months but not for more than 24 months; and

Fifty percent if the capital asset has been held for more than 24 months.

Third. In the case of a net long-term capital gain, the tax is computed at the regular normal and surtax rates upon the net income which has been determined by including therein only the appropriate percentages of the gains or losses realized on the sale or exchange of capital assets held for more than 18 months or more than 24 months as the case may be.

Fourth. Also in the case of a net long-term capital gain, an alternative tax is provided for, computed on the net income of the taxpayer, exclusive of such net long-term capital gain, at the regular rates, plus 30 percent of the net long-term capital gain. The taxpayer is entitled to whichever tax is the lesser, whether computed under this rule or the preceding rule.

Fifth. In the case of a net long-term capital loss the tax is computed at the regular normal and surtax rates upon the net income which has been determined by including therein only the appropriate percentages of losses or gains realized on the sale or exchange of assets held for more than 18 months or more than 24 months, as the case may be.

Sixth. Also in the case of a net long-term capital loss, an alternative tax is provided for, computed on the net income of the taxpayer, exclusive of such net long-term capital loss, at the regular rates, minus 30 percent of the net long-term capital loss. The Government is entitled in such a case to whichever tax is the greater, whether computed under this rule or the preceding rule.

With respect to the treatment of capital gains and losses realized by corporations, the House bill and the Senate amendments are identical.

In general the conference agreement provides for a maximum tax on taxpayers other than corporations of 20 percent with respect to capital gains realized on the sale of capital assets held over 18 months and not more than 24 months and of 15 percent with respect to capital gains realized on the sale of capital assets held over 24 months. The taxpayer with a small net income is given relief because on such long-term capital gains he is only compelled to include in his taxable net income 66⅔ percent of his capital gain on assets held over 18 months and not over 24 months, and 50 percent of his capital gain on capital assets held over 24 months.

The House recedes on amendments Nos. 65, 66, 70, 74, 75, 76, and 77. The Senate recedes on amendments Nos. 57, 59, 61, 63, 67, 68, and 71. The House recedes with an amendment on amendments Nos. 58, 60, 62, 64, 69, 72, and 73.

On amendment No. 78: This is a technical amendment; and the House recedes.

On amendment No. 79: This amendment provides that any amount received by a taxpayer from the United States, in a taxable year subject to the provisions of the bill, arising out of a claim against the United States from the acquisition by the latter of property belonging to the taxpayer and which claim has remained unpaid for more than 15 years is to be treated as having been received upon the sale of a capital asset made and completed on the date of such receipt.

The House recedes with an amendment transferring this provision from section 117 to a new section 106, and provides that in the case of amounts received by a taxpayer from the United States with respect to a claim against the United States involving the acquisition of property and remaining unpaid for more than 15 years, the surtax attributable to such receipt shall not exceed 30 percent of the amount so received. In the computation of the amounts given this treatment there is excluded all interest whether included in the judgment or accruing on the judgment.

On amendments Nos. 80 and 81: These are technical amendments made necessary by reason of the changes in the House bill and the Senate amendment relating to the deduction for charitable contributions. The House recedes.

On amendment No. 82: This amendment makes a clerical change; and the House recedes.

On amendment No. 83: This amendment makes a clerical change; and the Senate recedes.

On amendment No. 84: This amendment adds a new section which provides that for the purpose of computing net income of a corporation no gain or loss is to be recognized from the purchase and retirement completed during years 1938 and 1939 by such corporation of its own obligations of whatever character at less or more than the par or face value of such obligations. The Senate recedes.

On amendments Nos. 85 and 86: Under the House bill the credit for foreign taxes is subject to the limitation that it shall not exceed the same proportion of the United States tax which the taxpayers' net income from sources within the foreign country bears to his entire net income. The Senate amendments have the effect of increasing the foreign tax credit in the case of corporations by reducing the denominator of the fraction used in the computation by the amount of the credit for intercorporate dividends. The Senate recedes.

On amendment No. 87: This amendment makes a clerical change; and the Senate recedes.

On amendment No. 88: This Senate amendment extends the definition of a railroad in the section relating to the filing of consolidated returns so as to include (1) a street or suburban trackless trolley system and to (2) a street or suburban bus system. The conference agreement accepts the Senate amendment with respect to trackless trolley systems but restricts the definition in the case of bus systems to those operated as a part of a street or suburban electric railway system or trackless trolley system.

On amendment No. 89: This amendment strikes out the provision of the House bill relating to cases of bankruptcy or receivership of one or more corporations in an affiliated group making a consolidated return. The Senate recedes.

On amendment No. 90: This amendment makes a clerical change; and the Senate recedes.

On amendment No. 91: Under the House bill, a return was required to be filed for a trust having a net income of $50 or more. The Senate amendment requires a return only if the net income of the trust is $100 or more. The House recedes.

On amendment No. 92: Amendment No. 24 (on which the Senate recedes) removes the requirement that the return of an individual be made under oath. This amendment provides penalties in the case of an individual who willfully makes and subscribes a return which he does not believe to be true and correct. The Senate recedes.

On amendments Nos. 93 and 94: These amendments make clerical changes; and the Senate recedes.

On amendment No. 95: In section 148 (f) the House bill retained the requirement contained in the existing law that an annual report be made to Congress by the Secretary of the Treasury showing the names and salaries of officers and employees of corporations whose compensation exceeds a certain amount, but increased the amount from $15,000 to $75,000. There was also added a requirement that this report be made available to the public through the Department of the Treasury. The Senate amendment dispenses with the requirement that an annual report be made to Congress and provides that the Secretary shall compile from the returns made a list containing the names of and the amounts paid to each such officer and employee and the names of the paying corporations and shall make such list available to the public. The House recedes.

On amendment No. 96: Under the House bill, a trust was allowed, for the purpose of the normal tax and the surtax, in lieu of the personal exemption allowable under section 25 (b) (1), a credit of $50 against net income. The Senate amendment increases the amount of such credit from $50 to $100. The House recedes.

On amendment No. 97: The House bill provided that for taxable years beginning after December 31, 1938, an employees' trust is subject to tax under section 161 unless it is impossible at any time for any part of the trust principal or income to be used for, or diverted to, purposes other than the exclusive benefit of employees. The Senate amendment provides that an employees' trust shall be exempt from tax if at any time prior to the complete satisfaction of the pension liabilities with respect to employees under the trust it is impossible for any part of the trust fund, including principal and income, to be used for, or diverted to, any purposes other than the exclusive benefit of employees. The House recedes.

On amendments Nos. 98, 99, 100, 101, and 102: These are clerical amendments made necessary by amendment No. 40; and the Senate recedes.

On amendments Nos. 103 and 104: These are technical amendments made necessary by amendment No. 6; and the Senate recedes.

On amendment No. 105: Under the House bill the rate of tax on life-insurance companies is 16 percent. The Senate amendment makes the rate 18 percent. The House recedes with an amendment making the rate 16½ percent.

On amendments Nos. 106, 107, and 108: These are technical amendments made necessary by amendment No. 6; and the Senate recedes.

On amendment No. 109: This amendment makes a clerical change; and the Senate recedes.

On amendments Nos. 110 and 111: These are technical amendments made necessary by amendment No. 6; and the Senate recedes.

On amendment No. 112: Under the House bill the rate of tax on insurance companies other than life or mutual is 16 percent. The Senate amendment makes the rate 18 percent. The House recedes with an amendment making the rate 16½ percent.

On amendments Nos. 113 and 114: These are technical amendments made necessary by amendment No. 6; and the Senate recedes.

On amendment No. 115: Under the House bill the rate of tax on mutual insurance companies other than life is 16 percent. The Senate amendment makes the rate 18 percent. The House recedes with an amendment making the rate 16½ percent.

On amendment No. 116: This amendment makes a clerical change; and the Senate recedes.

On amendment No. 117: This is a technical amendment made necessary by amendment No. 6; and the Senate recedes.

On amendments Nos. 118 and 119: These amendments make clerical changes; and the Senate recedes.

On amendment No. 120: This is a technical amendment made necessary by amendment No. 6; and the Senate recedes.

On amendments Nos. 121, 122, 123, 124, 125, and 126: These amendments make clerical changes; and the Senate recedes.

On amendment No. 127: This is a technical amendment made necessary by amendment No. 6; and the Senate recedes.

On amendments Nos. 128, 129, 130, 131, 132, 133, and 134: These amendments make clerical changes; and the Senate recedes.

On amendments Nos. 135 and 136: Under the House bill extensions of time for payment of deficiencies were to be granted by the Commissioner with the approval of the Secretary. Under these Senate amendments the extension is to be granted by the Commissioner under regulations prescribed by him with the approval of the Secretary. The House recedes.

On amendments Nos. 137, 138, and 139: These Senate amendments provide that a jeopardy assessment, or any unpaid portion thereof, may be abated by the Commissioner to the extent that he believes the assessment to be excessive in amount, at any time before a decision is rendered by the Board of Tax Appeals. It is also provided that the Commissioner shall notify the Board of any such abatement, and if a jeopardy assessment is abated in whole or in part the amount of the bond given to the collector shall be proportionately reduced at the request of the taxpayer. The House recedes.

On amendment No. 140: The Senate amendment increases from 3 years to 4 years the statute of limitations for the assessment of tax on the shareholder of a corporation with respect to amounts distributed in liquidation of corporations (other than foreign personal holding companies) on account of items omitted from gross income which should have been included under section 115 (c). The House recedes.

On amendments Nos. 141, 142, and 143: These amendments make clerical changes; and the House recedes.

On amendment No. 144: This is a technical amendment; and the House recedes.

On amendments Nos. 145 and 146: These amendments make clerical changes; and the Senate recedes.

On amendment No. 147: See amendment No. 16. The House recedes.

On amendments Nos. 148 and 149: These amendments make clerical changes; and the Senate recedes.

On amendment No. 150: The House bill imposed upon domestic mutual-investment companies a tax of 16 percent upon their adjusted net income reduced by the basic-surtax credit computed without the net operating-loss credit and the bank-affiliate credit. The Senate amendment strikes out this provision and in amendment No. 6 treats these corporations like any other corporation and applies a tax of 18 percent of the normal-tax net income. The House recedes with an amendment restoring the provisions of the House bill but changing the rate from 16 to 16½ percent.

On amendment No. 151: See amendment No. 20. The Senate recedes.

On amendment No. 152: This amendment provides special tax treatment for gain or loss arising out of certain transfers of property made in obedience to orders of the Securities and Exchange Commission issued to effectuate the provisions of section 11 (b) of the Public Utility Holding Company Act of 1935—i. e., orders directed to the simplification and geographical integration of public utility company systems.

The amendment consists of three sections. Section 371, relating to nonrecognition of gain or loss, is an exception to the rule prescribed in section 112 (a) that the entire amount of the gain or loss upon the sale or exchange of property shall be recognized. The type of gain or loss covered by this exception is that arising from a disposition of assets which have appreciated or declined in value, or from the receipt of assets by shareholders upon a distribution. The section places these transactions in two categories, depending upon the parties involved. The first category consists of (1) security transactions between corporations which are members of a public utility holding company system and the holders of their stock or securities or the stock or securities of associate companies of a certain standing, and (2) transfers of property of system companies in exchange for other property other than certain kinds of property defined as "nonexempt." If any such nonexempt property is received in either a security transaction or a property-for-property exchange, gain is always recognized to the extent of the fair market value of such nonexempt property. The second category consists of exchanges or distributions where both parties are corporations which are members of a "system group"—i. e., an affiliated group among all the members of which a 90 percent common ownership of equity stock prevails. In this type of transaction no limitation is put upon the extent of nonrecognition by virtue of the kind of property involved. The type of gain or loss to which nonrecognition is extended by this section does not include the type of gain or loss involved in the extinguishment or removal of the burden of an indebtedness either through cancelation or assumption of liabilities. Regardless of the kind of transaction out of which a cancelation or assumption of liabilities arises, gain or loss will be recognized to the extent of the difference between the amount of the liability canceled or assumed (with proper adjustments for premiums or discounts) and the "cost" to the taxpayer incurred in the extinguishment of his liabilities.

Section 372 prescribes the basis of property received in these exchanges and distributions to the end that the gain or loss will be brought into account on a later transaction with respect to the property. In the case of the exchanges described in section 371 (a) and (b) the basis is determined by reference to the property disposed of. In the case of exchanges described in section 371 (d) the basis is determined by reference to the basis in the hands of the transferor. In the case of distributions under section 371 (c) the basis of the stock upon which the distribution is made is allocated between such stock and the property distributed. In the case of distributions under section 371 (d) the basis of the property distributed is determined by reference to its basis in the hands of the transferor and the basis of the stock upon which the distribution is made is decreased under section 113 (b) (1) (D) by the amount of the property distributed.

Section 373 defines the terms which are peculiar to the substantive provisions of this amendment.

It is provided that any transaction which falls within the terms of this amendment and also within any of the provisions of section 112 (other than subsec. (b) (8)) is to be governed only by the terms of this amendment.

The House recedes with a clerical amendment.

On amendments Nos. 153 and 154: These amendments make clerical changes; and the Senate recedes.

On amendment No. 155: The Senate amendment provides that the term "personal holding company" does not include a corporation which establishes to the satisfaction of the Commissioner that it is actively and principally engaged in creating, developing, and commercializing inventions, processes, or patents, or licenses relating thereto. The Senate recedes.

On amendment No. 156: This amendment provides that if a common parent railroad corporation of an affiliated group, making

a consolidated return under section 141, satisfies the stock ownership requirement of a personal holding company and the income of such affiliated group, determined as provided in section 141, satisfies the gross income requirement of a personal holding company, then the affiliated group is taxable as a personal holding company. The House recedes.

On amendment No. 157: This is one of the Senate amendments made necessary by reason of the transfer of the corporation dividends paid credit, by the Senate amendments, from section 27 to section 361. As a part of the conference agreement with respect to the corporation tax the House recedes with an amendment on this amendment the effect of which is to deny to personal holding companies the debt credit and the deficit credit granted in the case of corporations in general.

On amendment No. 158: This amendment makes a clerical change; and the Senate recedes.

On amendment No. 159: The Senate amendment permits a personal holding company in determining its "undistributed title IA net income" to deduct amounts used or irrevocably set aside to pay or retire preferred stock issued prior to January 1, 1934, and containing contractual obligations enforceable by the holders of such stock for the retirement of the same on a fixed date. The Senate recedes.

On amendment No. 160: See amendment No. 16. The House recedes.

On amendments Nos. 161, 162, 163, 164, 165, and 166: These amendments make clerical changes; and the House recedes.

On amendment No. 167: The House bill (secs. 501 and 502) combined the estate-tax schedule of the 1926 act and the estate-tax schedule of the 1932 act, and provided, in lieu of an 80-percent credit on account of State death taxes to be taken against the 1926 estate taxes, a credit of 16½ percent to be taken against the combined taxes. Both provisions were effective with respect to estates of decedents dying after December 31, 1939. The Senate amendment struck out these provisions. The conference agreement adopts the Senate provisions.

(Section 501, Senate amendment:) This provision extends the period for which the Commissioner may extend the time for the payment of estate taxes in cases of undue hardship from 8 years to 12 years. The conference agreement fixes the period at 10 years. The Senate amendment also permits the Commissioner to require, as a condition of the extension, the executor to furnish security for the payment of the part extended. The present law provides for security in the form of a bond, not exceeding double the amount of the part of the tax extension of payment of which is granted. The amendment permits security other than a bond to be furnished and leaves the amount of security to be determined by the Commissioner. The conference agreement adopts this provision.

(Section 502, Senate amendment:) This provision reduces from 6 percent to 4 percent interest on extended payments of estate tax if the extension is granted after March 31, 1938. The conference agreement adopts this provision.

(Sections 503, 504, and 505 of the House bill:) Under existing law the credit against the 1926 estate tax for death taxes imposed by and paid to the States is deducted after deducting the credit for payments of Federal gift taxes. The House bill provided that the credit of such local death taxes be first deducted. The Senate restored the provisions of the existing law. The conference agreement adopts the Senate provision.

(Sections 506 and 507 of the House bill:) The House bill provided that the specific exemption for estate tax should be reduced by the aggregate of amounts claimed and allowed as specific exemption, under the gift tax, for 1938 and succeeding years. The Senate amendment strikes out these sections. The conference agreement adopts the Senate provision.

(Sections 508 and 509 of House bill:) In lieu of the requirements of existing law that, in the case of the estate of a citizen or resident of the United States, a return shall be filed whenever the value of the gross estate exceeds a specified amount, the House provided for the filing of the return whenever the value of the gross estate exceeds the amount of the applicable specific exemption. The Senate amendment strikes out these provisions. The conference agreement restores the provisions with changes in section numbers.

On amendment No. 168: This amendment makes a clerical change; and the House recedes with an amendment making a further clerical change.

On amendment No. 169: Under existing law there is excluded, in ascertaining the total amount of gifts made by a donor in a given calendar year, a gift or gifts to any one person of $5,000, or less, or the first $5,000 of a gift or gifts to any one person in excess of that amount, with the exception that if the gift is of a future interest in property, no amount thereof is excluded. The House reduced the amount of the exclusion to $3,000. The Senate restored to the bill the amount prescribed by existing law, and further provided that no amount may be excluded when the gift is made by a transfer in trust. The conference agreement fixes the amount at $4,000 and adopts the Senate provision with respect to gifts in trust.

On amendments Nos. 170, 171, 173, and 180: Section 601 of the House bill imposed a capital-stock tax applicable for the year ending June 30, 1939, and subsequent years, the capital-stock tax imposed by the Revenue Act of 1935, as amended, being applicable to the year ended June 30, 1938. The Senate amendments make the capital-stock tax imposed by the House bill applicable also to the year ending June 30, 1938, and terminate the 1935 act tax with the year ending June 30, 1937. The House recedes.

On amendments Nos. 172, 174, 175, 176, 177, and 178: Section 601 of the House bill provided for a new declaration of value for capital-stock-tax purposes every 3 years. The Senate amendments provide for 2-year periods instead of 3-year periods. The Senate recedes.

On amendment No. 179: Section 601 (f) of the House bill requires, for capital-stock-tax purposes, a new capital-stock valuation for 1 year, called "declaration year" of each 3-year period established by the bill. This amendment adds to section 601 (f) of the House bill a new paragraph (6), which provides that the capital-stock tax year beginning with or within an income-tax taxable year within which bankruptcy or receivership, due to insolvency, of a domestic corporation, is terminated shall constitute a declaration year, and that in such case the adjusted declared value for any subsequent year of the 3-year period shall be determined on the basis of the value declared in the return for such declaration year. The House recedes.

On amendment No. 180: See amendment No. 170. The House recedes.

On amendment No. 181: Section 602 of the House bill, imposing a new excess-profits tax, provided that the excess-profits tax imposed by the Revenue Act of 1935, as amended, should not apply with respect to any income-tax taxable year ending after June 30, 1939. The Senate amendment changed this to June 30, 1938, consistently with Senate amendments with respect to capital-stock tax. The House recedes.

On amendment No. 182: This amendment provides that the tax imposed by section 603 of the Revenue Act of 1932 on toilet preparations shall not apply to articles sold by the manufacturer, producer, or importer after June 30, 1938, for 9 cents, or less. The Senate recedes.

On amendment No. 183: This amendment provides that the tax imposed by section 601 (c), (2), as amended, of the Revenue Act of 1932 on brewers' wort, malt sirup, etc., shall not apply to articles sold or imported after June 30, 1938. The House recedes.

On amendments Nos. 184 and 200: Section 707 of the House bill reduced the rate of tax on sales of produce for future delivery on commodities exchanges from 3 cents per $100 of value to 1 cent per $100 of value, effective July 1, 1938. That section also subjected to the tax so-called transferred or scratch sales. Senate amendment No. 200 strikes this provision out, and Senate amendment No. 184 terminates all taxes on sales of produce for future delivery as of July 1, 1938. The House recedes on both amendments.

On amendment No. 185: This amendment makes a clerical change; and the House recedes.

On amendment No. 186: The House bill contained no new provision with respect to whale oil and other marine oils. The Senate amendment provides that no whale oil (except sperm oil), fish oil, or marine animal oil of any kind (whether or not refined, sulphonated, sulphated, hydrogenated, or otherwise processed), or fatty acids derived therefrom, shall be admitted to entry, after June 30, 1939, free from the tax imposed by section 601 (c) (8) of the Revenue Act of 1932, as amended, unless such oil was produced on vessels of the United States or in the United States or its possessions, from whales, fish, or marine animals or parts thereof taken and captured by vessels of the United States. The House recedes.

On amendment No. 187: This amendment imposes a tax of one-half cent per pound on imported fish meal, fish scrap, marine animal meal, and marine animal scrap. The Senate recedes.

On amendment No. 188: The House bill continued the rate of tax of 2 cents per pound imposed by section 601 (c) (8) of the Revenue Act of 1932, as amended, on imported hempseed, perilla seed, rapeseed, sesame seed, and kapok seed. The Senate amendment changes the rate of tax imposed on these seeds to the following: Hempseed, 1.24 cents per pound; perilla seed, 1.38 cents per pound; kapok seed, 2 cents per pound; rapeseed, 2 cents per pound; and sesame seed, 1.18 cents per pound. The House recedes.

On amendment No. 189: This amendment makes a clerical change; and the House recedes.

On amendment No. 190: This amendment provides that the tax imposed by section 601 (c) (8) of the Revenue Act of 1932, as amended, shall not apply to rapeseed oil imported to be used in the manufacture of rubber substitutes or lubricating oil. The amendment directs the Commissioner of Customs, with the approval of the Secretary, to prescribe methods and regulations to carry out this exemption. The House recedes.

On amendments Nos. 191 and 192: These amendments provide that the import taxes imposed by section 601 of the Revenue Act of 1932, as amended, shall not apply to any article, merchandise, or combination, by reason of the presence therein of any coconut oil produced in Guam or American Samoa, or any direct or indirect derivative of such oil. The House recedes.

On amendment No. 193: This amendment provides that changes made by the bill in section 601 (c) (8) of the Revenue Act of 1932, as amended, which contains excise taxes on certain imported articles, shall be effective July 1, 1938. The House recedes.

On amendment No. 194: Section 703 of the House bill imposed a tax on certain imported pork at a rate of 6 cents per pound and on other pork at a rate of 3 cents per pound. This amendment strikes out this tax; and the House recedes.

On amendments Nos. 195 and 196: These amendments make clerical changes; and the House recedes.

On amendment No. 197: The House bill exempted northern white pine, Norway pine, Englemann spruce, and western white spruce, from the tax on imported lumber imposed by section 601 (c) (6) of the Revenue Act of 1932, as amended. The Senate amendment eliminates Englemann spruce from the exemption provided by the House bill. The House recedes.

On amendment No. 198: This amendment makes a clerical change; and the House recedes.

On amendment No. 199: The House bill amended section 630 of the Revenue Act of 1932, as amended, to include within the definition of "vessels" entitled to exemptions from import and excise taxes by virtue of such section, civil aircraft employed in foreign trade or trade between the United States and any of its possessions. The House bill also included aircraft owned by the United States or by any foreign nation and constituting a part of the armed forces thereof in the definition of "vessels of war" in such section. The Senate amendment provides that the exemption of foreign civil aircraft under such section shall be allowed only if the Secretary of the Treasury shall have been advised by the Secretary of Commerce that the foreign country in which such aircraft is registered allows, or will allow, substantially reciprocal privileges in respect of aircraft registered in the United States. The amendment also provides that the privileges granted under such section shall not apply after the Secretary of Commerce has advised the Secretary of the Treasury that such foreign country has discontinued or will discontinue the reciprocal privileges for aircraft of the United States. The House recedes with an amendment requiring the Secretary of Commerce to make a finding with respect to the allowance or discontinuance of reciprocal privileges granted by such foreign countries before he advises the Secretary of the Treasury concerning such privileges.

On amendment No. 200: See amendment No. 184. The House recedes.

On amendment No. 201: This amendment strikes out the provisions of the House bill which excepts from the definition of "filled cheese" under the act of June 6, 1896, substances and compounds, consisting principally of cheese with added edible oils, which are not sold as cheese or as substitutes for cheese but are primarily useful for imparting a natural cheese flavor to other foods. The House recedes with an amendment changing the section number.

On amendment No. 202: This amendment makes a clerical change; and the House recedes with an amendment making a further clerical change.

On amendments Nos. 203, 204, and 205: The House bill removed the tax of 2 cents per thousand on plain wooden matches and the tax of one-half cent per thousand on paper matches in books. It retained the tax of 5 cents per thousand on fancy wooden matches, and wooden matches having a stained, dyed, or colored stick or stem. Senate amendment No. 203 strikes out the House provision, imposes a tax of 2 cents per thousand on both plain wooden and paper matches, and retains the 5-cent tax on fancy and colored stick wooden matches. The Senate recedes on this amendment.

On amendments Nos. 304 and 205: Provide that if contracts between vendor and vendee do not permit the addition to the contract price of the increased rate of tax on paper matches the vendee is to pay the increased amount. The Senate recedes.

On amendment Nos. 206 and 207: These amendments make clerical changes; and the House recedes with amendments making further clerical changes.

On amendment No. 208: Section 712 of the House bill increased the rate of tax on distilled spirits, except brandy, from $2 to $2.25 per proof or wine gallon. The increase was made effective July 1, 1938. This amendment strikes out the increase. The conference agreement retains the increased tax and makes clerical and drafting changes.

On amendment No. 209: This amendment reduces the tax on tires imposed by section 602 of the Revenue Act of 1932 from 2½ cents a pound to 1½ cents a pound and reduces the tax on inner tubes from 4 cents to 2½ cents a pound, the amendment being applicable to articles sold after June 30, 1938. The Senate recedes.

On amendment No. 210: This amendment provides, in the case of certain excise taxes imposed by the Revenue Act of 1932, that in the case of a sale by a manufacturer to a selling corporation the transaction shall be presumed to be otherwise than arm's length if either the manufacturer or the selling corporation owns more than 75 percent of the outstanding stock of the other, or if more than 75 percent of the outstanding stock of both corporations is owned by the same persons in substantially the same proportions. Under the amendment sales by a manufacturer to a selling corporation shall in all other cases be presumed to be at arm's length. The Senate recedes.

On amendment No. 211: This amendment adds identical language to subdivision 3 and subdivision 9 of title VIII of the Revenue Act of 1926, as amended. The two subdivisions impose stamp taxes, subdivision 3 on transfers of capital stock and similar interests and subdivision 9 on transfers of bonds and similar instruments. The matter added by the Senate amendment to the two subdivisions exempts from tax, transfers from the owner to a custodian or nominee, from custodian to nominee, or from the nominee of the owner or custodian to another nominee, if held by the custodian or nominee for the same purpose for which they would have been held by the owner had they been retained by him, or from custodian to owner, or from nominee to owner or custodian, but all such transfers or deliveries are to be accompanied by a certificate setting forth the facts. A penalty for a false certificate with intent to evade the tax is provided.

The conference agreement sets out separately the matter added to subdivisions 3 and 9, respectively. It eliminates from the exemption transfers from the owner to a nominee and from a nominee to an owner, and divides the other exemptions into two classes: (1) Between owner and custodian and (2) between custodian and his registered nominee, or from one registered nominee of the custodian to another registered nominee of the custodian. To exempt transfers of class (1) there must be a written agreement binding the custodian to hold or dispose of the securities for, and subject to the instructions of, the owner. A transfer from a nominee to an owner is not exempt. With respect to transfers of class (2) it is necessary that the securities shall be held by the nominee for the same purpose for which they would be held if retained by the custodian. Each transfer in either class must be covered by a certificate setting forth such facts as the regulations shall require. The custodians contemplated are mere custodians, like banks and trust companies which frequently act as such, and not trustees holding securities for the benefit of beneficiaries. The provisions of the Senate amendment providing criminal penalties for making false certificates accompanying the delivery or transfer and making the amendments effective with respect to deliveries or transfers made after June 30, 1938, are retained by the conference agreement.

On amendment No. 212: This amendment provides that in the case of tickets and cards of admission to a spoken play (the so-called "legitimate theater") which are sold at the box office, the admissions tax shall be based upon the price for which the ticket or card is sold. Under the present law the tax is based upon the established price. The Senate amendment applies to sales made after June 30, 1938. The House recedes.

On amendment No. 213: This amendment inserts a new section permitting the use of mechanical devices in collection of certain taxes, namely, admissions taxes and stamp taxes under the Revenue Act of 1926, as amended. The Senate recedes.

On amendment No. 214: This amendment inserts a new section (section 714), an amendment to section 616 of the Revenue Act of 1932, so as to exempt electric and power plants or systems owned and operated by cooperative or nonprofit corporations engaged in rural electrification from the tax on electrical energy imposed by section 616. The House recedes with a change in section number.

On amendment No. 215: This amendment inserts a new section (section 802), amending section 606 of the Revenue Act of 1928 so as to provide that closing agreements entered into by the Commissioner with the taxpayer need not be submitted to the Secretary or Under Secretary for approval. The House recedes with an amendment providing that closing agreements must be approved by the Secretary, the Under Secretary, or an Assistant Secretary of the Treasury.

On amendments Nos. 216, 217, 218, and 219: These amendments make clerical changes; and the House recedes.

On amendment No. 220: The House bill amended section 3184 of the Revised Statutes to provide that interest on assessments should be computed from the date of the collector's notice to the date of payment. This amendment provides that the amendment made by the House bill shall be effective only with respect to notices served or sent after the date of enactment of the bill. The House recedes.

On amendments Nos. 221 and 222: These amendments make clerical changes; and the House recedes.

On amendment No. 223: See amendment No. 45. The House recedes.

On amendments Nos. 224, 225, 226, and 227: These amendments make clerical changes; and the House recedes.

On amendment No. 228: This amendment provides that in the case of certain taxpayers, income, war-profits, and excess-profits taxes imposed by the Revenue Acts of 1917 and 1918 shall be assessed, collected, and paid without the assessment, collection, or payment of interest incurred prior to July 1, 1939, or of penalties, additional amounts, or additions to tax incurred prior to the date of enactment of the bill. The taxpayers allowed this special treatment are:

(1) Individuals who were bona fide residents of a possession of the United States for more than 6 months during the taxable year for which such taxes are due, and who were taxable as citizens of the United States.

(2) Citizens of the United States and domestic corporations who, for the taxable year for which such taxes are due, would have been entitled to the benefits of section 262 of the Revenue Act of 1921 if such section had been in effect in such taxable year. They would have come within the provisions of such section if they derived the portion of their gross income therein specified from sources within a possession.

The amendment provides further that if such taxes are not paid on or before June 30, 1939, interest thereon shall be collected on such unpaid taxes at 6 percent from June 30, 1939, until the date of payment. Penalties, additional amounts, or additions to tax incurred after the date of enactment of the bill may also be collected. No distraint or other proceeding for the collection of such taxes is to be made, begun, or prosecuted prior to July 1, 1939. The amendment also provides for refund or credit, without interest, of any interest, penalties, additional amounts, or additions to tax paid within 2 years preceding the date of enactment of the bill by a taxpayer of the classes referred to with respect to the taxes described above, if claim therefor is filed prior to July 1, 1939. The House recedes.

On amendment No. 229: This amendment makes a clerical change; and the House recedes.

On amendment No. 230: This amendment amends section 3 of the Liquor Enforcement Act of 1936 by imposing certain penalties with respect to importing, bringing, or transporting any intoxicating liquor, otherwise than in the course of continuous interstate transportation, into any State in which all sales of intoxicating liquor, with certain exceptions, are prohibited. The Senate recedes.

On amendment No. 231: Under existing law the Commissioner of Internal Revenue, with the advice and consent of the Secretary of the Treasury, may compromise any civil or criminal case arising under the internal-revenue laws instead of commencing suit thereon. This amendment authorizes the Commissioner to compromise such cases under regulations prescribed by him with the approval of the Secretary. The House recedes with an amendment authorizing the Commissioner to compromise such cases with the approval of the Secretary of the Treasury, or of the Under Secretary of the Treasury or of an Assistant Secretary of the Treasury, and changing the section number.

On amendment No. 232: This amendment amends the provisions relating to extensions of time for payment of deficiencies of income tax under prior income-tax acts, back to and including the Revenue Act of 1926, the Gift Tax Act of 1932, as amended, and the present estate-tax acts, back to and including estate taxes imposed by the Revenue Act of 1926. The effect of the provision is to dispense with the requirement that the Secretary approve of every extension, and substitutes therefor a requirement that extensions be approved by the Commissioner under regulations prescribed by him with the approval of the Secretary. The House recedes with an amendment which makes the change effective after 30 days after the date of enactment of the bill.

On amendment No. 233: This amendment provides that in the case of mortgages made or obligations issued by any joint-stock land bank after the date of the enactment of the act all income except interest, derived therefrom shall be included in gross income and shall not be exempt from Federal income taxation. The House recedes with a clerical amendment.

On amendment No. 234: Section 22 of the act of March 1, 1879, provides for the abatement and remission of taxes of banks which have ceased to do business by reason of insolvency or bankruptcy, if the collection of such taxes would diminish the assets thereof necessary for the payment of depositors. This amendment extends like treatment, as respects their taxes, to trust companies engaged in the banking business, and to arrangements whereby such insolvent banks and trust companies are restored to solvency and enabled to continue business through waiver by depositors of part of their claims, and acceptance in lieu thereof of liens against future earnings, or claims against future assets, segregated from the other assets of the concern, and held for liquidation either by such bank or trust company or by a trustee or other fiduciary (whether or not created or designated solely for this purpose) to whom transfer has been made. The amendment also provides that a tax which has, under the provisions of the section, been thus refunded, or which has been thus abated, or which, under the section before or after amendment, may not be assessed or collected, may at a later date be assessed, or reassessed, and collected, whenever collection will not diminish the assets necessary for the payment of depositors and creditors. A suspension of the running of the statute of limitations is provided for during the time assessment or collection is barred. Taxes diminishing the assets necessary for the full payment of creditors are under the amendment treated in the same manner as taxes having a like effect as respects the payment of depositors. The House recedes with an amendment changing the section number and making the following changes:

(1) The provisions which prohibit assessment and collection of tax where the effect would be to diminish the assets available for payment of creditors other than depositors have been eliminated. The result of this change is that in cases where the claims of creditors are junior to the claims of depositors, if depositors' claims would not be diminished by the payment of taxes, then the abatement of tax does not apply. If, however, creditors' and depositors' claims rank equally, taxes which would diminish the assets available for either would diminish the assets available for both, and in such cases the tax is abated.

(2) The authority to reassess tax previously abated or refunded when it later appears that collection may be made without diminishing assets necessary for payment of depositors is limited to tax abated or refunded after the date of enactment of the act.

(3) The suspension of the running of the statute of limitations against assessment and collection is extended for 90 days, to provide a reasonable time for action in those cases in which, at the time of suspension, the period for assessment or collection has almost expired.

(4) The provision with respect to social-security taxes has been rewritten in order to make it clear that the section does not apply to such taxes imposed upon the bank, trust company, or trustee or agent thereof. The liability of a bank, trust company, or trustee or agent thereof, with respect to the deduction and withholding of taxes imposed upon others, or as a transferee of the assets of others, is not within the section in any event.

On amendment No. 235: This amendment provides for abatement of jeopardy assessments in certain cases by amending the jeopardy assessment provisions of prior income-tax acts, back to and including the Revenue Act of 1926, and the Gift Tax Act of 1932, as amended, and the present estate-tax acts, back to and including the estate taxes imposed by the Revenue Act of 1926. The amendment is effective only as to jeopardy assessments made after the effective date of this bill. The amendment is similar to amendments Nos. 137, 138, and 139, dealing with income-tax liability for taxable years beginning after December 31, 1937. The House recedes with a clerical amendment.

On amendment No. 236: This amendment provides for mitigation of some of the inequities under the income-tax laws caused by the statute of limitation and other provisions which now prevent equitable adjustment of various income-tax hardships. There is no comparable provision in the House bill. Under the income-tax laws it is possible for a taxpayer or the Commissioner, after operation of the statute of limitations or some other provision of the internal-revenue laws prevents correction of an error, to obtain a double advantage by taking a position contradictory to that which caused the error. The Senate amendment was drawn to discourage this practice in specified types of cases by authorizing corrective adjustment.

The Senate amendment would work as follows: It becomes operative if (1) after the effective date of this act, there is a final "determination" under the income-tax laws which gives authoritative sanction to the inconsistent position presently maintained by the taxpayer or the Commissioner, and indicates that the previous treatment of the item was erroneous under the applicable provisions of the internal-revenue laws; and (2) correction of the effect of such error is prevented by the operation of one or more provisions of the internal-revenue laws, as the running of the statute of limitations, the collateral consequences of a Board of Tax Appeals proceeding, the execution of a closing agreement, etc., with respect to the year as to which the error was made.

The types of final determinations prerequisite to the operation of the amendment are described in subsection (a) (1). Subdivision (A) thereof, referring to closing agreements, and subdivision (B), referring to court and Board decisions, cover conventional determinations the finality of which is governed by existing provisions of law. Subdivision (C) refers to dispositions by the Commissioner of claims for refund and specifies when such dispositions shall be deemed final for the purpose of this amendment. Under its provisions the time at which a disposition in respect of a particular item becomes final depends, not only upon the action taken with respect to that item, but also upon whether the claim for refund was allowed or disallowed. The subdivision specifies when a disposition becomes final in respect of items applied by the Commissioner in reduction of the overpayment alleged in the claim for refund as well as in respect of items set forth by the taxpayer in the claim for refund. If, however, the items applied by the Commissioner to offset an alleged overpayment result in the assertion of a deficiency this subdivision has no application to such items. Subdivision (A) or (B) may become applicable in such case, depending upon the action taken with respect to the proposed deficiency.

Subsection (b) specifies the types of cases involving inconsistent action to which the amendment extends. If such inconsistent action occurs under the circumstances therein described, the amendment authorizes an adjustment to correct the effect of the error. The amount of the adjustment is ascertained and the adjustment made as follows: The tax previously determined for the taxable year in respect of which the error was made is first ascertained, and the increase or decrease in such tax which results from the correction of the error is then determined. The recomputation does not involve consideration of any other items except, of course, those items upon which the tax previously determined was based. It requires merely the ascertainment of the tax that would have been due if the item in respect of which the error was made had been correctly treated. If the treatment of any item upon which the tax previously determined was based or if the application of any provision of the internal-revenue laws with respect to such tax was dependent upon the amount of income (e. g., charitable contributions, credit for foreign taxes, earned income credit), readjustment in these particulars will be necessary in conformity with the change in income resulting from correct treatment of the item in respect of which the error was made.

If the recomputation results in an increase over the tax previously determined, such increase is considered as a deficiency determined by the Commissioner and may be assessed and collected under the established procedure for the assessment and collection of deficiencies. The taxpayer may contest the deficiency before the Board, or, if he chooses, may pay the deficiency and later file suit for refund. Accordingly, a decrease resulting from the recomputation is considered as an overpayment, which may be recovered under established procedure. The taxpayer will file a claim for refund (unless the overpayment is refunded without such claim), and if the claim is denied or not acted upon by the Commissioner within the prescribed time, the taxpayer may then file suit for refund. Subsections (d) and (e) indicate, however, that the adjustment, both with respect to the ascertainment of the amount of the adjustment and the later proceedings for its collection or refund, is unaffected by any other items not taken into consideration in computing the tax previously determined. The amount of the adjustment, if an overpayment, may, of course, under established procedure be credited against any income tax then due from the taxpayer, or if a deficiency, may correspondingly be set off against any refund of income tax due to the taxpayer.

The amendment extends to certain "related" taxpayers, as defined in subsection (a) (2), such as husband and wife, or trustee and beneficiary. The problems dealt with have frequently arisen with respect to such taxpayers.

The conference agreement adopts the substance of the Senate amendment, but makes several changes. The important changes are as follows:

(1) It is provided that the section will not become operative by reason of determinations made prior to 90 days after the effective date of the act. This affords taxpayers and the Commissioner a reasonable time to decide whether they desire to discontinue proceedings already begun which may lead to determinations as defined in this section.

(2) A definition of the term "taxpayer" for the purpose of this section is inserted.

(3) Assignor and assignee, donor and donee, lessor and lessee, and claimants to ownership of the same property, are eliminated as independent categories of related taxpayers.

(4) It is made clear that no adjustment is authorized with respect to the transferor of property in a transaction upon which the basis of the property depends, when a position inconsistent with that taken by the original transferee at the time of such transaction is taken by: (a) such original transferee, or (b) a subsequent transferee of such original transferee. Paragraph (b) (5) does not apply with respect to any position taken by such subsequent transferee where the transfer by which he received the property itself established a new basis for the property in his hands, as in the case of a sale to him by the original transferee. With respect to transferees, paragraph (b) (5) applies only where the property in the hands of a subsequent transferee (as in the case of a gift) has a substituted basis ascertained by reference to the basis in the hands of the original transferee. In addition, a clerical change alters the order of the words at the beginning of the subsection.

(5) The section is not to be operative where correction of the effect of the error is prevented by a compromise under section 3229 of the Revised Statutes, as amended.

(6) If the amount of the adjustment is considered as a deficiency, the adjustment is authorized only when the taxpayer with respect to whom the determination is made has successfully maintained a position inconsistent with the error, and if the amount of the adjustment is considered as an overpayment, the adjustment is authorized only when the Commissioner has successfully maintained the inconsistent position. If the adjustment would require the related taxpayer to pay a deficiency, the adjustment shall not be made unless the relationship, where terminable, such as that of spouses or partners, existed both in the taxable year with respect to which the error was made and at the time the taxpayer first asserted the inconsistent position.

(7) It is stated explicitly that the taxpayer with respect to whom the error was made is the taxpayer with respect to whom the adjustment is authorized. It is further provided that for the purpose of such adjustment, the periods of limitation upon assessment or refund or credit for the taxable year with respect to which the error was made shall be considered as having 1 year yet to run from the date of the determination. Accordingly, the Commissioner has at least 1 year within which to issue a notice of deficiency in respect of the amount of the adjustment, where such amount is considered as a deficiency. The issuance of such notice will, of course, in accordance with the procedure governing the assessment of deficiencies, suspend the running of the period of limitations thus provided by this subsection on the assessment of the deficiency. Similarly, the taxpayer has 1 year within which to file a claim for refund in respect of the amount of the adjustment, where such amount is considered as an overpayment. Where the amount of the adjustment is considered as a deficiency and the taxpayer chooses to pay such deficiency and contest it by way of suit for refund, he has 2 years from the date of such payment within which to file a claim for refund.

(8) It is provided that no adjustment shall be made under this section in respect of any taxable year beginning prior to January 1, 1932.

On amendment No. 237: The Senate inserted in the House bill a new section (sec. 822) providing that claims for payment of refund of processing tax under section 602 of the Revenue Act of 1936 placed in the mails on or before December 31, 1936, shall be held to have been filed prior to January 1, 1937. The Senate recedes.

On amendment No. 238: The Senate inserted in the House bill a new section (sec. 823) providing that interest on delinquent income, estate, and gift taxes accruing prior to August 30, 1935, the date of the approval of the Revenue Act of 1935, be computed at the rate of 6 percent per annum instead of 1 percent a month, and that any such interest collected after October 24, 1933, in excess of such rate is to be credited or refunded, without interest, in an amount equal to the excess, if claim therefor is filed within 6 months after the date of the enactment of the Revenue Act of 1938.

The House recedes with an amendment changing the section number and limiting the provision to interest accruing after October 24, 1933, and prior to August 30, 1935, and which has been collected prior to the date of the enactment of this act.

On amendment No. 239: This amendment inserted a new section authorizing and directing the Secretary of the Treasury to conduct an investigation of the desirability and practicability of the imposition of a tax on the use of labor-saving and labor-displacing machinery and to report thereon to the Seventy-sixth Congress. The Senate recedes.

(For conference report see proceedings of the Senate of May 9, 1938, p. 6432.)

Mr. DOUGHTON. Mr. Speaker, I yield 15 minutes to the gentleman from Kentucky [Mr. FRED M. VINSON].

Mr. FRED M. VINSON. Mr. Speaker, we come today to the closing chapter in the Revenue Act of 1938 (H. R. 9682). On August 20, 1937, the House, by resolution, authorized the creation of a subcommittee of the Committee on Ways and Means to make a study of the revenue laws and to report its recommendation to the full committee. The subcommittee met on November 4 last, and from that time until this good hour it, together with the full committee, has been engaged in the preparation of this tax bill.

The subcommittee was composed of the distinguished gentleman from North Carolina, Mr. DOUGHTON, a member ex officio; Mr. COOPER, of Tennessee; Mr. MCCORMACK, of Massachusetts; Mr. DISNEY, of Oklahoma; Mr. BUCK, of California; Mr. DUNCAN, of Missouri; and myself as chairman; and Mr. TREADWAY, of Massachusetts; Mr. CROWTHER, of New York; and Mr. REED of New York.

Since 1913 there have been 17 revenue acts—the Revenue Acts of 1913, 1914, and 1916, the two acts of 1917, the acts of 1918 and of 1922, the Revenue Acts of 1924, 1926, 1928, 1932, 1933, 1934, 1935, 1936, and 1937, and the Revenue Act of 1938.

It has been my good fortune to serve as a Member of this body in the consideration of 10 of those tax bills. I was not serving on the Committee on Ways and Means in 1924, 1926, and 1928, but since that time I have served on the Ways and Means Committee and have assisted in the preparation of the other revenue bills. May I add that I have been honored in service on the Ways and Means Committee for a longer period than any Kentuckian.

I may say to the House that the Revenue Act of 1938 takes the broadest range in taxation of any bill that has been presented to any Congress. When the bill passed the House, it went to the Senate, and there 239 amendments to the House bill were adopted. The House conferees went into conference facing that situation. We bring back to the House a revenue bill which, in my opinion, contains more House language and more House tax philosophy as expressed by the House membership than any other tax bill of which I know. Of the 239 amendments, 117 were technical or very minor in nature.

The conference report will show that the House receded on 92 amendments and the Senate receded on 101 amendments. There were 46 other amendments, to which the House receded with amendments. We are told by the gentlemen who represent the legislative counsel, and the joint committee, that this is the first time there has been less recession on the part of the House than on the part of the Senate in respect of amendments in a tax bill.

In regard to the two major items, the undistributed-profits tax and the capital-gains tax, I may say that, generally speaking, you are familiar with the changes which have been made in conference and are reported now to the House for action. In respect of the undistributed-profits tax, we went to the Senate with the 16–20 plan, a 16-percent minimum tax and a 20-percent maximum tax, with a 4-percent dividend credit in respect of distribution, and the Senate struck that language from the bill and inserted an 18-percent flat rate on the larger corporations. Then they had different treatment in respect of the smaller corporations. The condition that existed with respect to the smaller corporations was that all corporations which earned more than $6,500 net income and distributed more than 50 percent would pay more taxes under the Senate bill than under the House bill. For corporations with net income in excess of $25,000, all corporations distributing more than 50 percent of net income would have paid a heavier tax under the Senate bill than under the House bill.

It is obvious that the 18-percent flat rate was more burdensome upon corporate business because it was stated

that several millions of dollars more would be collected under the Senate bill than would be collected under the House bill.

There was a compromise and the rates fixed in the conference begin at a minimum of 16½ percent and run to 19 percent, or a spread of 2½ percent in respect of the undistributed-profits tax. So, instead of a 4-percent dividend credit under the House bill, you will have a 2½-percent credit under the conference report. You will have a 1-percent less maximum—20 percent reduced to 19—and you will have one-half of 1 percent added to the minimum, or 16½ percent.

The treatment in regard to corporations of certain specific classes took the flat rate in the House bill of 16 percent, and under the Senate bill, of course, it would have been 18 percent. Under the conference report it is 16½ percent.

The treatment accorded the small corporation with net income less than $25,000 by the House is retained in the bill, beginning at a rate of 12½ percent on the first $5,000, 14 on the next $15,000, and 16 on the next $5,000—an effective rate of 14.1 percent on net income of exactly $25,000.

Now, in regard to capital gains there was a compromise also. Under the House bill short-term gains were limited to 1 year. Under the bill that comes to you today short-term gains are limited to sales within 18 months from acquisition.

In other words, under the conference report for 18 months a capital gain is treated as ordinary income and the applicable income-tax rates are effective. After the 18-month period, up to 24 months, there is a flat rate of 20 percent. After 2 years and the rest of the way out there is a flat rate of 15 percent. In short, here is the difference. The man who was holding a capital asset, and has sold it and has a capital gain between 1 year and 18 months, if he is in the higher income-tax bracket, he pays more under the Senate bill than he would under the House bill. The maximum rate under the House bill 1 month after 1 year of holding is 39.2 percent, and when you come down to the end of the 18-month period, it is 35.2 percent. So anyone in the surtax bracket who pays a higher rate than these rates will pay more under the Senate bill, and more under this conference report than the House bill.

Under the conference report a man who sells capital assets held between 18 months and 24 months, will pay less than he would under the House bill, ranging from 15.2 percent to 10.4 percent less. From the 2-year period and thereafter, the flat rate of 15 percent will be less under the Senate bill and under the conference report than under the House bill. When you reach the end of 5 years' holding, the House bill had a 16-percent and the Senate bill and the conference report had a 15-percent rate. The smaller income group may not pay such rates.

It was stated to us by Treasury officials that in 1938 the capital-gains sections passed by the Senate would yield $4,200,000 more than the House bill, and under the present treatment with the 20-percent bracket between the 18- and 20-month period, there will be several million dollars in addition to that.

We have a number of new provisions submitted in the conference report, some of them upon which we have been working for many years. There is a provision we designate as the equitable provision, which has been the subject matter of discussion for many years. The Hill subcommittee in 1934 recommended action upon it. The subcommittee appointed last year recommended action. The drafting crowd and the Treasury experts were unable to get the language in shape until the bill was in the Senate. Then there is some very fair treatment in respect to liquidation.

The subcommittee started out with the idea of relieving hardships and inequities, particularly as they applied to small corporations. We recognize, as we said on the floor in the consideration of this bill, that the 1936 act, while called an undistributed-profits tax, was not truly such because of the inclusion in the law of a normal corporate tax, the capital-stock tax, and the excess-profits tax. The yield from the undistributed-profits tax from corporations was $150,000,000; the other corporate taxes, $1,200,000,000.

However, we recognized the condition that existed in the country, and I pay tribute to my associates on the subcommittee on both sides of the aisle for their patriotic effort to meet the situation so far as the revenue end was concerned. We knew that the tax law of 1936 was not the reason for the recession. It could only be a small part of the cause.

When the House bill was passed, it received—I think it is fair to say—the commendation of the country as being a decided improvement over existing law. After the bill passed the Senate it received commendation as being a relief to business; and now, when the conference report is adopted, we find nothing but praise for the bill agreed upon. Now it is said that there were other reasons for the depression.

The SPEAKER. The time of the gentleman from Kentucky has expired.

Mr. DOUGHTON. Mr. Speaker, I yield five minutes more to the gentleman from Kentucky.

Mr. FRED M. VINSON. We have recognized the situation that exists, and we have done our dead level best to bring to the House and to the country a bill that will be helpful to business recovery. I mentioned the matter of liquidation, about which I think no one familiar with the subject can but agree is a very fair treatment of a very difficult problem.

At this point I am glad to yield to any Member of the House to ask any questions which he may desire to ask. I trust I may be able to answer to your satisfaction. I know gentlemen will recognize that the subject matter is of such breadth that it is impossible to take up each particular item and discuss it fully.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. FRED M. VINSON. Yes.

Mr. LANHAM. In the opinion of the conference committee, will the bill as reported by the conference committee yield as much revenue as the bill that passed the House?

Mr. FRED M. VINSON. We started out to raise $5,330,000,000. We were told that the bill that passed the House would raise substantially that sum. We have that same assurance now. The actual lead-pencil figure is probably twenty to twenty-five million dollars less than $5,300,000,000, but I know that everyone here recognizes that when you are making estimates as to the yield of taxes to be collected in the future an amount of that character is a substantial compliance with the goal at which we aimed.

There being no further questions, I shall say one further word. I leave the House shortly, and I do so with regret. You are a grand bunch of folks. You are a capable group of men and women. I know it is easy to pick out a particular utterance or a particular act and be critical either in caricature or in print. With seven terms of service here, I have come to know the membership of the House. I know there is some reason why every single Member is here, and at various times he shows his ability, his character, and his purpose. I leave with no thought in my mind except that of fond affection for every Member of the House and for the House of Representatives itself, which is a distinctive legislative body. There was a time when there was not such a body in the whole of the world, but democracy came to us following the light that was held aloft by your forbears and mine. It is your fixed purpose, as it has been mine, to preserve our democracy for the benefit of our own children, our children's children, down through posterity.

I close by saying again that I leave you with fond affection and great respect. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, following the explanation offered by the gentleman from Kentucky, I think there is very little to be said at this time in connection with the conference report on which the House is about to act. My colleague on the conference committee, the gentleman from New York [Mr. CROWTHER], and myself did not sign the conference report. My principal reason for not going along with the conferees was the fact that the compromise retained the principle of the iniquitous undistributed-profits tax. I can-

not altogether agree with the gentleman from Kentucky when he says that the country at large has commended and praised the conference report. I think it is a fatal mistake that there is anything left of the undistributed-profits tax. Two years ago we of the Republican minority commented adversely upon that tax. We have done so since.

I, for one, thoroughly approved of the action of the Senate when it eliminated the entire tax from the bill.

The conference report leaves in the bill a seed that may spring up again to injure business. It will be a drawback to recovery because you have not removed the fear that the tax will be revived in the next 2 years. The President, in his antitrust message, reasserted his belief in the tax and gave business cause to believe that he has not given up his effort to have it retained in the law.

It is unnecessary to debate the merits or demerits of the undistributed-profits-tax provisions of the bill, for at the present time we have gotten beyond the debating stage. I shall not vote for the conference report, although I realize that the House will approve it. The Democratic majority is responsible for the destructive law now on the statute books, and the best I can do is to commend their efforts to correct the mistakes they made 2 years ago in the adoption of that bill.

Mr. Speaker, the retention of the principle of the undistributed-profits tax by the conferees on the tax bill is a surrender to the dictates of the President. There is no justification for its continuance—even for a period of 2 years—except to avoid embarrassing the President by complete repudiation of the tax which he personally sponsored.

Had it not been for the President's ill-advised letter to the conferees demanding the retention of the provisions of the House bill regarding undistributed profits and capital gains, a much better compromise could have been worked out.

The President's letter was an arrogant and unprecedented interference with the freedom of the conference committee. He constituted himself the "thirteenth conferee."

As a matter of fact, there has been too much interference by the executive branch during the entire consideration of the tax bill. The report of the subcommittee of the Ways and Means Committee was practically dictated by Dr. Magill, representing the Treasury Department. He practically told the full Ways and Means Committee that it should agree to the subcommittee's recommendations, which he had for the most part prepared. Of course, the recommendations of the executive branch did not fare so well in the other body, but in conference the President took a personal hand in the matter.

Despite the President's letter, it still might have been possible to have eliminated the undistributed-profits tax completely had the Democratic members of the conference committee on the part of the House been willing to give the House an opportunity to vote on the Senate bill. It was represented by them that it would have been useless to do so, since the House would, in their opinion, have adhered to its own bill.

This I seriously question. If they were so sure of the attitude of the House, why did they not bring the matter back for a separate vote? The answer is that they were afraid the House would adopt the Senate bill.

The Senate bill, as everyone knows, conformed in principle to the proposals made by the Republican minority in the House when the bill was under consideration here. The other body repealed the undistributed-profits tax without even the formality of a roll call. Sentiment there was overwhelming for the complete repeal of this destructive tax, just as it was throughout the country. Only the President and the majority members of the Ways and Means Committee seemed to be unyielding in their adherence to this discredited principle.

Before the conferees came to an agreement, what seemed to be a deathblow to the undistributed-profits tax was struck by the Senate Unemployment Committee, which spent several months studying the cause of the present Roosevelt depression with a view to suggesting remedial measures. Let me quote briefly from the report submitted to the other body by this distinguished committee:

> Representatives of the major industries appeared before the committee, expressing their views as to the causes of the recession in business. In response to inquiry by the committee as to what legislation they would recommend to remedy the situation, the only specific recommendation was that Congress either repeal or modify the tax on undistributed profits and modify the tax on capital gains.
>
> The Senate has passed the revenue bill repealing the first-named tax and modifying the second, which bill, if enacted into law, will according to the testimony of those industrial leaders, result in encouraging capital to expand and provide jobs.
>
> The committee is of the opinion that the enactment of revenue legislation along the lines contained in the Senate bill will be exceedingly helpful at this time.

Since the conference agreement eliminates the Senate amendment repealing the undistributed-profits tax, we must conclude that the bill now before us will not be as helpful to business as it might have been.

We of the Republican minority have vigorously opposed the undistributed-profits tax from the beginning, and have never ceased to demand its outright repeal. We forewarned the Democratic majority of the evils to which it has led. They have at last realized their mistake in enacting this measure into law. Under the conference agreement, it will go out of existence at the end of 2 years. In the interim the maximum undistributed-profits tax will be only 2½ percent, as compared with the present maximum of 27 percent. Of course, it is perfectly silly for the administration to insist on the retention of this "ghost" of the tax—for that is all it is. The tax should have been eliminated completely, without delay, in order to assure business that it need have no fear of its being revived by subsequent legislation.

The retention of this 2½-percent levy on undistributed earnings cannot be justified on any ground, particularly in the light of all the complexity and uncertainty which it causes. Let me quote briefly from the report of the Senate Finance Committee:

> The committee believes that the principle of the undistributed-profits tax should be entirely abandoned and that the plan of taxing corporations at a flat rate should be adopted. Such a plan is simple and gives certainty to the taxpayer and certainty with respect to the revenue.

Then note the following comment of the committee on the complexities of the House provisions, which the conference agreement retains:

> It should be noted that the committee's proposal does away with much of the complexity of the House bill. Section 13 of the reported bill comprises less than one page and replaces sections 13 and 14 of the House bill, comprising six pages. The corporations in this class are relieved from the complicated "notch" provisions of the House bill, applying to corporations with net incomes slightly over $25,000. This is not all; sections 27 and 28 of the House bill, dealing with the dividends-paid credit and the consent-dividends credit, which comprise 10 pages, are also eliminated with respect to this general class of corporations.

By adopting the House undistributed-profits tax provisions, with only slight changes in rates, the conference agreement thus restores 16 pages of complicated text merely for the purpose of continuing to collect an undistributed-profits tax of not to exceed 2½ percent. Thus taxpayers and internal-revenue officials will be burdened with untold complexities just to save the President from the appearance of having been defeated in his fight to save the tax despite its universal condemnation. These complexities could all be avoided if the conferees had adopted a flat tax on corporate income, as provided in the Senate bill and as advocated by the Republican minority in the House.

The restoration of the flat tax on capital gains is a victory for the Republican minority. When the bill was before the House, and also when it was in committee, I offered a motion along this line which was opposed and defeated by the Democratic majority. I am glad to see the flat tax incorporated in the conference agreement. It will encourage the investment of funds in productive enterprise, bring about new employment opportunities, and increase the Federal revenues

from capital gains by encouraging, rather than preventing, capital transactions.

I shall not undertake to comment on the numerous other items in the conference report. I am in accord with some and opposed to others. Of course, the two Republican members of the conference committee on the part of the House—the gentleman from New York [Mr. CROWTHER] and myself—had nothing to say about the final agreement.

I do not want the impression to go out that I subscribe to the continuation of the undistributed-profits tax even for 2 years and even at a rate of only 2½ percent. I am still as much opposed to it in principle as ever. It is thoroughly discredited. It is universally opposed. And it should be completely eliminated from our tax system.

Before I take my seat I want to make reference to the gentleman from Kentucky. He offered a very excellent explanation, in my opinion, of the presence here of all of us. There is some reason why every man in this House, both Democrat and Republican, was elected to office. I can see a very marked reason why the gentleman from Kentucky has held his seat as long as he has and why he is as popular, as he must be, not only in his own home district but with the Members of this House. Some of us could probably drop out of this body and our absence would be quickly forgotten, but the type of service that the gentleman from Kentucky has rendered has endeared him not alone with the membership of our great committee, which he has ornamented so highly, but with the entire membership of this body. If I were to describe him in two words I would say that he has shown himself to be a constructive legislator. A man who has had the experience he has had on the Ways and Means Committee, a man who has so thoroughly digested the intricate subject of taxation in the manner in which he has, can leave the group with which he has been associated only to the regret of the entire membership of the committee and of this body. I feel that he will ornament the court of which I believe he expects to become a member within a few hours. I congratulate him on the work he has done in the House and know he will continue the same character of work on the bench. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the genteman from New York [Mr. CROWTHER].

Mr. CROWTHER. Mr. Speaker, the problems that were encountered by the special subcommittee in the preparation of the 1938 Revenue Act indicate very clearly to me the necessity of a still further thorough revision of the internal-revenue tax laws of this country. We have very many able lawyers on the Ways and Means Committee. I am not a member of the legal profession, but we have many able lawyers well enough trained in tax laws to be recognized as tax experts. The gentleman from Kentucky [Mr. VINSON] is outstanding in that capacity. The Treasury Department is well equipped and has a number of men similarly qualified. In the Joint Committee on Taxation there are an equal number of men who are recognized as tax experts and who are constantly studying the administrative and policy sections of our tax laws with an eye to improvement and also in an effort to develop simplification. Simplification was the outstanding objective that was aimed at when this Joint Committee on Taxation was organized; yet in spite of their labor, as the years have gone on the tax laws have become more and more complicated, until the March 15 form looks to an average layman somewhat like a problem in trigonometry; he does not know what it means. In spite of the tireless efforts of these experts, these lawyers and tax experts among the conferees of the House, these experts from the Joint Committee on Taxation, and the Treasury officials, we frequently found them all at variance as to the meaning of many sections of the law. It has developed into a complicated monstrosity.

So I insist that it requires still further study. I did not sign the conference report because I still disagree with the policy of the undistributed-profits tax. I do not believe it is a sound policy of taxation. I still hold to the view that we could much more easily secure our revenue from the corporations by a graduated gross income tax. That certainly would be much simpler than the present method. However, this is not the time to discuss suggestions for a new tax bill. The majority is about to ratify one that is before us at this time for action.

Mr. McCORMACK. Will the gentleman yield?

Mr. CROWTHER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Does my friend intend to vote for the conference report?

Mr. CROWTHER. No.

Mr. McCORMACK. Does the gentleman from New York admit this bill is a decided improvement over the present law?

Mr. CROWTHER. I do not know that it is. You have not helped anybody very materially. You take the small corporations and relieve them of the undistributed-profits tax, but you have made them pay for their relief by raising their normal tax rate.

Mr. McCORMACK. Would the gentleman prefer the present law to the pending bill?

Mr. CROWTHER. If I were a businessman, I probably should. The undistributed-profits tax has been almost obliterated. The undistributed-profits tax is now merely a flickering shadow in the bill without very much substance left. It might well be characterized, as it has been, a face-saving proposition for the administration.

Mr. McCORMACK. The gentleman in response to my question stated that as a businessman he thought it was an improvement. As a legislator, does the gentleman prefer the pending bill over existing law?

Mr. CROWTHER. I think the pending bill is somewhat of an improvement over existing law in many instances.

Mr. McCORMACK. Does not the gentleman feel under those circumstances it is his duty to vote for the pending conference report in preference to giving a vote which would be taken as an approval of existing law?

Mr. CROWTHER. I do not think so. The gentleman's reference to existing law merely clouds the issue.

[Here the gavel fell.]

Mr. DOUGHTON. I yield the gentleman 2 additional minutes.

Mr. McCORMACK. Does the gentleman feel it is the constructive course to follow, and I know the gentleman has a constructive mind?

Mr. CROWTHER. I believe it is. I disagree heartily with two of the basic fundamentals, the undistributed-profits and capital-gains items, as contained in this tax bill and I offer no apology for not signing the conference report or voting against its adoption.

In closing may I say a word or two regarding my distinguished colleague with whom I have served on tax-revision subcommittees for the past 7 years. There are 435 of us here in the House. We have a cloak-room acquaintance, we have a dining-room acquaintance, we have something of an outside social acquaintance, but where you really learn to know men and respect them and find out why they are in Congress is during the long, dreary, laborious, and tiresome hours of committee work. That is where I learned to love and respect my colleague, the distinguished gentleman from Kentucky [Mr. FRED M. VINSON]. That is where I learned why he was here, and why after his masterful service in this House he has been elevated to a high judicial position. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Speaker, I thank the gentleman from North Carolina for yielding me this time for two reasons. I want to take a minute or two to pay my tribute and to show my respect for a distinguished friend and neighbor of mine who is about to resign his membership in this great body and leave our Hall forever. It may not be of any consequence so far as the public record goes, but it is of some consequence to me to be able to say that I live within 2 or 3 miles of my good friend [Mr. VINSON], and that our

friendship is more than the friendship of coworkers; it is a friendship of neighbors. We have known each other for many years, and I hope he reciprocates my feelings of friendship and respect. I have said many times to his back what I am going to say now. I think he is the best-posted man on taxation in either branch of the Congress, especially on the Democratic side. [Laughter and applause.] I am only sorry that the President of the United States could not have seen fit to have placed him on the Supreme Court bench, where he belongs. I hope the time may come in the wisdom of Providence and in the circle of political expediency when he might reach the top in the judiciary as he has reached the top in the legislative branch. [Applause.]

The people of my section of Ohio and of his section of Kentucky will miss his able services. I do not make that as a statement of flattery but state it because it is the fact.

Mr. Speaker, I rise at this time also to state as emphatically as I can that I am opposed to this conference report. Ever since I became a Member of Congress I have had a sort of secret resentment against the surrender of power by the different branches of Congress to a conference committee. I think the power and authority of a conference committee are entirely too great. They are clear out of consonance with the system of parliamentary government where the majority rules. I believe that the sentiment of the people of the United States unmistakably is that the tax on undistributed profits should be taken out of this bill. We came very nearly taking it out in the House. If we had had a straight-out vote on it, we would have done so. The Senate took it out by an overwhelming vote. But in spite of that, the conference committee reinserts it and it comes back to us for ratification through a conference report. The newspapers and public press indicate that by far a majority of the membership of the conference committee wished it striken out of the bill. But it is here, and we have to take it. There were six conferees from the Senate—four Democrats and two Republicans. Likewise, there were the six from the House—four Democrats and two Republicans. Eight of this twelve were anxious to take this tax out. They remained in session for many days. The vote was 8 to 4 for days. You then wonder how four could prevail over eight. It is this way: The members for the Senate and those for the House vote as a unit. That is, the four Democratic members for the House controlled the House vote, so they took a dog-in-the-manger attitude and refused to yield. Because of their attitude, the other members wearied and compromised. The two Republicans from the House stood out to the last and refused to agree. The final vote was 10 to 2. This conference report is going to be agreed to this afternoon, regardless of the fact that the majority of Congress and the Senate would oppose it if they had a chance. I say that justifies my opposition to the surrender of power by the two branches of the legislative body to a conference committee. We have to approve here today a report which contains—and there is no question about it—the undistributed profits to which the people are opposed.

I expect to stand firmly against it, and I expect to vote against it. I am not assuming to speak for every other member of the Committee on Ways and Means on the Republican side, but our two distinguished leaders, the gentleman from New York and the gentleman from Massachusetts, have indicated their views. I believe this is the time we Republicans ought to stand together against this nefarious principle and let the people of the country know we stand opposed to this un-American principle of taxation—un-American in the sense that it has never before been written in a tax bill in the history of this country. If you were to ask me if I would prefer this bill against the old bill, I would say "no." You cannot put me in the place of selecting one evil as against another when I have a chance of selecting one good as against two evils. This is a matter of principle. The administration has surrendered everything but a shadow of its original demands. It is too proud or too stubborn to surrender the whole thing. They did not want to surrender the I-B basket proposition—the tax on closely held corporations—but this House courageously voted it out over the protests of those who served as our representatives in the conference committee. I shall vote against this conference report and I call upon all the members of my party to vote against it. I take this position with the complete approval of my own conscience. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 2 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Speaker, I take this moment of the time of the House to speak of my distinguished friend and fellow Kentuckian. I recall very well in 1924 when Judge VINSON first came to the House. I have watched his career from that day until now with interest and pleasure. He has served in this House with very great ability and distinction, and has served his country devotedly and faithfully. From that day to this nothing has developed to cause me to lessen the high esteem and affection I have always entertained for him. The only fault I have ever found with him is that occasionally in the 14 years he has gone off democratic.

Just one personal word to Judge VINSON. May I indulge the hope that he lives many years and enjoys the very best of health, and serves Kentucky and his country with the unfaltering devotion and the great distinction with which he has served in this House. He goes from this House with the esteem and affection of every man and woman in this body. God bless you and yours, Fred, on through the years. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Speaker, it has been our privilege to listen to the last speech to be made by our distinguished colleague, the gentleman from Kentucky, to whom reference has been made by those who have preceded me. His work on the pending bill will close his congressional service. I am sure I voice the true sentiment and feeling of every Member of this body, regardless of his political allegiance, when I say it is with very deep regret that we realize that we are to lose the service of this most affable and delightful gentleman, this able, courageous, and eminently qualified statesman, a man who has rendered such outstanding service as a Member of this body. I am sure he goes from among us with our genuine affection, and the highest degree of esteem his colleagues could possibly have for him. We wish for him the greatest possible success in his new work as a member of the Federal judiciary.

Mr. Speaker, as has been stated here, the action on the pending conference report will bring to a close the efforts of your subcommittee of the Committee on Ways and Means, extending over a period of 6 months and 7 days. On the 4th of last November this subcommittee began work on the pending tax bill. The bill comes to you today for consideration on the conference report. As has already been stated, there were 239 amendments added to the bill in the Senate. The Senate conferees receded on 101 of those amendments and the House conferees receded on 92 of them. Forty-six amendments involved compromise.

The distinguished gentlemen on the minority side who have preceded me have seen fit to criticize the principle of the undistributed-profits tax, which is retained in this bill, and they have criticized it on previous occasions. They criticized it with all the force they could command when the 1936 revenue bill was passed. They again criticized it when the pending bill passed the House. The gentleman from Ohio said the House came very near eliminating the undistributed-profits tax. The fact is that on the motion to recommit offered by the ranking minority Member, embracing the question of the undistributed-profits tax and the capital-gains tax, the House voted down the motion by a vote of 290 to 94. The House having spoken on those questions, your conferees made an honest effort to carry forward the mandate of the House.

The pending bill represents far more of the philosophy of taxation as expressed in the House bill than it does the philosophy of the other body. The undistributed-profits tax is retained in this bill, the difference being that instead of

a 4-percent spread under the so-called 16–20 plan we have a spread of 2½ percent, from 16½ to 19 percent. An explanation has already been given you as to the treatment of the capital gains and losses tax, the other major question involved in this bill.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield 2 additional minutes to the gentleman from Tennessee.

Mr. COOPER. It will be recalled that the provisions of the House bill with respect to the corporation tax are retained for corporations with net income of $25,000 or less. As has already been pointed out, we have retained many of the beneficial provisions of this bill which are calculated to assist and encourage business. I say to you frankly this bill goes further in many respects than I personally would like to see it go. For my part, I should like to see the undistributed-profits tax retained to a greater degree. In spite of charges to the contrary, the real purpose of the undistributed-profits tax is to try to accomplish a greater degree of equality and fairness in our Federal tax system.

I would like to see a greater degree of the House provisions of the capital gains and losses tax retained, but, of course, in conference it is a question of working out the differences between the two Houses. I believe we can bring this bill to you today with the assurance that it should stimulate and encourage business throughout the country, and it should raise, substantially, the same amount of revenue for the Federal Government that would have been raised by the House bill, and this was the original purpose we endeavored to accomplish. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield such time as he may desire to use to the gentleman from New York [Mr. CULLEN].

Mr. CULLEN. Mr. Speaker, I love this House, I love its membership, but sometimes I wonder if we realize that in the House of Representatives we are serving in the greatest parliamentary body in the world and aside from our legislative work the opportunity we have to make friends and form associations is glorious in the extreme. I have made many friends around this circle since my entrance into this House 20 years ago, a friendship which has been cemented in such a way that nothing can destroy it. When the gentleman from Kentucky, Mr. FRED VINSON, or Judge VINSON now, if you please, came into the Sixty-eighth Congress he was one of the first men I met on the floor here. I had served 4 years ahead of him. We went out in the Speaker's lobby and we talked about various things, including the proceedings of the House and its rules, and since that moment FRED VINSON and I have been the greatest of friends. I have a deep love and an abiding affection for Fred. The reason I have this feeling toward him is because of his ability, his constructive mind, his common sense, his courage, and, above all, his courteous and affable manner.

As the gentleman from New York [Mr. CROWTHER], has said, the Ways and Means Committee is the important committee of this House. It is a hard working committee. It has hard problems to solve. Its work is technical in the extreme, and yet when we sit around the committee table there has never been a mean word exchanged between its members. While the Ways and Means Committee is a political committee to some extent, yet in the final analysis it is a committee composed of men who assemble around the board to do that which they think is best for the country and the Nation, irrespective of political affiliations, notwithstanding the fact we may differ in our judgment.

It is too bad to lose a man like VINSON, because the House, after all, needs men of his caliber and stripe, and needs men with the brains and ability that he has from a constructive standpoint. I fear we will realize just as soon as he takes his departure tomorrow the necessity of having a man like FRED VINSON back on the floor here, and yet I am satisfied to see him go and happy to have him go because he is stepping up to the judiciary, stepping up higher, where he will serve with the same honor and receive the same esteem he has had here. His sense of responsibility and his conscientiousness will make for himself and his family a record in the judiciary far surpassing the great record he has made here.

Fred, we are sorry to lose you, but may God speed you on your way. May you live for many, many years to enjoy success on the bench, and you may be assured you take with you the love and affection of every man and woman who sits around this circle.

God bless you, Fred, and your dear family; good luck to you and congratulations to you as a justice of the Federal judiciary. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the time for debate on the conference report may be extended 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, last fall when the Subcommittee on Taxation was about to meet we heard throughout the country, and properly so, a demand for a revision of the 1936 tax law. We were assured that if there was a sharp modification of the 1936 act it would act as a stimulus to business. We received assurances from the United States Chamber of Commerce and we received assurances from businessmen in general that a sharp modification of the present law with reference to corporate taxes and with reference to the tax on capital gains and losses would bring about a sharp increase in business, and the bill we are about to vote upon finally meets that objective.

I was amazed at the stubbornness of my friends on the Republican side, the nonconstructive position taken by them, when they said they would rather have the present law than the bill that is now before the House, even though the pending bill is a decided improvement over existing law.

If this is what the country may expect from the minority party, we realize the sad situation and the low state to which the minority party has gone when, instead of constructive criticism and constructive support, when a constructive piece of legislation is pending, that party, through its leaders, takes a position of blind and stubborn opposition.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. KNUTSON. The gentleman has referred to the minority party. During the time that we were in power after the war, which the gentleman's party brought on, we made five tax reductions. Will the gentleman tell the House how many have been made under the New Deal?

Mr. McCORMACK. Mr. Speaker, in 1929, briefly answering the gentleman's question, we had a stock collapse. This depression started in 1929 and the Republicans were in control of the Government and had been in control since 1921. We passed a tax bill during the Republican administration of former President Hoover which raised $1,641,000,000, and despite that, during the last 3 years of former President Hoover's administration, we had three consecutive deficits totaling over $6,000,000,000, and not 1 penny during those 3 years was spent by the Federal Government to relieve human suffering and distress. That is an answer to the gentleman from Minnesota.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield further for an observation?

Mr. McCORMACK. For a brief question.

Mr. KNUTSON. The gentleman refers to the fact that there were deficits of $6,000,000,000 under the Hoover administration.

Mr. McCORMACK. Over $6,000,000,000.

Mr. KNUTSON. May I call the gentleman's attention to the fact that there have been over $18,000,000,000 of deficits under the New Deal administration, and will he just explain that?

Mr. McCORMACK. It was $6,000,000,000 under the Hoover administration without a penny spent to relieve human suffering and distress.

Mr. KNUTSON. Oh, that is not true.

Mr. McCORMACK. It is. The only thing done was to make one loan under the Home Owners' Loan Act. You created the R. F. C. for banks and the railroads, but you passed no legislation to help the average person—the medium-sized businessman. You appropriated money to relieve the unfortunate cattle that were starving on the farms, and I voted for it, but you would not vote a penny to relieve the suffering of human beings, which I and other Democrats tried to have you do. You made loans to States, but no direct Federal appropriation was made to relieve the human suffering that existed.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. DOUGHTON. Mr. Speaker, I yield the gentleman 2 minutes more.

Mr. McCORMACK. Mr. Speaker, we all noticed the tremendous pressure under which the distinguished gentleman from Kentucky, Mr. FRED M. VINSON, was operating when he made his closing speech to the body of which he has been a very influential Member—a speech that conveyed to us the very deep feelings and sentiments that he entertains in leaving us and the body that he prides so much. The gentleman conveyed more to us by what he did not say than what he did say. His feelings upon leaving us, he felt, and you and I sensed it, were incapable of expression by mere words. How profoundly he was moved was evident to all of us. In his mind were the years of service and of association in this body and of the many friendships that he made—friendships of a lasting nature—and the fact that he was departing from the work and the environment that he was so interested in during his years of constructive service. He loved his work—and he loved this body. If there is one thing that the gentleman from Kentucky has left with us it is the fact that during his service in this body he has been a man not only of ability, but a man of courage. FRED VINSON, whenever he spoke and voted, spoke and voted in an independent and courageous way—not responsive to a false public opinion, but casting his vote and expressing his views along lines which he considered to be for the best interest of his people—for the best interests of our country. An outstanding Member at all times, you and I have seen him constantly develop. Today he stands and is recognized throughout the Nation as one of the leaders of the Congress of the United States.

It has been my pleasure since 1930, when I was first elected to the Committee on Ways and Means, to have been very closely associated with my friend from Kentucky. Probably the real arguments in the Committee on Ways and Means have developed when the gentleman from Kentucky and I have not agreed. In addition to many other reasons I am going to miss him from that angle. He is a hard fighter, and a clean fighter, and while we have had very few differences of opinion, when we did have them they were fought hard, and the gentleman from Kentucky invariably was the victor. No one feels more keenly his leaving this body than I do. He leaves with my personal warm regard, with my personal feelings of friendship, and my personal and official feelings of respect. We lose a great Member. The judiciary gains a great judge. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. BUCK].

Mr. BUCK. Mr. Speaker, it is not given to every man to retire from Congress on the very day on which the legislative work which will stand as his monument passes that body; yet this experience today is the fortune that meets our genial friend from Kentucky [Mr. FRED M. VINSON] as he is taken from us to his new judicial position.

The gentleman from Tennessee called attention to the fact that work on this tax bill that we are to adopt presently began in subcommittee on November 4 last. He did not call attention to the fact, however, that for months before that the gentleman from Kentucky was engaged in his own private office and in the offices of the Treasury Department in consultations concerning this bill that was to be brought first before the subcommittee, afterward to the full committee, and then presented to the House. When the members of our subcommittee met we had the advantage of those meetings, those consultations, and of the information which Treasury and committee experts had collected under his expert guidance.

We shall miss him on the Ways and Means Committee, and you ladies and gentlemen of the House will miss him. You will miss his judgment, his ability to present to you complex legislation. If there is one characteristic that FRED VINSON has shown to all of you, it is his boundless energy, and second to that the clarity of his thought, the clearness with which he can analyze figures. You have often seen him stand right here in the Well with his back against the bench picking figures out of the air with this old familiar gesture of his; but you have learned, too, that after he picked those figures out of the air he did not juggle with them. He presented them to you clearly and in a fair manner for your consideration.

His devotion to duty has been constant. I have learned to know it personally not only on the Ways and Means Committee but on the Subcommittee on Taxation that has just finished its labors. FRED VINSON will carry with him to his judicial position all of these qualities I have mentioned, and particularly his devotion to duty, his conscientiousness in whatever he undertakes.

Fred, I have not time to speak of our personal sense of loss as you depart from the House. We rejoice in your elevation to the bench, but we shall miss you, and it will not be easy to fill your place. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Speaker, there is very little, in fact there is nothing, I can add to what has already been said about the distinguished service and the ability of the gentleman from Kentucky [Mr. VINSON]. His departure from Congress is a distinct loss to our country and to the Democratic Party. About the only ones who are the gainer in this change are the Republicans.

The gentleman from Kentucky, I believe I may say without appearing to exaggerate, is the greatest authority on taxation that has served in this House in the 21 years I have been a Member of this body, and his leaving is a great loss to the country and to his colleagues on the committee.

As you know, the Ways and Means Committee is the political committee of the House. My good friend from New York, I do not want you to get the impression that when the Ways and Means Committee meets we bring our knitting and sit down over a cup of tea and discuss neighborhood gossip. It is a political committee; every member is a militant partisan and there is not anyone who can hit harder or more furiously than the gentleman from Kentucky—but I will say one thing for him, he never hits below the belt. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. Speaker, other members of the committee have served longer with our colleague from Kentucky [Mr. VINSON], but none thinks more highly of him than I, nor regrets more than I to see him leave us. You do not have to serve long on a committee with FRED VINSON to appreciate his superior mental qualities, his remarkable grasp of taxation, and the enthusiasm and energy he puts into everything he undertakes. The tax bill on which we will shortly vote is the capstone to his distinguished legislative career. It is a bill which all of us can support. And may I say to friends on the other side of the aisle that those who vote against this bill will cling to a shadow while they abandon the substance of a substantial tax reform. Everyone knows it will either be this tax bill or no tax bill at this session. Therefore, a vote against this bill and against this

conference report is equivalent to saying: "I prefer the present tax laws," a position that cannot successfully be defended.

When we met in January, business leaders appealed to us for help. They said they had lost confidence and claimed that that loss of confidence and the current business depression was due to our tax laws. When asked what type of tax reform they wanted, the reply was: "The repeal of the undistributed-profits tax," and when asked what flat rate business favored, many business leaders indicated a flat rate of 20 percent. The maximum rate in the new bill will be 19 percent, and for corporations making full disbursement of earnings, only 16½ percent. For corporations with incomes of less than $25,000 the average rate will be only 14.1 percent. The tax on capital gains has been greatly modified. The liquidation of personal holding companies has been greatly facilitated. Insolvent banks have been completely relieved of taxation. Numerous cushions have been provided and equitable provisions inserted which I do not have the time to enumerate. While the total tax burden has not been greatly reduced, the burden has been far more evenly distributed, with due allowance being made for those corporations that are in debt or which need earnings for expansion purposes.

I, of course, appreciate the fact that our present tax burden is a heavy one, but it will be the height of folly for our business leaders to stand still with the hope that that burden will, within the near future, be measurably lightened. It cannot be done.

Frequently, business leaders remind us of the fact that up until this year Great Britain has had a balanced budget. But they fail to add that Great Britain has had a balanced budget because the British subject has cheerfully paid the necessary taxes. The present tax rate on corporations in Great Britain is 27½ percent, with far fewer deductions than in this country. American corporations deduct for depreciation alone three times the amount they pay in taxes. Great Britain likewise imposes heavy personal income taxes, commencing with $650 for a single man, $950 for a married couple without children with income from investments, and $1,250 for such a couple with an earned income. Great Britain collected last year $580,000,000 from excise taxes on a wide variety of subjects, including a tax of $12.80 on liquor, 18 cents per gallon on gasoline, 18 cents per gallon on motor oil and fuel oil, 16 cents per pound on tea. In addition to those extremely heavy national taxes, Great Britain imposes, contrary to popular conception here, local taxes in cities and counties, the aggregate of which last year was about $950,000,000. On real estate, for instance, the local tax is 53.6 percent of its fair annual rental value. As one British subject recently said to a friend of mine, "We think enough of England to be willing to pay the taxes necessary to save her." We need to develop that spirit in the United States. I realize we are rapidly accumulating a tremendous public debt, but to me the idea that eventually we will discharge that obligation through the dishonorable course of currency inflation is unthinkable.

Therefore, I say all of us should be glad to support the pending tax measure. It will not balance the Budget, it is true; but as compared with the tax burden now cheerfully being borne by British subjects, the industrial interests of this country should welcome it as a signal to go forward. I believe the bill we will pass today will help to make business conditions better, and that our distinguished colleague from Kentucky can assume the duties tomorrow of his high judicial post with the satisfaction of knowing that his last official act in this House will redound to the benefit of the entire Nation. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their own remarks in the RECORD on the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks at this point in the RECORD on this subject.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. O'NEAL of Kentucky. Mr. Speaker, there have been many testimonials given as to the ability of FRED M. VINSON, of Kentucky. It is universally recognized that the House of Representatives considers him one of its most brilliant Members. His mastery of tax matters and intricate legislation, his fearlessness in leading debate, and his good sportsmanship at all times have distinguished him.

As a Kentuckian, I am proud of him, and as a friend, I am devoted to him because of his own high capacity for friendship. We who have long known him are well aware of his loyalty to a friend and to a cause. Wherever he has been he has led, due to his abilities and due to the willingness of those who understand him to follow.

In olden days the highest compliment was to say, "Behold the man whom the king delighteth to honor." It can be said of him, "Behold the man whom all who know him delight to honor."

Mr. LEAVY. Mr. Speaker, I desire to take this opportunity to heartily endorse and approve all that has been said about Justice FRED M. VINSON, who is one of the outstanding, highly respected Members of this body, and who now has been elevated to one of the highest public offices that, in my judgment, a man can occupy, the position of judge in the second highest court in this great Nation of ours.

When I first came to Congress at the beginning of the Seventy-fifth Congress, one of the first men I contacted was Judge VINSON, then an outstanding member of the powerful Ways and Means Committee. I told him of my ambitions to secure an appointment on the Appropriations Committee. I shall never forget his courteous, kind, and thoughtful consideration at that time. It is one of the most pleasant recollections of my first days in Congress. As a result of that experience I have perhaps observed the official conduct of Judge VINSON through the many trying situations that came to him in the discharge of his legislative duties, and I feel that I know him better than many other Members of the House.

Judge VINSON's uniform courtesy, his past experience, and his courageous personality cause me to predict for him an outstanding and unusual career on the Federal judiciary and to believe that he will discharge the great responsibilities that come with the high office that he now has assumed, in a manner that will reflect credit to him and good to the untold numbers of American citizens whose lives will be directly and indirectly influenced by the judicial decisions in which he will participate. I bespeak for him a great career of outstanding useful public service, and I am sure that he will leave an indelible imprint, as one of the leaders, in interpreting the many important and difficult phases of the new and unusual statutory enactments of these days and the days to come.

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Speaker, 3 minutes is a very short time for me to say what I have in my heart about my good friend, Hon. FRED M. VINSON, of Kentucky.

He has reflected honor upon the position he has held in the House. He will reflect honor upon the judiciary. We are today bestowing honor where honor is justly due. To those who know him best, he possesses every element of a true statesman. In the language of that great delineator of character, "He is a man in whom the elements are so mixed that Nature might stand up and say to all the world, 'This is a man.'" He is honest, conscientious, and companionable, but never sacrifices principle. He is loved for his companionship and admired by his friends because of his great ability. It will be a long time before there will be another

man who will grace his position and be such a tax expert, or who can achieve his place on the important Ways and Means Committee.

When at last the fires of life grow low, and when at last, Fred, you shall enter the deepening dusk, after many, many happy years, surrounded by your wife and children, and with your grandchildren upon your knee, may the memory of the wonderful work you have done in this body, and the memory of the friendship and love of those with whom you have associated in the House fill your soul with peace and perfect joy. As you journey through life may you, your wife, and loved ones be blessed with good health and happiness and the recipient of heaven's richest and best gifts.

Good-bye, Fred, from the Halls of this House, where you served so well, but we will continue to meet and enjoy your companionship. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. MAVERICK].

FRED VINSON IS DOUBLE O. K.—HE WILL MAKE A GOOD JUDGE

Mr. MAVERICK. Mr. Speaker, I am given 1 minute to speak on the life and accomplishments of Mr. VINSON of Kentucky. This is getting too solemn!

INTELLIGENT, SMART AS A WHIP, A GOOD CONGRESSMAN—THE RIGHT KIND OF A MAN FOR THE BENCH

In 1 minute I want to say he is a man of expansive intelligence, he is honorable, he is smart as a whip, he is a good Congressman, he is an excellent speaker, he is a fine gentleman, and he is the kind of a man we need on the bench.

I am sorry he is leaving us. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I desire to make only a brief statement relative to the pending conference report. The managers on the part of the House and Senate have for days considered the matters in disagreement and have endeavored to bring about the enactment of the best revenue bill possible.

The two main controversial items were the undistributed-profits tax and the method of taxation of capital gains.

The House conferees from the beginning insisted upon retaining the undistributed-profits tax principle in our tax structure to carry out the action of the House when the measure was considered and passed. Concessions, of course, had to be made in order to reach an agreement, and I am happy to report that we were able to retain the undistributed-profits tax with some slight modification of rates, and the addition of additional cushions to take care of corporations having deficits and debts existing prior to January 1, 1938.

In addition it was agreed to limit its application to a period of 2 years, during which time I am confident the merits of such a principle of taxation will be fully demonstrated, since it has for its purpose more equitable tax treatment as between corporations and those doing business as individuals or as partnerships.

Under the House bill the rates levied were from 16 to 20 percent, dependent upon the amount of earnings declared out to the shareholders. The rates provided in the pending report range from 16½ to 19 percent, whereas under the Senate bill a flat rate of 18 percent was levied, except in the case of corporations with net incomes of $25,000 and less, who were given special treatment. This special treatment provided under the Senate bill resulted in completely exempting from taxation corporations having net incomes of approximately $2,300 and under. It also resulted in materially increasing the tax burden of those corporations having net incomes of $6,500 to $25,000 over that provided under the House bill, which, as you will recall, completely exempted from the undistributed-profits tax all corporations having net incomes of $25,000 and under. These corporations, under the House bill, were required to pay 12½ percent on the first $5,000, 14 percent on the next $15,000, and 16 percent on the remaining $5,000 of net income.

The House conferees were unwilling to place an added tax burden on corporations with net incomes from $6,500 to $25,000, and could see no justification for exempting from taxation a corporation having a net income of $2,300 and less, which might represent a return of 10, 15, or 20 percent on its investment. Suffice to say the House provision relative to the treatment of corporations having net incomes of $25,000 and under was retained in the bill.

As to capital gains, the House conferees compromised by making all gains realized on assets held for 18 months and less taxable as ordinary income at the regular normal and surtax rates. Gains realized on assets held more than 18 months and less than 2 years are taxable at a flat rate of 20 percent, and gains on assets held for over 2 years at a flat rate of 15 percent. Special treatment designed to aid the small taxpayer whose income falls in the lower surtax brackets is also provided for.

Many other provisions, deemed helpful to business, are contained in the pending report such as the liquidation provisions advocated by the Securities and Exchange Commission and carried in the Senate bill. These provisions would have been included in, and adopted by the House, had the Commission been able to conclude their studies and investigations prior to the time the bill was considered by the House.

For months we have heard the cry that Federal taxes was one of the major causes of the business recession, especially the undistributed-profits and capital-gains tax. Much of the opposition, in my opinion, was founded upon misunderstanding due to misrepresentations made by those who desired to continue to enjoy a tax advantage over certain of their competitors due to their business set-up and financial resources. The pending report contains, in my opinion, far more real aid to business than was ever hoped for and all a fair tax bill can give, and the adoption of this report, if the claims of those who have been most critical of our tax laws were well founded, cannot fail to aid in business recovery. At any rate, business need no longer hesitate or complain on account of our tax laws.

In conclusion, I desire to pay tribute to the gentleman from Kentucky [Mr. VINSON] who has labored continuously and faithfully since the pending tax bill was first taken up by the subcommittee of which he is chairman. In my long service as a Member of the House I have been thrown in close contact with many students of Federal taxation, and many capable legislators, but I have known no one with a finer record of service than FRED VINSON. He has ceaselessly labored to ascertain the facts, and to bring about the enactment of tax legislation giving equality of treatment to all. The adoption of this report will mark the close of his legislative career and service to his country as a legislator. The House will lose one of its most valuable members, and we of the Ways and Means Committee an invaluable and a tireless worker. I personally regret his leaving, as he has been a tower of strength in the arduous duties which have fallen upon our committee during the past few years. The gentleman from Kentucky, the Honorable FRED VINSON, is the embodiment of the ablest, noblest, and best in our national life. I know I speak the sentiment of each and every Member of the House, irrespective of party affiliation, in wishing him the same measure of success in his future service to his country in the judicial branch of the Government, and I am confident his service there will measure up to the high standard he has achieved here. [Applause.]

Mr. WOODRUFF. Mr. Speaker, I have served in this House for 20 years. During that time I have seen many Members come and go. I have served on a number of different committees of the House, and as most of the Members know, have for a number of years been a member of the great Ways and Means Committee.

My first real contact with the gentleman from Kentucky [Mr. FRED M. VINSON] was some years ago when he, as a member of the Military Affairs Committee, and I, as a member of the Naval Affairs Committee, were members of a subcommittee appointed to prepare legislation regulating the Air Service of the two arms of our national defense. It was at that time, Mr. Speaker, that I first acquired knowledge of the splendid

ability of the gentleman who leaves this body tomorrow to assume a position of equal responsibility in another branch of the Government.

Mr. Speaker, I consider the Ways and Means Committee of this House the greatest committee of any legislative body in the world. My ambition since I first came to Congress was that some day I would become a member of that committee. Some years ago I was given a place thereon. It was there I first had an opportunity to really know the gentleman from Kentucky. May I say that in all my experience here I have known no man who has more devotedly applied himself to his duties and responsibilities. He has given unstintingly of his time and ability and has to no little extent been responsible for the success with which the administration's measures have been favorably acted upon by the committee and passed by the House.

Mr. Speaker, I am one of the minority on the Ways and Means Committee, as all the Members know. I have opposed many of the measures over which our committee has jurisdiction. I have differed with the gentleman from Kentucky on these measures and sometimes our differences have waxed warm. Through it all, however, we have maintained a friendship which I hope and believe will remain down the years. Our colleague leaves us tomorrow. I think we all will feel the loss which this House suffers as a result of his deserved promotion. He has served with distinction here, and I fully expect he will serve with distinction in the position he is to assume. I wish him every possible success in his new undertaking and that when his work in that great judicial body shall have been completed I hope and I expect that his record there will have been such as to add to the luster which crowns his work in the great House of Representatives.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Speaker, at the hazard for keeping the House for a brief moment, when I know it is restless and wants to go on with the legislative program, I take the floor because I cannot, in response to my feelings, allow this hour to pass without recording here a few of my sentiments with reference to the gentleman from Kentucky [Mr. FRED M. VINSON].

No man out of the 435 Members here could leave this House, in my humble judgment, and the House suffer a greater loss. The State of Kentucky in the years gone by has furnished to the country many names that have added to the fame of that glorious Commonwealth. In the years I have served here I have served with many men of great ability and great character from the great State of Kentucky and from the length and breadth of the country I have served with many. I have never served with a man of finer character, of greater patriotism or of more outstanding ability than is possessed by the gentleman from Kentucky [Mr. FRED M. VINSON]. [Applause.] His services here have been invaluable. We will miss him when bills come from the great committee of which he has been a member, but the other side of him I would like to speak of for a brief moment, and that is the man himself. I may be pardoned for a word about what he has meant to me. In the language of another, "His friendship is an enriching treasure in the memory of which I shall not be poor." Few things in my life have come into it that have meant as much to me as this fine man and the fine friendship he has given me.

Whether in the legislature or upon the bench or in the forum his energy, his patriotism, and his intelligence will be felt. Whatever position he occupies, when or where, he will always be a gentleman of the best school. [Applause.]

The SPEAKER. Will the gentleman from Kentucky [Mr. FRED M. VINSON] take the chair for a moment?

Mr. FRED M. VINSON assumed the chair as Speaker pro tempore.

Mr. DOUGHTON. Mr. Speaker, I yield the remainder of my time to our distinguished Speaker, the gentleman from Alabama. [Applause.]

Mr. BANKHEAD. Mr. Speaker, so many words of deserved praise have already been spoken in commendation of the very fine public services of our colleague from Kentucky, Mr. FRED M. VINSON, that I shall only trespass upon your indulgence for a moment, but I could not resist the temptation to request just a little time to join with my other colleagues here upon both sides of the aisle in expressing our very deep regret at the separation from us of our colleague from Kentucky.

Somehow or other I do not like these separation scenes. They are saddening things, and yet in this particular case of our friend, although he is finishing a very brilliant and very distinguished legislative service, all of us are comforted by the fact, and deeply comforted by the fact, that he will continue his public service in another tribunal.

I do not want unduly to flatter our friend, but I want to say that I think he has one of the best organized and one of the most analytical minds I have ever come in contact with in all of my experience in the House of Representatives. [Applause.] Peculiarly dextrous and disciplined are the mental faculties of this man, and I have often marveled here in his debates upon the floor at the facility with which, out of the retentive recesses of his mind, he could draw complicated figures and statistics, and the fact they were always correct is the remarkable thing about it.

I simply desired an opportunity to speak in company with all the rest of you upon this occasion to express our very deep regret at the departure of our friend from this forum in which he has rendered most unusual and exceptional service and to express the confident assurance that he will continue to reflect credit upon his character and his intellect when he assumes the judicial ermine. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the conference report.

The SPEAKER pro tempore (Mr. FRED M. VINSON). The question is on the adoption of the conference report.

Mr. SNELL. Mr. Speaker, on the adoption of the conference report I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 242, nays 89, not voting, 97, as follows:

[Roll No. 73]

YEAS—242

Aleshire	Cravens	Gavagan	Lea
Allen, Del.	Crowe	Gildea	Leavy
Anderson, Mo.	Cullen	Goldsborough	Lesinski
Arnold	Cummings	Gray, Ind.	Lewis, Colo.
Atkinson	Daly	Green	Lewis, Md.
Barry	Dempsey	Greenwood	Long
Beam	DeMuth	Gregory	Lucas
Beiter	DeRouen	Griffith	Luckey, Nebr.
Bell	Dickstein	Griswold	Luecke, Mich.
Biermann	Dies	Haines	McAndrews
Bigelow	Dingell	Hamilton	McClellan
Binderup	Dixon	Hancock, N. C.	McCormack
Bland	Dockweiler	Harlan	McFarlane
Bloom	Dorsey	Hart	McGranery
Boehne	Doughton	Harter	McGrath
Boileau	Doxey	Hendricks	McKeough
Boland, Pa.	Drew, Pa.	Hennings	McReynolds
Boyer	Drewry, Va.	Hill	McSweeney
Boykin	Driver	Hobbs	Magnuson
Bradley	Duncan	Honeyman	Mahon, S. C.
Brooks	Dunn	Hook	Mahon, Tex.
Brown	Eberharter	Hunter	Mansfield
Buck	Eckert	Imhoff	Martin, Colo.
Buckler, Minn.	Eicher	Izac	Massingale
Burch	Elliott	Jacobsen	Maverick
Byrne	Evans	Jarman	May
Caldwell	Farley	Johnson, Luther A.	Mead
Cannon, Mo.	Ferguson	Johnson, Lyndon	Meeks
Cartwright	Fernandez	Johnson, W. Va.	Merritt
Chandler	Fitzgerald	Jones	Mills
Chapman	Flaherty	Kee	Mitchell, Tenn.
Citron	Flannery	Kelly, Ill.	Moser, Pa.
Clark, Idaho	Fleger	Keogh	Mosier, Ohio
Clark, N. C.	Fletcher	Kirwan	Mouton
Claypool	Forand	Kitchens	Murdock, Ariz.
Cochran	Ford, Calif.	Kniffin	Murdock, Utah
Coffee, Nebr.	Ford, Miss.	Kocialkowski	Nelson
Collins	Frey, Pa.	Kopplemann	O'Brien, Ill.
Colmer	Fuller	Kramer	O'Brien, Mich.
Connery	Fulmer	Lambeth	O'Connell, R. I.
Cooley	Gambrill, Md.	Lanham	O'Connor, N. Y.
Cooper	Garrett	Lanzetta	O'Day
Costello	Gasque	Larrabee	O'Leary

O'Neal, Ky.	Rankin	Sheppard	Tolan
O'Neill, N. J.	Rayburn	Sirovich	Towey
O'Toole	Reilly	Smith, Conn.	Transue
Owen	Richards	Smith, Va.	Turner
Pace	Rigney	Somers, N. Y.	Umstead
Parsons	Robertson	South	Vincent, B. M.
Patman	Robinson, Utah	Sparkman	Vinson, Ga.
Patrick	Romjue	Spence	Vinson, Fred M.
Patterson	Ryan	Starnes	Voorhis
Patton	Sabath	Sumners, Tex.	Wallgren
Pearson	Sadowski	Sutphin	Warren
Peterson, Fla.	Sanders	Sweeney	Welch
Peterson, Ga.	Schaefer, Ill.	Tarver	Whittington
Phillips	Schuetz	Terry	Wilcox
Pierce	Schulte	Thom	Woodrum
Poage	Secrest	Thomas, Tex.	Zimmerman
Rabaut	Shanley	Thomason, Tex.	
Ramspeck	Shannon	Thompson, Ill.	

NAYS—89

Allen, Ill.	Dowell	Ludlow	Shafer, Mich.
Amlie	Engel	McLean	Short
Andresen, Minn.	Englebright	Maas	Simpson
Andrews	Gamble, N. Y.	Mapes	Smith, Maine
Arends	Gearhart	Martin, Mass.	Snell
Bacon	Gehrmann	Mason	Stefan
Barton	Gifford	Michener	Taber
Bates	Gilchrist	Mott	Teigan
Bernard	Guyer	O'Connell, Mont.	Thomas, N. J.
Brewster	Gwynne	Oliver	Thurston
Carlson	Halleck	O'Malley	Tinkham
Carter	Hancock, N. Y.	Powers	Tobey
Case, S. Dak.	Hoffman	Reed, Ill.	Treadway
Church	Hope	Reed, N. Y.	Wadsworth
Clason	Hull	Rees, Kans.	White, Ohio
Cluett	Jarrett	Rich	Wigglesworth
Coffee, Wash.	Jenkins, Ohio	Robsion, Ky.	Withrow
Cole, N. Y.	Kinzer	Rockefeller	Wolcott
Crawford	Knutson	Rogers, Mass.	Wolfenden
Crowther	Kvale	Rutherford	Woodruff
Culkin	Lemke	Sauthoff	
Dirksen	Lord	Schneider, Wis.	
Dondero	Luce	Seger	

NOT VOTING—97

Allen, La.	Edmiston	Kleberg	Scrugham
Allen, Pa.	Faddis	Lambertson	Smith, Okla.
Ashbrook	Fish	Lamneck	Smith, Wash.
Barden	Fitzpatrick	McGehee	Smith, W. Va.
Boren	Flannagan	McGroarty	Snyder, Pa.
Boylan, N. Y.	Fries, Ill.	McLaughlin	Stack
Buckley, N. Y.	Gingery	McMillan	Steagall
Bulwinkle	Gray, Pa.	Maloney	Sullivan
Burdick	Greever	Mitchell, Ill.	Swope
Cannon, Wis.	Harrington	Nichols	Taylor, Colo.
Casey, Mass.	Hartley	Norton	Taylor, S. C.
Celler	Havenner	O'Connor, Mont.	Taylor, Tenn.
Champion	Healey	Palmisano	Walter
Cole, Md.	Hildebrandt	Pettengill	Wearin
Cox	Holmes	Pfeifer	Weaver
Creal	Houston	Plumley	Wene
Crosby	Jenckes, Ind.	Polk	West
Crosser	Jenks, N. H.	Quinn	Whelchel
Curley	Johnson, Minn.	Ramsay	White, Idaho
Deen	Johnson, Okla.	Randolph	Williams
Delaney	Keller	Reece, Tenn.	Wolverton
Disney	Kelly, N. Y.	Rogers, Okla.	Wood
Ditter	Kennedy, Md.	Sacks	
Douglas	Kennedy, N. Y.	Satterfield	
Eaton	Kerr	Scott	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Sullivan (for) with Mr. Eaton (against).
Mr. Smith of West Virginia (for) with Mr. Ditter (against).
Mr. West (for) with Mr. Taylor of Tennessee (against).
Mr. Lamneck (for) with Mr. Douglas (against).
Mr. Snyder of Pennsylvania (for) with Mr. Hartley (against).
Mr. Curley (for) with Mr. Lambertson (against).
Mr. Boylan of New York (for) with Mr. Holmes (against).
Mr. Kleberg (for) with Mr. Jenks of New Hampshire (against).
Mr. McLaughlin (for) with Mr. Plumley (against).
Mr. Maloney (for) with Mr. Reece of Tennessee (against).

General pairs:

Mr. Swope with Mr. Wolverton.
Mr. Scrugham with Mr. Fish.
Mr. Boren with Mr. Burdick.
Mr. Edmiston with Mr. Johnson of Minnesota.
Mr. Pfeifer with Mr. Deen.
Mr. Wearin with Mrs. Jenckes of Indiana.
Mr. Barden with Mr. Smith of Washington.
Mr. Bulwinkle with Mr. Kelly of New York.
Mr. Walter with Mr. Steagall.
Mr. Kerr with Mr. Casey of Massachusetts.
Mr. Creal with Mr. Buckley of New York.
Mr. Kennedy of New York with Mr. Williams.
Mr. Nichols with Mr. Flanagan.
Mr. Ramsay with Mr. Greever.
Mr. Scott with Mr. Allen of Louisiana.
Mr. Keller with Mr. Champion.
Mr. Havenner with Mr. Randolph.
Mr. Satterfield with Mr. Ashbrook.
Mr. Weaver with Mr. Faddis.
Mr. Smith of Oklahoma with Mr. Healey.
Mr. Houston with Mr. Allen of Pennsylvania.
Mr. Cannon of Wisconsin with Mr. Stack.
Mr. McGehee with Mr. Cole of Maryland.
Mr. Taylor of Colorado with Mr. Fitzpatrick.
Mr. Pettengill with Mr. White of Idaho.
Mr. Delaney with Mr. Harrington.
Mr. Whelchel with Mr. Rogers of Oklahoma.
Mr. Taylor of South Carolina with Mr. Celler.
Mr. Cox with Mr. McGroarty.
Mr. McMillan with Mr. Fries of Illinois.
Mr. Crosby with Mr. Wood.
Mr. Johnson of Oklahoma with Mr. Kennedy of Maryland.
Mr. Wene with Mr. Crosser.
Mrs. Norton with Mr. Gingery.
Mr. Palmisano with Mr. Mitchell of Illinois.
Mr. Disney with Mr. O'Connor of Montana.
Mr. Gray of Pennsylvania with Mr. Polk.
Mr. Quinn with Mr. Hildebrandt.

The result of the vote was announced as above recorded.

On motion of Mr. DOUGHTON, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

EXTENSION OF REMARKS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. WOODRUFF] may extend his remarks in the RECORD following my own remarks.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BACON. Mr. Speaker, I ask unanimous consent to print in the Appendix of the RECORD the minority views on the present resolution under discussion, House Joint Resolution 679.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MAPES. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and to include an article by Arthur Krock in the New York Times of Sunday last.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an article by the gentleman from New York [Mr. BARTON], for the Cosmopolitan magazine, appearing in the June issue of that magazine entitled "Let Us Take the Middle Road."

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

PUBLIC WORKS ADMINISTRATION

Mr. BIERMANN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point and to include statements which I received today in response to my requests from the Works Progress Administration and from the Public Works Administration, setting out cold, hard facts regarding the work that they have done in the past several years.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BIERMANN. There has been much loose talk to the effect that the work done by these agencies has been worthless. The smallest acquaintance with the work done by these two agencies affords one the knowledge that millions, yes, billions of dollars, have been added to the sound and permanent assets of American people through the activities of the W. P. A. and the P. W. A.

It should be borne in mind that the prime purpose of these public expenditures has been to give work to men and women who otherwise would have been out of work. Nevertheless, in accomplishing that prime purpose thousands of valuable public improvements have been added to the permanent assets of the American people.

WORKS PROGRESS ADMINISTRATION

From the beginning of the program in the summer of 1935 through September 30, 1937, the period for which physical accomplishment was measured, $3,739,000,000 was spent from Federal, State, and local funds for W. P. A. projects. Over 75 percent of this amount went for construction of public property. Thirty-six percent of the total cost of projects was used for construction of new roads, streets, public buildings, including schools, sewer and water systems, airports, parks and recreational facilities, dams, and other flood- and erosion-control structures. Forty percent went for the repair and improvement of existing public property of similar nature.

More than 95 percent of the total amount spent on W. P. A. projects has gone for projects which are sponsored by States, counties, and municipalities, through their various administrative departments and bureaus. These local governmental units have contributed over a half billion dollars to provide materials and equipment and supervisory and technical services for these projects.

Below I set out a list of the principal items of accomplishment of the Works Progress Administration during the past 2 years. It is hard to set money valuations on these projects, but your own experience will inform you that many of these improvements would not have been made during our lifetimes except for the W. P. A. program, and some of them would not have been made at all. They are among the permanent assets of this Republic.

Eleven thousand one hundred and six new public buildings, with repairs and improvements on 30,542 and additions to 1,172.

Forty-three thousand eight hundred and seventy miles of highway, roads, and streets, with repairs and improvements covering 146,901 miles.

Nineteen thousand two hundred and seventy-two new bridges and thirteen thousand one hundred and sixty-six repaired.

Sixty million eight hundred forty-six thousand and ninety-two linear feet, or more than 11,500 miles, of roadside drainage ditches, with 167,756,154 linear feet, or approximately 31,772 miles, repaired.

Three thousand eight hundred and sixty-five miles of water mains, aqueducts, or distribution lines, with 1,382 miles repaired.

Three thousand three hundred and thirty storage dams, with 283 repaired or improved, 15,855 other dams for erosion control and general conservation, with 145 of this type repaired.

Five thousand six hundred and ninety-two miles of storm and sanitary sewers, with 1,624 miles improved.

One hundred and five landing fields, 8,357 air markers, and 852,834 feet of runways constructed.

Seven hundred and seventy new parks, comprising 22,072 acres, with repairs and improvements to 2,866 parks.

One thousand one hundred and seven new playgrounds, with repairs and improvements to 3,583.

Three hundred and eighty-seven new swimming pools, 103 new golf courses, 3,076 new tennis courts, and 691 new ice-skating rinks.

Nine million seven hundred and eighty-nine thousand one hundred and eighty-four trees planted through reforestation, and 825 bird and game sanctuaries established.

Two thousand three hundred and five new branch libraries established, 5,824 traveling libraries, and 29,855,417 books in school and public libraries renovated.

Sewing rooms produced 108,427,938 articles, which include 85,646,651 garments for men, women, and children.

One hundred and twenty-eight million fifty-seven thousand six hundred and fifty-four school lunches served, 24,026,581 pounds of food canned or preserved, and 512,798,422 pounds of food distributed.

One thousand three hundred and eighty-two medical clinics operated, and 1,172,216 persons examined.

Two million ninety-three thousand one hundred and eighty-two home visits made by visiting nurses, and 1,513,219 persons inspected.

An average of 4,549 musical performances given to an average of 3,107,345 monthly attendance.

An average of 2,833 theatrical performances given to an average of 1,043,478 monthly attendance.

One million one hundred and forty-six thousand nine hundred and thirteen pages of Braille transcribed, and 40,635 Braille maps made.

In the month of October 1937, 100,145 education classes were held with 1,144,689 enrollees.

THE PUBLIC WORKS ADMINISTRATION

The P. W. A. has submitted to me a table setting out both Federal and non-Federal projects which I submit below. It will be noted that the total of loans and grants up till March 31, 1938, is $3,339,848,476. Examine the classifications of improvements and call to your mind the marvelous ones that you have seen in your own communities and then ask yourself whether you think that these expenditures have been on worthless projects.

Non-Federal projects, Federal projects, and Federal low-cost housing projects—N. I. R. A., E. R. A., 1935, E. R. A., 1935, supplemental, F. D. A., 1936, and P. W. A. E., 1937, programs—Table showing allotments and reported project costs, distributed by type of project, as of Mar. 31, 1938

Type of project	Number of projects	Total estimated cost	Allotment			Reported project costs [2]
			Total	Loan	Grant [1]	
Educational buildings	4,614	$690,870,030	$361,910,279	$83,855,428	$278,054,851	$591,436,582
Hospitals and institutions for medical treatment	536	207,935,204	100,615,323	17,599,046	83,016,277	147,667,531
Public buildings	3,007	346,353,290	244,980,709	12,683,202	232,297,507	295,722,461
Sewer systems	1,275	373,683,954	243,051,474	113,756,224	129,295,250	321,143,048
Water systems	1,895	199,473,187	117,199,841	51,187,515	66,012,326	191,490,820
Electric power, excluding water power	205	75,502,558	45,273,544	16,823,000	28,450,544	19,750,132
Streets and highways	10,789	691,652,761	555,952,761	15,872,125	540,080,636	655,769,799
Engineering structures	390	350,102,974	246,669,987	159,118,956	87,551,031	249,477,519
Flood control, water power, and reclamation	384	410,119,315	360,548,024	82,304,711	278,243,313	294,062,903
Limited-dividend housing [3]	7	11,760,399	10,403,391	10,403,391		11,760,399
Federal low-cost housing [3]	51	136,669,759	136,969,759		136,669,759	104,407,950
Railroads	32	200,974,500	200,974,500	200,974,500		200,974,500
Vessels	206	265,956,740	265,956,740		265,956,740	261,953,073
All others	3,037	513,982,882	449,642,144	25,382,974	424,259,170	491,834,101
Total	26,428	4,475,037,553	3,339,848,476	789,961,072	2,549,887,404	3,837,450,818

[1] Includes allotments to Federal agencies.
[2] Subject to revision
[3] Figures as of Nov. 1, 1937, which was the date these projects were transferred to the U. S. Housing Authority.

NOTE.—Reported project costs represent the cost of materials in place (including the cost of labor performed) and miscellaneous costs, for that portion of the work completed on each individual project. Allotments made available under authority of the Fourth Deficiency Act, fiscal year 1933 (Public, 77, 73d Cong.), the Emergency Appropriation Act, fiscal year 1935 (Public, 412, 73d Cong.), the Emergency Relief Appropriation Act of 1935 (Public Res. 11, 74th Cong.), the First Deficiency Appropriation Act, fiscal year 1936, and the Public Works Administration Extension Act of 1937.

I wish it were possible that the Federal Government could discontinue the relief expenditures. I wish that we had never had the tragic conditions that made them necessary. But we shall always have the right to feel proud that while these expenditures have provided millions of Americans with means of subsistence, they have, at the same time, added billions of dollars to the assets of our country. There is hardly a community in the United States which is not richer today because of some public improvement that has been built under this relief program.

HELIUM

Mr. PHILLIPS. Mr. Speaker, I ask unanimous consent to proceed for 30 seconds.

The SPEAKER pro tempore. Is there objection?

Mr. WOODRUM. Mr. Speaker, I reserve the right to object. I shall not object to the gentleman from Connecticut addressing the House at this time, but I shall object to other Members, as we have yet a considerable amount of debate on the relief bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PHILLIPS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a special article from the New York Times of this morning by Arthur Krock, this article being on the subject of the exportation of helium.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The article referred to is as follows:

[From the New York Times of May 11, 1938]

IN THE NATION—VIEWS ON THE MILITARY VALUE OF HELIUM

[By Arthur Krock]

WASHINGTON, May 10.—Dr. Hugo Eckener, an excellent man and outstanding dirigible expert, is in Washington in an effort to obtain from this Government the release of enough helium to put and maintain Germany's new Zeppelin in commission. This Nation has a virtual monopoly of the noninflammable gas which renders the great aerial transports lighter than air. And under recent legislation its export in certain quantities is permitted if, in the opinion of the Secretary of the Interior, such export will not create accumulations which would be of military importance "to any foreign country."

As the matter now stands, Secretary Ickes is far from convinced that the supply of helium requested by Dr. Eckener and the German Government would be of no military importance in certain European eventualities that might arise. He has made a long and detailed study of the situation, and has also discussed the matter with the President. Lately it has been suggested that the President will review Mr. Ickes' final decision before it is announced. But few who are familiar with the case expect Mr. Roosevelt to overrule the considered judgment of his Secretary of the Interior.

Germany turned to helium for its dirigibles after the loss of the *Hindenburg* at Lakehurst. During the administration of President Hoover, when Dr. Eckener was a visitor to the White House and a new Zeppelin was building, Mr. Hoover offered his services to obtain helium to inflate the airship. But at that time Dr. Eckener expressed the belief that transportation, storage, and other difficulties stood in the way, and the Germans decided to continue with a hydrogen load. At that time, as now, the United States produced nearly all the world's helium.

After the disaster of the *Hindenburg* Congress legislated to permit export of the noninflammable gas under certain restrictions. It standardized the matter so that the mere personal attitude of an official (helpful in the instance of Mr. Hoover) would not be the controlling factor. But on the advice of experts restriction was made as to military importance, and, responsibility having been put on Mr. Ickes, he very properly is assuming it.

TESTIMONY OF THE EXPERTS

What these experts said (in June 1937 and February 1938) before two House committees, one Senate committee and the joint Congressional body that investigated dirigible disasters is worth reviewing now. These opinions have been among the many under the study of Mr. Ickes.

Thomas A. Knowles, assistant to the president of the American Zeppelin Corporation, noted that the Japanese were seeking helium in volcanic gases and added, "It has one important use, which is a military use, and it is obvious that they [the Japanese] appreciate its value."

Admiral Cook, Chief of the Navy's Bureau of Aeronautics, was asked by Representative PHILLIPS if the new German Zeppelin could be converted into an instrument of war. He said, "An observation ship, certainly," added that possibly the craft could carry a small number of bombers and scout planes, and that with a helium load it would be less vulnerable.

General Westover, Chief of the Army's Aeronautics Bureau, testified that a blimp of 500,000 cubic feet capacity "would have very great use for coast defense, for scouting purposes, and particularly for spotting submarines." In reply to Senator THOMAS, he said he "could conceive of another country" using a dirigible offensively against the United States. For a country like Germany he thought a large dirigible could be used "very effectively" nearby "in the first few days of a war."

ALL CONCEDE MILITARY VALUE

General Westover said further, "We have found no other agency [than an observation balloon] that can effectively report continuous movement over the battle front up to a distance of from 7 to 11 miles, and at the same time observe artillery fire up to ranges of from 10,000 to 14,000 yards, and do it with continuous telephonic communication with the command post, thus enabling the commander and the artillery commander to know instantaneously what is going on at the front."

Other witnesses took the same general position. Commander Fulton, of the Navy, saw large rigid airships employed as combined aerial scouts and aircraft carriers. Lieutenant Commander Rosendahl said he believed that "scouting over ocean expanses" and the delivery of bomb cargoes were the effective uses. Lieutenant Commander Wiley testified that the large airships "can go out and stay out for 2 or 3 days and cover an immense area, while the planes in operation today do not pretend to have any radius for such a thing." Col. Charles A. Lindbergh set observation as the chief military function, and a Mr. Heinen recalled that the German Army took over and effectively used all the privately owned airships at the beginning of the World War.

Every expert discussed and conceded important military use of the airship. Every expert agreed that a helium load meant much less vulnerability. Since Germany builds these ships, the United States has the helium, and the combination is conceded military importance by the experts, it would seem the inescapable duty of Mr. Ickes and the President to uphold the restriction of the law.

Mr. PHILLIPS. Mr. Speaker, I hold in my hand an article from the Washington Daily News of this evening which says:

Prospect of authorization of helium export to Germany for a new dirgible faded today when the White House announced that President Roosevelt considered himself powerless to intervene. After a show-down conference it was said Mr. Roosevelt considered the matter a question for solution by the National Munitions Board.

I hope this news article is authentic in its information.

Inasmuch as helium has been definitely proved to be an instrument of war, I trust that every Member of this House will communicate with the President and also with Secretary Ickes and other members of the National Munitions Control Board and ask them to keep helium from going to Germany except for medical or hospital purposes.

Also I wish to add that this morning, while en route from Connecticut to Washington, I sent the following telegram to the President:

NEW YORK, N. Y., *May 11, 1938.*

Hon. FRANKLIN D. ROOSEVELT,
President of the United States,
White House, Washington, D. C.

Respectfully suggest you read the very complete and short exposition by Arthur Krock, New York Times today, re helium before deciding on export of same to Germany. Also respectfully suggest that I might interrogate Dr. Eckener in your presence on military use of helium. Best regards.

ALFRED N. PHILLIPS, Jr.

The SPEAKER pro tempore. The time of the gentleman from Connecticut has expired.

Mr. SABATH. Mr. Speaker, in connection with that, I ask unanimous consent that I may insert a brief editorial from this morning's Washington Herald upon the question of helium.

The SPEAKER pro tempore. Is there objection?

There was no objection.

EMERGENCY RELIEF AND FEDERAL PUBLIC-BUILDINGS BILL

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of House Joint Resolution 679.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further

consideration of House Joint Resolution 679, with Mr. WARREN in the chair.

The Clerk reported the title of the joint resolution.

Mr. WOODRUM. Mr. Chairman, I now yield to the gentleman from Pennsylvania [Mr. BOLAND].

Mr. BOLAND of Pennsylvania. Mr. Chairman, the splendid record that has been made by the Public Works Administration in providing employment, aiding industry, and in helping our local communities in the construction of enduring and useful public facilities speaks for itself. P. W. A.'s record of competence is well known to the Members of this House and to the country. My purpose today, then, is to discuss briefly some of the not generally understood regenerative effects of P. W. A. activities—the vast amount of unseen or behind the lines employment that is created as a result of the building of public works and the tremendous stimulus that such a program gives to private industry.

The United States Bureau of Labor Statistics has just completed studies of five major industries which supply materials for public works—steel, cement, lumber, brick and other clay products, and plumbing supplies. Transportation agencies also were studied. The analyses which have been completed embraced the so-called non-Federal types of projects, including schools, waterworks, sewer systems, power plants, bridges, and similar undertakings. Analyses have not been completed of the Federal projects for which P. W. A. allotted funds. As I have stated, these studies indicated that for every hour of labor created on a non-Federal project 2.5 hours were spent by workers engaged in supplying and transporting the materials for the project. On this basis it was estimated that more than 1,400,000,000 man-hours of labor were required in mines, forests, factories, and on transportation systems to supply the necessary materials and to take them to construction sites. When this is combined with the 556,000,000 man-hours of direct employment at the site it appears that the non-Federal program of P. W. A. created 1,956,000,000 man-hours of work. Herein lies one of the great economic values of the type of non-Federal public works.

The Public Works Administration estimates that its combined programs, Federal and non-Federal, but exclusive of the 51 low-rent and slum-clearance housing projects, had provided up to April 1 a total of 5,332,146,522 man-hours of employment at construction sites on more than 26,000 projects and in the production of raw materials, fabrication, and transportation.

All of the indirect employment thus provided was in private industry under regular, normal working conditions, and usually the workers benefited did not know that they held their jobs because somewhere—perhaps a thousand miles away—P. W. A. was engaged in helping to finance a local project.

Workers at the site of a P. W. A. project are paid the local prevailing rate of wages and preference in employment is given to persons from public relief rolls who are available and qualified to perform the work to which the employment relates. Except in emergencies or special or unusual circumstances, skilled, semiskilled, and unskilled workers employed upon the project are not permitted to work more than 8 hours a day or more than 40 hours per week.

The cost to the Federal Government of providing one man with a month's regular employment through the P. W. A. program was only $61.24, based on actual 1937 construction costs on upwards of a thousand completed P. W. A. projects in various sections of the country. This low figure was based upon the 45-percent grant and included both the direct labor at the construction site and the indirect labor created in regular industrial employment.

Mind you, this does not mean that workers on P. W. A. projects received only $61.24 a month. The average wage, as shown by the investigations of the Bureau of Labor Statistics, was $136.08. The Federal contribution under the P. W. A. system was $61.24, while the balance of the cost, $74.84, or 55 percent, was furnished by the local community that built the project. This sharing of cost, in my opinion, is an important consideration and one which argues strongly in favor of continuation of non-Federal public works.

Stated another way, the expenditure of about $60 by the Federal Government means that a man who otherwise might be unemployed or on relief gets useful work for 1 month, business and industry receive orders, the wage earner pays rent, buys groceries and clothes, and perhaps a few modest luxuries. And when the work is done there is something useful and lasting to justify the expenditure. This is especially true of well-conceived, self-liquidating projects which pay their way out and become revenue producers.

There is no longer any doubt that the first public-works program served as a great stimulus to a lagging industry. Orders placed for materials on P. W. A. projects totaled more than $1,700,000,000 in the 4 years ended last June.

These orders went to virtually every line of business and benefited industry in every State. Leading the list were cement and steel, foundry and machine-shop products, and lumber. In 1934, for instance, cement orders from P. W. A. took 72 percent of the entire domestic output. During the same year P. W. A. orders for brick and hollow building tile amounted to about one-fourth of the estimated value of all shipments. Steel rails benefited almost as much as cement and brick. In 1934, when P. W. A. made loans of approximately $200,000,000 to the railroads, the orders placed accounted for 48 percent of the value of all rails produced in that year. In the lumber industry P. W. A. orders in three and a half years, from July 1933 to December 1936, totaled 3,375,000,000 board feet.

Up to last June P. W. A. orders were placed for $495,000,000 worth of stone, clay, and glass products; $466,000,000 in steel and iron products; $292,000,000 in machinery; $104,000,000 in lumber; $90,000,000 in transportation equipment, and so on down through a list of virtually every building material produced in this country.

A one-and-one-half-billion-dollar non-Federal public-works program, on a 45-percent grant basis, would represent a Federal contribution of $675,000,000, which, with the applicant's portion of $825,000,000, would provide 488,829,600 man-hours of site employment and 1,222,074,000 man-hours of indirect employment. It would result in expenditures of approximately $412,023,000 for employment at the site of projects and approximately $810,000,000 for material orders.

With the launching of this new program business would begin once more to hit on all cylinders.

The construction experts have advised me that material orders for iron and steel would amount to at least $228,450,000; for foundry and machine-shop products, including machinery, $109,350,000; lumber and millwork, $59,100,000; cement, $38,850,000; concrete products, $38,100,000; brick and tile, $33,150,000; heating materials, $24,300,000; plumbing materials, $21,900,000; and other materials, $256,800,000.

The proposed new P. W. A. program, according to previous experience, would include educational buildings, hospitals, public buildings, sewer systems, water systems, electric-power plants, streets and highways, engineering structures and flood control, water power and reclamation.

There are now pending before the Public Works Administration some 2,800 projects which have been examined and approved and which are ready to go into construction without delay. These projects, calling for grants amounting to $443,000,000 and loans amounting to $132,000,000, would result in construction estimated at more than $1,000,000,000.

The Public Works Administration has established a convincing record. It has provided a vast amount of honest and real employment at prevailing wages. Its material orders came to the rescue of a reeling industry once before and there is no reason to believe that resumption of the program would not again be as beneficial. P. W. A. has worked in cooperation and in harmony with the States, municipalities, and counties, and it has left for a future generation useful projects wisely planned and well executed.

The Public Works Administration has many other accomplishments to its credit. Its programs have been conducted in an efficient, businesslike manner, and without graft or

scandal. It has set new high standards of construction through close supervision of work and materials. It has insisted upon adequate security for its loans, and today shows a profit to the Government of $13,000,000 on the sale of $600,000,000 worth of bonds which it held as security for the repayment of loans. Up to April 1, P. W. A. had collected $22,540,204.52, representing 4-percent interest on its loans.

The Public Works Administration, under the capable direction of Administrator Harold L. Ickes and an experienced staff in Washington and in the States, is organized and ready again to demonstrate to the satisfaction of the country that it is an agency that can create employment, aid industry, and construct useful public facilities at the same time.

P. W. A. still remains Democracy's "triple threat" against depression, recession, or economic slump. When it operates, the downward spiral halts and then begins to climb.

The President has urged the resumption of the Public Works program. That recommendation is now in the hands of the Congress. It is up to the people's representatives to give Public Works another opportunity to put the Nation back on its economic feet.

In the dark days of 1933 and 1934 P. W. A. was one of the great recovery agencies that came to the assistance of the American people. It did a magnificent job then; it can do it again. [Applause.]

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, many of us are very much concerned over the apparent disregard by the new dealers of constitutional rights, law, and order. Our people have become genuinely distressed over the trend of the times, and many fear that a dictatorship lies ahead of us. Less than a week ago a nominee for the Presidency of a national political party 2 years ago was forcibly deported from an American city where he sought to exercise his constitutional right of free speech. A few days later two Members of this body were served with notice that they would not be permitted to appear at a public gathering in that community. I refer to Jersey City in the State of New Jersey, supposedly a part of the United States, in which the people are supposed to live under the Federal Constitution. The matter was called to the attention of the President of the United States, who is supposed to be the upholder of the Constitution, and I read from the Washington Post of this morning where he is quoted as having said that the Hague fight is a local matter, a matter purely for the police authorities of that city to control. I submit that the violation of the first amendment of the Constitution of the United States is not a local matter. Perhaps none of the gentlemen who have been denied the right to speak in Jersey City would say a thing with which I am in accord, but I say to you, Mr. Chairman, that they are American citizens, and as such are guaranteed the right of free speech. The President goes on and intimates that it is out of his hands. The mayor of Jersey City is the vice chairman of the National Democratic Committee, and if the President does not approve of the stand that Mayor Hague has taken, it lies within his power to ask Mr. Hague to resign as vice chairman of his national committee. One word from him would be enough.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. SABATH. Is the gentleman interested in the Democratic Party, is he interested in the two Members who gave out to the press a statement of their desire to go to Jersey City and make a speech, or is he interested in the cause that these two gentlemen are advocating, or the cause advocated by the gentleman who was deported from Jersey City?

Mr. KNUTSON. Let me say to the gentleman from Illinois that I am not interested in the cause these gentlemen espouse. I do not believe in much that they stand for politically, but I am vitally interested in seeing that the constitutional rights of American citizens are observed, and that they are permitted to exercise all the rights and privileges that that great charter of human liberty guarantees them.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. CASE of South Dakota. The gentleman is trained and interested in the freedom of the press, the same as I am, and I think that he agrees with the expression of Voltaire that though we may not agree with a man in all that he says we will defend to the death his right to say it.

Mr. KNUTSON. Certainly. That is the American way.

Mr. MAVERICK. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. MAVERICK. I want to say that as a Democrat, I am not proud of Mayor Hague, of Jersey City. Also, I think it a proper activity of the minority party to call attention to the faults of the majority party, whatever the motive, and I am glad the gentleman is doing it.

I denounce Mayor Hague as a cheap, ignorant, tawdry, villainous little dictator who is a disgrace to his city, a disgrace to his State, and a disgrace to the United States of America. There is no excuse for his violent and brutal actions in a free country.

Permit me to say further that the Constitution of the United States is supposed to be for radicals, for Communists, for conservatives. We here in this House of Representatives of the United States should realize the Constitution covers everyone; if Hague continues his tactics, some action may be necessary.

Mr. KNUTSON. I thank the gentleman for covering us with the Constitution. I cannot yield further.

Mr. MAVERICK. Hague should be viewed with contempt by all self-respecting Americans. The monumental conceit of so little a man is astonishing. He defies the good name of America, as well as its best traditions. Unlike many political bosses, he is too stupid to even care for a good name.

Mr. KNUTSON. Now I want to call to the attention of the House a most extraordinary piece of legislation, a bill introduced in another body, S. 3928, which provides that any newspaper that prints anything that it knows to be untrue shall be subject to a fine of $10,000 and the publisher shall be imprisoned for not more than 2 years. It happens that the author of this piece of legislation is perhaps closer to the President than any other Member of that body. The passage of such a law would absolutely muzzle the press, which is our last refuge against autocracy.

I want to know if what Mayor Hague has done up in Jersey City and the introduction of this bill were done with the approval of the President of the United States?

Well may we ask whither are we drifting?

Mr. PATTERSON. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. PATTERSON. Does not the gentleman think that the newspapers of the United States ought to print the truth?

Mr. KNUTSON. They do, and make every effort to do so; but whenever they say anything that is not favorable to the New Deal then they are accused of being reactionary and of falsifying. I know all about that, being a newspaperman.

Mr. JOHNSON of Minnesota. Does not the gentleman from Minnesota agree that the people of the United States know who is responsible for the New Jersey affair and that probably the President had nothing to do with it?

Mr. KNUTSON. These are things I want to know; I am asking.

Mr. MAVERICK. The violation of constitutional liberties is a question of concern to Republicans and Democrats, to blue-eyed Americans, to Jews, Protestants, and Catholics. That is the point, is it not?

Mr. KNUTSON. Yes.

Mr. MAVERICK. And I do not care what prejudices are in this case, whether one loves or hates the President, the only question involved is the violation of constitutional rights by an impudent, arrogant boss of a city. Public opinion nowhere has approved of his tactics; hundreds of newspapers have severely criticized him. I know of no responsible

person or newspaper in America that has approved his action.

Mr. KNUTSON. That is what I am trying to say; and I want to know whether these two incidents have Presidential approval. If they have, then, Mr. Chairman, we may well be concerned with the future of our country.

Mr. MAVERICK. Of course, they are not approved by the President, that is not relevant to the case.

Mr. FLETCHER. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. FLETCHER. The gentleman does not believe what he is saying now, does he, his implication that the President is behind these things?

Mr. KNUTSON. I am not implying, I am merely asking. It looks suspicious.

Mr. FLETCHER. But the gentleman makes the implication by the very asking of the question.

Mr. KNUTSON. Let me answer. About a year ago they had a snooping committee in another body that went into private files and seized papers in violation of the fourth amendment to the Constitution which guarantees our citizens against such actions without due process of law; and the head snooper was later made a Justice of the Supreme Court, which would indicate to me that the whole procedure had the approval of the President. I cannot yield further.

Mr. FLETCHER. Does not the gentleman believe that if they had had some snoopers when they were stealing Teapot Dome the gentleman's party might be in power today?

They found that you were sitting here all the time they were stealing the Capitol in Teapot Dome and the gentleman never opened his head once.

Mr. KNUTSON. My reference was to Mayor Hague, not Teapot Dome. Why go back 20 years? We are living in the present.

I will not yield to the gentleman to draw a red herring across the trail. Sit down. This is not a Chautauqua.

Mr. FLETCHER. Will the gentleman yield?

Mr. KNUTSON. I will not yield.

Mr. FLETCHER. Will the gentleman debate that with me on the floor of the House?

Mr. KNUTSON. Sit down. The gentleman is not contributing anything to this debate.

Mr. FLETCHER. I am contributing enough to confuse the gentleman.

Mr. KNUTSON. Exactly. All the gentleman can do is confuse. He is a sort of legislative cuttlefish, who rarely contributes anything of value to a discussion.

Mr. FLETCHER. I agree with the gentleman. I admit my poor ability and obvious limitations. How often have I wished that I might have been born with the sparkling genius with which the gentleman himself is endowed so that I might contribute ideas of value to a discussion such as have made the gentleman one of the House immortals.

Mr. MAVERICK. Whatever the genius, the confusion, Hague is an evil genius, though of peanut variety, a sort of tiny termite; but no one need be in confusion of his acts. They are brutal, ill-mannered, irritable, childish. He calls himself a Democrat. Why, Jefferson would turn in his grave.

Mr. KNUTSON. Now, I wish to discuss the bill under consideration. Gentlemen of the House, no Member of this body is opposed to the appropriation of such sums as may be necessary for relief, but many of us are opposed to making W. P. A. a football of politics. We say it is more indecent and un-American to play politics with human misery. Relief should be based on needs, not on political affiliations, as is now largely the case in many States.

Members of the House, 2 and 6 years ago we were assured by Mr. Roosevelt that he would restore prosperity to our country. Since his election he has spent $18,000,000,000 in trying to do so. That is $18 for every minute since Christ, and where has it gotten us? There is just as much unemployment now as there was when he took office and taxes are much higher. Has he made jobs for our people? No; rather he has made trade treaties with other countries that have given to them the American market. The pay rolls of America have been sent abroad and our own workers forced onto relief. At Charleston Mr. Roosevelt said, "We have planned it that way and do not let anyone tell you different." If that be true, then he is responsible for 14 million being out of work and for farm prices declining to levels below cost of production.

I contend that Mr. Roosevelt's remedy is not the right one. It has cost us 18 billions to find that out. Are we going to be so simple as to hope that another 5 billions for pump priming will do the work where 18 billions did nothing. I do not know. Congress' mind works in odd and wondrous ways these days and anything may happen.

During the debates on the measure now under consideration, charges of fraud, collusion, intimidation, favoritism, and coercion have been made against the administration of relief. It has been alleged that violations against law and ordinary regards for human welfare have been committed in Pennsylvania, Florida, Ohio, and other States. Indeed, I know of an instance in my home city. During the campaign of 2 years ago two individuals went to the relief office in my home city and applied for relief. They were asked how they stood politically and how they were going to vote. The man who stated that he was a new dealer was immediately certified for relief while the individual who announced himself as a Republican and was going to vote for HAROLD KNUTSON for Congress was denied relief. The same thing is happening all over the country, day after day. At this point I desire to read a letter that appeared in this morning's Washington Post that will give the House an idea of what happened in the primary election in Florida last week. I read:

COMMENT ON THE PEPPER VICTORY

To the EDITOR OF THE POST.

SIR: The New Deal may get some comfort out of the results of the Florida primary, in that Senator PEPPER was nominated over all his opponents, but if they are willing to look a little closer, I am sure that they will not find much to brag about.

It is known to every informed southerner that one who opposes, questions, or criticizes any President branded, like a cow in the woods, with the designation "Democrat" commits an unpardonable sin, and is looked upon as a traitor to all that is sacred and holy.

Both Mark Wilcox and Dave Sholtz denounced the New Deal, and its activities as viciously, if not more so, than did Landon, Babcock, and I in 1936 when we were the respective candidates for President, United States Senator, and Governor of Florida, and the combined vote of Wilcox and Sholtz was more than twice as large as we were able to poll 2 years ago. Instead of the primary showing such a great endorsement of the New Deal, it actually showed that more than twice as many Floridians are opposed to the New Deal now as there were in 1936.

If the statements of Wilcox and Sholtz are to be accepted as fact, then the New Deal not only poured a great deal of money in here in support of PEPPER, but it bulldozed and browbeat all the relief and P. W. A. workers to force them to vote for him. The notorious Cone machine, with its thousands of political parasites, liquor and gambling interests, were also instructed to go down the line for PEPPER, and were active workers for him.

They held over the people the psychological threat and/or promise that if PEPPER were reelected, they could not only keep their jobs and graft, but that other millions of money plundered from the economic royalists by the Government would continue to pour into Florida, whereas if PEPPER were defeated, they would automatically lose their jobs, graft, and easy Government money.

It was whispered around among the citrus growers that President Roosevelt had promised to pay the Mediterranean fruit-fly damage if PEPPER were nominated, whereas this would not be paid if he were defeated. Thousands of letters were sent to the growers suggesting such a thing. If victory won by such tactics is such as to make any thinking American feel elated, then we have sunk so low in honor and patriotism that it will not make much difference who represents us in Washington.

E. E. CALLAWAY.

LAKELAND, FLA., *May 5.*

In Pennsylvania equally serious charges have been made. Be it understood that both factions of the New Deal party in that State are supposedly ardent new dealers. Both sides charge that W. P. A. is being prostituted for political purposes in that State, and as the charges are made by new

dealers we have no alternative but to believe them. Again I quote from this morning's issue of the Washington Post:

EARLE WINS DELAY OF INQUIRY ON GRAFT TILL AFTER PRIMARY

The Dauphin County grand jury investigation of charges of bribery, graft, and coercion against Democratic officials, scheduled to have started today, was ordered delayed at least until after the primary elections yesterday by the State supreme court.

After a brief hearing, the court issued an order staying the grand jury proceedings until May 18, the day after the elections.

On May 18 the judges of Dauphin County quarter sessions court, who authorized the investigation, and the Dauphin County district attorney will go before the supreme court to show cause why the investigation should not be permanently prohibited.

MAXEY, DREW DISSENT

Justices George W. Maxey and James B. Drew dissented on the portion of the order staying the proceedings.

Of course, it would never do to have the facts brought out before the primary election which will be held on May 18, but is not it a fine state of affairs when conditions are so bad that the Governor of a great State must go into court and secure an order restraining a grand jury from looking into charges of corruption until "after election."

If Congress had as much sense as God has given geese we would stop this foolish practice of trying to spend ourselves back to prosperity. My friends, that has never worked and never will. The only thing that will bring us out of the woods is to get back to work and produce more wealth. Only in that way can we attain the abundant life that Mr. Roosevelt likes to talk about in his "fireside lullabies." I realize that a few of our people do not take kindly to going back to work. They would rather take it easy and live off those who do work, but the great bulk of the American people, thank God, have not lost their spirit of independence and self-reliance. These people want work and they are looking to the new dealers to make good on their many promises to provide them with permanent work at good wages. Are you going to "let them down"? If you do, it will mean the end of your party.

Mr. Hoover, who recently returned from a trip abroad, where he had an opportunity to study dictatorships, inflation, and other economic and political afflictions, recently made some suggestions that would bring back recovery. Whether you like Mr. Hoover or not, none can deny that he speaks from ripe experience, a wide and genuine desire to be helpful in this dark hour. His suggestions follow:

1. Reestablish confidence that there will be no more attacks upon the safeguards of free men. That is the independence of the Congress and of the courts, he said.
2. Restore common and intellectual morals in government. In a democracy or in a Christian country, Hoover said, the ends do not justify any means.
3. Abandon an economy of scarcity and go in for production, work, and thrift.
4. Stop spending, inflation, and pump priming.
5. Revise taxes so as to free the initiative and enterprise of men. The original Senate proposals, according to Hoover, were a step in that direction.
6. Reduce relief expenditure by one-third through decentralizing its administration.
7. By savings on relief and reduction of other expenses and the end of pump priming, drive to balance the Budget.
8. Stop "credit inflation juggling."
9. Set up a court of 25 responsible, nonpolitical men representing business, labor, and agriculture to direct Federal Reserve policies and thus take "that control out of the hands of politicians."
10. Give the employer and all branches of labor the same rights before the Labor Board and appoint judicially minded men to the Board.
11. Stop "indiscriminate defamations of business" and the creation of class hate.

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS. Mr. Chairman, I believe America is face to face with one of her great hours of decision. There are two things with which all of us must necessarily be concerned. One of these is the preservation of a democracy in the broadest sense of the word, which includes the constitutional liberties which the gentleman from Minnesota mentioned. The other one is the solution of very difficult economic problems.

DEMOCRACY DEPENDS ON SOLUTION OF UNEMPLOYMENT PROBLEM

Mr. Chairman, those people who try to prevent the taking of necessary steps toward the protection of the right of employment of people, the taking of necessary steps to curb the powers of monopoly, the taking of necessary steps to enable the Government to employ its own credit in the national interest, people who say that measures like that are undermining democracy, are just as wrong as they can be. To try to set such necessary and salutary economic measures over against the preservation of democracy, to represent those two things as being in conflict with one another is the most dangerous doctrine that could be preached. As a matter of fact, the thing that has caused dictatorships to be established where they have been established has not been the vigorous and effective action on the part of a democratic government in meeting the problems of its people but has been, rather, a state of confusion and a state of uncertainty long continuing, so that the people desired freedom, yes, but desiring more than freedom, the opportunity to live, they turned to an extreme simplification of government and allowed themselves to go under the iron heel of dictatorship.

Our job, therefore, is one that requires not only courage and vision but a deeper patriotism than any we have yet known, in order that we may effect a solution of these economic problems. We now have before us a recovery program, a program so essential in this hour that I doubt if any man in the sincerity of his soul can say that he does not hope with all his heart it will pass, whether he votes for it or not. What, indeed, shall our 13,000,000 unemployed people do next week? They cannot wait.

WHAT DOES "GETTING BACK TO THE OLD DAYS" MEAN TO THIS AMERICAN PEOPLE?

There are two kinds of criticism of this recovery program to which I would like to direct attention. The statement is made, "This is all wrong and what we need to do is to do things like we used to do before 1929." That suggestion offers not one single, solitary bit of hope for the mass of American people. It means a return to a situation where we will be faced again with the ravages of an unemployment from which there will be no protection at all. It means return to a situation where the building of extreme monopolistic control has no brakes on it. It means return to a situation where over a period of 6 years, from 1923 to 1929, there was only 54 percent of the value represented by industrial production distributed and 46 percent retained. That offers no hope for us, no way out for the people of the United States. Simple mathematics teaches that unless buying power is distributed to people who will buy in proportion to the value of production, the goods and services produced cannot be sold. This problem we have not solved; but before 1933 it was not even recognized as a problem.

May I also remark upon the fact that people who advocate this procedure cite England as an example and say, "Why do we not do like England? Look what they have done in restoring business activity." May I say that even the conservative government of England has adopted with regard to housing and with regard to many other things measures more far reaching than anything the New Deal has yet done; and further, may I say that England differs from the United States in one most important respect, namely, that the British people pay taxes far heavier than ours because they believe it is part of their duty to support the British Government, and because they are glad, as they say, to help save England.

The Americans when they are asked to pay taxes put in most of their time howling how this is the action of an iniquitous government, taking away something that rightfully belongs to them. Indeed, the payment of taxes today and recovery programs of this sort represent to me a bridge between the Old World and the new one, a bridge which if it is destroyed means we will not be able in the years that lie immediately ahead of us to earnestly and carefully work out a new path forward on which the whole of the American

people will be safe to travel. If that bridge is destroyed there will then be a situation far more serious than any we have yet known.

Mr. MURDOCK of Arizona. Will the gentleman yield?

Mr. VOORHIS. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. I recognize the speaker as a keen student of our affairs. May I ask him this question: Does he not regard it just as impossible for us to turn back the clock of time from 1938 to 1928 as it was for the nations of Europe to turn back the clock of time from 1825 to 1789?

Mr. VOORHIS. Obviously, and I thank the gentleman for his contribution.

REAL REASONS THIS DEPRESSION CAME

We hear criticism to the effect that the Government program inaugurated in 1933, which was more or less chopped off a year ago, ended in failure. It did not end in failure, however, because the Government spent money in paying wages to unemployed people. It did not end in failure because the Government started public works and did things publicly which could not be done or were not being done privately. It did not produce the results for which we had hoped for a number of reasons.

First, the program was bottomed on an unnecessary increase in national debt, due to the fact we did not recognize the essential sovereignty of the Nation and its right to be the sole source of creation of new money and new credit. It did not produce the results we hoped for because there was in the hands of certain people—and I do not blame those people, and if I have time, as I know I will not, I will explain to you why I do not blame them—power to gobble up an undue amount of the purchasing power which the Government put into circulation. This purchasing power was siphoned off by this fortunate group by means of higher prices, and the possession of an inordinately large amount of the thing which calls itself capital, which does not always represent solid investment in assets but sometimes represents mere pieces of paper.

In the third place, Congress quit the job of sustaining mass buying power too soon. In my opinion we would not have this program today on such a large scale, or at least the program we do have now would be adequate—and I wonder whether it is, under the circumstances—had we continued with our work in 1937 and not laid off 700,000 Government workers from the W. P. A. last summer.

WHAT BECAME OF THE $16,000,000,000?

In the last 5 years approximately $16,000,000,000 has been spent for recovery and relief. Today we have approximately $16,000,000,000 of stagnant bank deposits in the hands of the large depositors of the country, which may tell a considerable story. The problem evidently would not be nearly as serious as it is had that $16,000,000,000 continued to circulate. At present we have no adequate mechanism to cause it to do so.

W. P. A. SHOULD BE QUICKLY EXPANDED

I am, of course, supporting this recovery program. I want to point out one thing about it. We all hope the housing program will get under way and employ large numbers of people and be effective in reducing our slums. We hope the P. W. A. program of solid accomplishment, the kind of public works program we all want to see, will quickly get under way and give us reemployment. I do not believe we can reasonably expect either of these two programs to cause any quick pick-up in employment. I believe we desperately need such a quick pick-up. It is on the W. P. A. we must depend for such a quick pick-up. Therefore, I hope it will be possible for W. P. A. to proceed at once with an even larger expenditure than has been contemplated, and then it could taper off as these other programs come along and begin to help out. With 13,000,000 out of work my greatest fear is that we will not create enough jobs and do it quickly enough to really be effective.

SOME FUNDAMENTAL THINGS

There is another thing that might be said in this connection. There are those of us who feel that we must not rely solely upon such a program as Government spending. We believe it is necessary but we do not think it is a solution to the unemployment problem. In my opinion to create enough consumer demand to force the great accumulations of capital into circulation would require a considerably larger amount than is included even in this bill. If we are to win this battle for democracy, we must do other things also in addition to the kind of program we have here in this bill. Those other things include legislation which will free production from the forces that now throttle it, monopoly control, first, and uncertainty on the part of every businessman in America about his market, second. The businessman does not know whether other businesses are going to expand when he does or not. He does not know for sure whether large numbers of people will be unemployed and without purchasing power. He does not know for sure what the Government is going to do about it, if anything, or when the Government will act. We need to follow principles such as the principle of actually seeing to it that all unemployed are at work—and to follow such principles consistently.

In the second place, we need to expand our Social Security Act, and I believe we can do it, to include the whole Nation. Instead of "relief" we could have a general old-age pension and a broadening of other aspects of social security. This again would make for stability of our consumer buying power. It would take money. It would take taxes. But all America would benefit.

In the third place, I feel we must put our Government in unquestioned control of our monetary and credit systems in order that as America grows her total power to consume may be expanded without debt in correspondence with the growth of our business life and our productive capacity. As long as it is necessary for Government to make continuous contributions to purchasing power as it is at present until we have done some of the things I have mentioned this burden of debt becomes a serious consideration. [Applause.]

More specifically and immediately, I believe we must develop more public-works projects which are productive of real wealth and which can be in whole or in part self-liquidating. Housing can be in part self-liquidating, reforestation can be wholly so if we take a long enough period of time, reclamation can be made so, even perhaps highways. States and counties would be glad to borrow money from the Federal Government to finance public works if they could get it at 2½ percent.

When our Government "sells" lands, it exchanges them for bank deposits, written upon the books of a bank which has sufficient reserves. When we desterilized gold we gave gold credits to the Federal Reserve banks for deposit credits which they created.

Why in Heaven's name cannot the United States Treasury, with greater reserves than any bank possesses, buy the bonds of the Housing Authority, the P. W. A., or of a State or county by the same process of credit creation that the banks now employ?

PUBLIC WORKS FINANCE ACT—H. R. 10516

In order to accomplish this very thing, so far as revenue-producing public works are concerned, I have introduced H. R. 10516, known as the Public Works Finance Act. Under its provisions an agency of government called the Public Works Finance Corporation would be created with power to issue up to $5,000,000,000 of bonds bearing a rate of interest 1 percent less than the going Federal rate. These bonds would all be sold to and held until retired by the Treasury of the United States, which would thus receive as net income the interest paid by the Public Works Finance Corporation upon its bonds. The Treasury would buy these bonds with a direct extension of credit, setting up credits in the 12 central Federal Reserve banks, which credits would be assets of the banks, against which the Public Works Finance Corporation could draw checks in the transaction of its business.

This corporation is then empowered to buy the securities of States, counties, or local governmental subdivisions, which bear only the going Federal rate of interest, if such

securities are issued for the purpose of financing public works of a useful character. The corporation is further empowered to make advances and loans to any public-works project, Federal, State, or local, where the revenues are to be sufficient to pay back the cost with interest at the going Federal rate. Such loans are, of course, to be secured by liens against project revenues.

This Public Works Finance Act thus places the Government of the United States in a position to finance public works without increasing the national debt or having to raise funds by taxes. How is this possible? Simply by having the Treasury of the United States employ exactly the same device of credit creation when it buys the bonds of the Public Works Finance Corporation as the banks have heretofore employed in buying Government bonds. It is just as sound, just as reasonable, just as workable as the present system. The only difference is that the people of America derive the direct benefits and all of them from this creation of credit, which is for all practical purposes the money of our country.

H. R. 10516 places upon the Public Works Finance Corporation responsibility for surveying the whole employment situation in the Nation and so conducting its business as to bring about full employment. The bill further takes the first step toward providing this Nation with a sensible business-like budget, setting up an account for capital investment and separating such investment from current expenditure of an ordinary sort. To accomplish this first step section 12 reads as follows:

SEC. 12. The Corporation shall submit annually a report to the Congress covering the work of the Corporation for the preceding year and including such information, data, and recommendations for further appropriations or legislation in connection with the matters covered by this act as it may find advisable, including a financial statement showing (1) the par value of the outstanding bonds of the Corporation; (2) the amount of funds made available by the Corporation to any State or any political subdivision thereof by loan, acquisition of securities, or otherwise; (3) the assets held by the Corporation as a result of such loans, acquisitions of securities, and so forth, and the income, if any, from such assets; (4) the amount of funds made available by the Corporation for the financing of Federal self-liquidating projects; (5) the capital value of such projects, and the income derived and anticipated to be derived from them; (6) the expenditures of all Federal Government agencies for projects which have resulted in the creation of new capital assets public in character, whether or not such projects produce revenue; and (7) the actual or estimated value of such new capital assets.

Thus we would at least have the information upon which we could set up an accounting of capital outlay and capital assets of the United States, alongside our accounting of current receipts and expenditures. We would thus get a truer picture of the financial condition of our Government than we can have now.

Thus this bill, though admittedly offering no complete solution to our economic problem, would make it entirely possible for our Government to act quickly and positively in checking unemployment at any time, and to do it without an increase in debt. Thus an increase in our national wealth or in the value of our national investment would automatically bring about a corresponding increase in our medium of exchange. The Public Works Finance Corporation would be informed by all governmental agencies of any facts they might possess concerning unemployment, the price level, people employed on public works, the type of projects being carried on and the need of the Nation for various sorts of public works, and any other important facts bearing on the employment problem of the Nation. On the basis of these facts the corporation would determine its policies and the extent to which it would at any time make funds available for housing, reclamation, power development, reforestation, or any other type of work.

Since large amounts of excess reserves might accumulate in the banks through the use of this national credit by the Public Works Finance Corporation, the bill broadens the power of the Federal Reserve Board to control reserves by removing the present limitation placed upon that power. This provision coupled with the proposed credit activities of the Public Works Finance Corporation might make possible a ready transition to a system of 100-percent reserves in all banks behind demand deposits. The bill empowers the Federal Board to instruct the Federal Reserve banks to purchase assets of member banks, if at any time such bank finds itself in need of additional reserves to bring them up to the legal requirements.

THIS BILL IS BETTER THAN ANY PREVIOUS ONE

This recovery bill—to my mind by far the best bill of this general sort that has yet been brought before the Congress—should certainly be passed. My definite understanding is that the bill provides that W. P. A. shall no longer require that unemployed people be relief recipients in order to be eligible for W. P. A. employment. This is a great step forward.

But let us not deceive ourselves, as apparently we did in 1937, that one such measure as this can solve the unemployment problem. That task can only be accomplished by a program containing such measures as I have tried to briefly outline in this speech. [Applause.]

Mr. TABER. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. LORD].

Mr. LORD. Mr. Chairman, the President tried spending to bring the country back to prosperity. He failed. We are now in a much worse condition than when he took office. Then we had less than seven millions of unemployed, now we have nearly if not quite, twice that number, or the staggering numbers of from thirteen to fourteen millions. His theories have been given a fair trial. It was known as pump priming, now they want a transfusion. The country is at the lowest ebb since we became a going Nation. Now he asks for more billions in an endeavor to bring the country out of the panic. It may be we should make some appropriation but Congress should decide the amount and the methods. Congress should be responsible for the success or failure. Congress should point the way. It is the only way out of wrecking our Nation.

The President, I understand, is opposed to the Congress taking over the job. When there is so much at stake one failure is all that the taxpayers can stand. Let us be honest with the taxpayers. Let us try and spend the money honestly for the benefit of all of the people, regardless of political party.

We have a job before us. Let us rise above partisanship and cut out paying for elections out of the taxpayers' money.

No political party before ever attempted to pay election expenses from the National Treasury. I charge new dealers with paying for elections with public money. One case directly before us is the nomination of a Senator in Florida. I am told, and I believe reliably, that the Crown Prince "Little Jimmy," made available millions for the primary election. Jobs were given out wholesale all over the State. Practically all voters were put on the pay roll and all at the excuse of so-called relief. They even went the rounds trying to get people from the North to stay over and vote for one of the faithful who had always done the bidding of the Roosevelt manipulators. Sufficient money for relief of course—all that is needed. But not one cent to pay for elections of new dealers. All relief moneys and the amounts to be expended for public works should be turned back to the States and expended through nonpolitical boards as the Governors of the States may determine. Stop boondoggling and wasting the taxpayers' money and get an honest day's work for a day's pay at good wages. Stop dictating how a worker is going to vote on election day, and stop trying to change our form of government, and creating a Fascist state.

Many men are put in charge of road work on W. P. A. who have no knowledge of constructing highways and do not need the work. They are given the job for the reason that they vote the New Deal ticket and the taxpayers' money is wasted. The people in need of assistance and in need of public work can be taken care of better than they are being cared for today for one-half of the money that is

being expended if it is turned back to the States to carry out with the Federal funds.

What is needed is for Congress to be a real Congress and do their duties as laid down in the Constitution. Let the President carry on his duties and not try to usurp the functions of the Congress.

The President should give assurance to business that he will stop trying to hamstring them and cooperate in bringing business back to our Nation. He should know that his wisecracks and catch phrases do not give work to the unemployed. What we need today is cooperation with capital, labor, and all business, and most of all the President of the United States should cooperate with them all. Then we would have business, work for the unemployed, and we would be on our way out of this depression. However, with our Budget out of balance nearly forty billions of dollars, and authorizations nearing the $50,000,000,000 mark, we are on a dangerous road.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield such time as he may desire, to the gentleman from New York [Mr. LANZETTA].

Mr. LANZETTA. Mr. Chairman, on July 9, 1937, my colleague the gentleman from Pennsylvania [Mr. ALLEN] introduced House Joint Resolution 440, which was referred to the Committee on Appropriations and which reads as follows:

Resolved, etc., That it is hereby declared to be the policy of Congress that in the administration of the 1938 Relief Appropriation Act there shall be provided work opportunities through the Federal Works Progress Administration for all unemployed workers who cannot find employment in private industry. The Works Progress Administration shall so administer the funds allotted to it and so regulate the employment of unemployed persons that no Works Progress Administration worker who cannot find employment in private industry at wages not less than the prevailing rate of wages for work for which he or she is reasonably fitted by training or experience shall be discharged from the Works Progress Administration rolls and that any Works Progress Administration employees securing temporary private employment shall be furloughed during the period of private employment by the Works Progress Administration and not discharged from the rolls: *Provided*, That nothing in this resolution shall be construed to force the Works Progress Administration to continue the employment of any person who is properly dischargeable for cause.

A companion resolution was introduced in the Senate by the Senator from Washington, Senator SCHWELLENBACH. This resolution, popularly known as the Schwellenbach-Allen resolution, has a twofold purpose. First, it prohibits the discharge of W. P. A. workers who cannot find employment in private industry, and second, it permits the furloughing of W. P. A. workers during the period of their employment in private industry and allows for their reemployment by the W. P. A. immediately upon the termination of their private employment.

As to the first provision of this resolution, I am in full accord with its purpose, inasmuch as I am a firm believer in the principle that work opportunities should be provided for men and women who are willing to work but who, through no fault of their own, are unable to find employment. Besides, with conditions being what they are today, there can be no dispute that the opportunities for private employment are none too bright. Since spring is almost gone, without any signs of a substantial pick-up by the industries of this country, I am pessimistic enough to believe that the chances of W. P. A. workers obtaining employment in private industry will not improve but may get worse as the year goes on because of the customary drop in business during the summer and early fall and the slowing down of most outside industries during the winter months. In view of this none too pleasant outlook, I think it is the duty of this Congress to see to it that the men and women who are now employed on the W. P. A. are not thrown out of their jobs until such time as they are able to find other employment. Unless we make such a provision in the measure now under consideration, we will help aggravate the unemployment situation, which is already serious, and which may become worse during the latter part of this year.

I am of the opinion that one of the contributing factors to our present recession was the wholesale lay-offs of W. P. A. workers shortly after the passage of the 1938 Relief Appropriation Act. When that legislation was being considered the majority of the Members of Congress were misled into believing that the depression had been overcome because of an artificial prosperity which we were then enjoying. The flood of optimistic reports from all over the country led them to believe that the depression was almost over and that unemployment was no longer a serious problem. There were, however, many of us who did not share the same views, who insisted that the unemployment situation was still a serious problem, and who voted to increase the appropriation in that measure from $1,500,000,000 to $3,000,000,000 because we felt, first, that the amount approved by the Committee on Appropriations was insufficient to continue all the men and women who were then on the W. P. A., and second, because we were anxious to provide work opportunities for hundreds of thousands of others who were still unemployed and who were living on relief.

Unfortunately, none of the amendments which we favored and which tended to increase the original appropriation of $1,500,000,000 carried, and shortly after the bill was signed by the President, hundreds of thousands of W. P. A. workers were discharged because of the lack of money. These wholesale dismissals, coupled with the hundreds of thousands of men and women who were then being discharged by private industries, created a most serious situation during the latter part of last year—so much so that Congress was obliged to pass an emergency relief appropriation of $250,000,000 soon after the beginning of the third session of Congress in order to relieve the distressing situation created by the failure of Congress to appropriate an adequate amount for work relief.

The point which I wish to make at this time is that if the Schwellenbach-Allen resolution had been enacted into law, or some such provision included in the Relief Appropriation Act of 1938, the increase in the unemployment ranks would have at least been limited only to the number of persons who had lost their jobs in private industry instead of being enlarged by the hundreds of thousands of men and women who had been discharged from the W. P. A. at a time when there were no opportunities whatsoever for private employment.

As to the second provision of the Schwellenbach-Allen resolution, I feel that its inclusion in the present bill will encourage the men and women who are now on work relief to seek private employment. It is a matter of common knowledge that many persons on the W. P. A. hesitate to accept private employment because of its uncertainty and the fear that when they lose their jobs they will have a hard time getting back on the W. P. A. rolls. This fear is not an imaginary one but a real one. I personally know of many cases where persons who left the W. P. A. for private employment have had great difficulty in getting back, and in many cases were never reinstated. Some of these men and women had to wait as long as 2 and 3 months and more before being reinstated.

One of the criticisms leveled against work relief is that persons who get on the W. P. A. rolls lose all ambition and no longer care to seek outside employment. This criticism is not only unjust but it is also unfair to the millions of honest, industrious, and ambitious men and women who have been compelled by force of circumstances to seek this type of work. The majority of them would much prefer private employment with its higher remuneration and greater opportunities for advancement to the small earnings and lack of opportunities with the W. P. A.

Why not encourage these workers by securing their W. P. A. jobs instead of stifling their ambitions by denying them reinstatement when they lose their outside jobs? I am almost certain that if they were assured of reinstatement to their former jobs on the W. P. A., they would make every effort to obtain private employment. I believe that the adding of this provision to this relief legislation, and to all future relief appropriation acts, will go a long way toward solving our unemployment problem and especially when the wheels of industry get under way.

The Schwellenbach-Allen resolution, besides receiving the approval of many Members of Congress, Governors, mayors, city councils, W. P. A. councils, and local organizations, has also been endorsed by the following: United States Conference of Mayors; Labor's Non-Partisan League; Workers Alliance of America; American Student Union; League for Industrial Democracy; Actors Equity; United Mine Workers of America; United Automobile Workers of America; United Federal Workers of America; International Federal Wood Workers; State, County, and Municipal Workers of America; Quarry Workers International Union; United Match Workers; Sailors Union of the Pacific; International Union Mill, Mine, and Smelter Workers; Federation of Architects, Engineers, Chemists, and Technicians; Central Trade and Labor Council of New York City, and many others. Besides, the Senate Committee on Education reported it favorably by unanimous vote on the 6th day of August 1937.

Notwithstanding these endorsements and the favorable action taken by the Senate Committee on Education, the House Committee on Appropriations has refused and continues to refuse to take any action whatsoever on this resolution.

During the special session of Congress last year, in company with officers of the City Projects Council of New York City, I appeared before an informal group of members of the Committee on Appropriations and I urged favorable action on the Schwellenbach-Allen resolution. At that time the officials of the City Projects Council of New York City explained its importance and the urgent necessity for its immediate enactment into law.

On January 20, 1938, after continued refusal by the Committee on Appropriations to consider this resolution, I introduced House Resolution 407 to discharge the Committee on Appropriations and the Committee on Rules from further consideration of House Joint Resolution 440—the Schwellenbach-Allen resolution—and on the 2d day of February 1938 I placed on the Clerk's desk Discharge Petition No. 34 so that the Members of the House of Representatives might have an opportunity to consider and to act on this most important legislation.

Unfortunately the required number of signatures necessary under the rules of the House have not as yet been affixed to the petition, and in view of the lateness of this session I feel that it will be impossible to bring this resolution on the floor of the House before adjournment.

Mr. Chairman, I do, however, believe that the principles of the Schwellenbach-Allen resolution should be embodied in the relief appropriation measure now under consideration, and I intend at the proper time to offer it as an amendment. I trust that the members of this Committee will support my amendment and thus make it possible to correct some of the injustices which now exist in the administration of the W. P. A.

Mr. WOODRUM. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, the leaders of the opposition to the humane and constructive policies of President Roosevelt are to be congratulated upon their reinstatement of that great humanitarian and creator of prosperity, that engineering genius—Herbert Hoover. He has been resurrected to rescue the now thoroughly discredited bankrupt Republican Party, which, under the direction of its avaricious financial leaders and industrialists, is blasting away for the headlines with vituperation and invective against this proposed bill designed to speed the wheels of business and effect prosperity throughout the Nation. There is no need on my part to call attention that ex-President Hoover and the Republican Party have refused in the past and at all times were opposed to appropriating a single cent to aid the unemployed needy of this Nation.

Mr. Chairman, I fully appreciate it is repugnant to the sense of justice of the opponents of this bill to vote any money to be used to reemploy and feed the unemployed wage earners, because they fear that the money to be appropriated will of necessity be raised by a small increase of their taxes on their profits and surplus—taxation, however, that is far lighter than in any other comparable country in the world.

REPUBLICAN MEMBERS FIND FAULT, BUT ARE SPEECHLESS WHEN IT COMES TO OFFERING ANYTHING BETTER

The attitude of the Republican side of the House throughout the debate has been most amusing. They are waving their hands and shouting at the tops of their voices against this bill. But they have not one solitary substantial suggestion to offer for any better way to help the starving than to feed them, any better way to help those who need clothes than to provide them with clothing, any better way to help those who have been thrown out of their homes than to help them pay the rent, nor any better way to aid the unemployed than by providing them with employment.

If any Republican can submit any feasible or better plan to help millions of unemployed than the plan that the President has submitted, I promise now that I will support it.

But in the meantime the millions who have tried but cannot obtain employment in private industry, who are hungry, cannot exist on political bunk, which, if you will pardon me, is the one and only thing the Republicans are offering them today, or that they have offered them.

And let me remind those on the Republican side that it is not only the poor, the unemployed, and the deserving who are asking and receiving help from the Government. There is scarcely a single large industry that has not received much greater benefits for its labor-seducing and tax-evading corporations, but how they fight against aiding their former employees whom they deliberately have thrown out of work in order to embarrass the administration and in order that they may save a few shekels by later rehiring them at a reduced wage. Take the railroads as one of many similar instances that could be cited. They have already received hundreds of millions of dollars of assistance from the Government which, I predict, they never will repay, and they want millions more. They threaten that unless they receive these additional loans they will be required to reduce the salaries of their employees, and this notwithstanding the fact some railroad officials increased their own salaries last year from $25,000 to as high as $60,000 a year. And some of our "poor" industrial leaders who vote themselves and receive from $100,000 to $500,000 a year have been shedding crocodile tears over the proposal to assure their workers salaries of only $12 a week. They are aghast at the suggestion of the slightest increase to taxation, while in many instances last year they, as I have stated, increased their own salaries, and in addition drew down large bonuses for themselves.

And the banks today, instead of showing some appreciation and gratefulness to President Roosevelt and the Democratic Congress as to what has been done to save them and the millions of depositors and the country from complete financial ruin, the very banks which during the last months of the Hoover regime were falling like grain before the sickle but which today have their vaults bulging with money, instead of cooperating have refused and are continuing to refuse to aid legitimate business and are thereby deliberately delaying the resumption of business and playing in the hands—yes; cooperating with the enemies of President Roosevelt—who again desire to obtain control of the affairs of the Nation as in years gone by.

In connection with the statement I have just made as regards the increasing of the salaries of officials of the railroads and other big industries, permit me to read an article in the May 17 issue of the Edward Keating edited Labor, which voices the inarticulate heartbeats of every American workingman. It says:

TO THOSE WHO HAVE IS GIVEN—TYCOONS' SALARIES ARE BOOSTED—RAIL OFFICIALS' PAY ENVELOPES FATTENED—INCREASES IN MANY INSTANCES RUN ABOVE 50 PERCENT—"IRON PANTS" JOHNSON GETS $40,000 FOR PART-TIME JOB

Reports being filed with the Securities and Exchange Commission for 1937 disclose that, with few exceptions, corporation officials had their generous salaries increased during the year.

In some instances the boost was 50 percent or more—not bad, when it is remembered that millions of workers were still idle and the pay envelopes of millions of others were being raided.

In view of the railroads' demand for a 15-percent reduction in wages, railmen will be interested to learn that the heads of several roads fared well.

President M. W. Clement, of the Pennsylvania, was raised from $60,000 to $100,000 a year; $18,000 was added to the modest $60,000 salary of President J. M. Davis, of the Lackawanna; and President G. D. Brooks, of the Chesapeake & Ohio, will be able to keep out of the bread line with the $15,000 inflation of his original $45,000 salary.

These are merely samples of corresponding advances to many other rail presidents, vice presidents, and lesser officials.

The real "gravy," however, is found in other fields. Chairman A. W. Robertson, of the Westinghouse Electric & Manufacturing Co., was "hiked" from $108,388 to $169,999, and President F. A. Merrick was jumped from $84,435 to $126,950. In both instances the increase was better than 50 percent.

ONE HUNDRED PERCENT BOOST FOR GRACE

President Eugene Grace, of the Bethlehem Steel Co., last year received $394,586, compared with a beggarly $180,000 in 1936—an increase of more than 100 percent. "Charley" Schwab, chairman of the board, continued to sign pay vouchers at the rate of $180,000 a year—for doing practically nothing.

Among other stratospheric salaries were: President F. B. Davis, Jr., of the United States Rubber Co., $323,240, increased from $227,260; President Lewis H. Brown, of Johns-Mansville Co., $136,910, increased from $112,649; and President H. F. Atherton, of the Allied Chemical & Dye Corporation, $135,000, increased from $100,000. A score of other officials of these corporations were favored on the same generous scale.

Some curious things crop out in these salary disclosures. For instance, they reveal that Gen. Hugh S. Johnson, former N. R. A. "czar" and now a newspaper columnist with a grouch, was paid $40,000 by Radio Corporation of America as "legal fees in regard to labor relations."

It is reasonable to assume that after old "Iron Pants" had pocketed the check he went on the air and strengthened his "pull" with big business by panning the tar out of President Roosevelt and the New Deal.

The most remarkable circumstance, however, is the fact that in reporting the salaries, the newspapers generally put the headlines on the pay of movie actors and soft-pedaled the princely salaries of captains of industry.

Mr. Chairman, I do not object in the slightest to honest criticism. But some of these newspapers, controlled by the national public-utility corporations, financial and industrial chieftains, go beyond the dead line to distort and misrepresent what this administration and this Congress are doing and trying to do. For instance, they represent that this bill carries appropriations of all the way from five to seven billion dollars. The actual fact is, as stated by the exceptionally able and distinguished gentleman from Virginia [Mr. WOODRUM] in his masterful presentation of this bill on May 10, the direct appropriations in this bill out of the Public Treasury for W. P. A., P. W. A., the National Youth Administration, the Farm Security Administration, and all other purposes amount to $2,519,425,000. And of this sum, $1,000,000,000 was included in the regular Budget which was submitted to Congress last January, because that was the billion dollars which was put in at that time for relief. So that this recovery measure carries actually an increase over our original Budget of $1,519,425,000, and even part of this is for loans. Now, these are the facts regarding the bill we are now considering. Please contrast these facts with the statements of many of the Republican newspapers, that have been saying that this bill is appropriating from five to seven billion dollars.

REPUBLICAN PARTY IS BANKRUPT, NOT ONLY IN VOTES BUT IN HELPFUL IDEAS

Mr. Chairman, the vote on this bill was, after all, the real test of its worthiness. We all heard the arguments for and against it. And when it came down to actual voting, each uninfluenced Member recorded his conscientious convictions. Here are the votes: 329 Members voted for and 70 against the bill. I desire to call to the attention of the American people this fact: That in spite of all the ranting and raving on the Republican side, 25 Republican Members, 8 Progressives, and 5 Farmer-Laborites voted for the bill.

Mr. Chairman, I wish to congratulate them upon their independence and that, therefore, we will again see that there are some Republicans, though small in number, that cannot be coerced but who will vote according to the dictates of their hearts, disregarding the dictates of the selfish vested interests that continue to control the inhumane policy of the Republican Party.

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. PATRICK].

Mr. PATRICK. Mr. Chairman, I do not know that I can contribute anything particularly to the debate at this late hour. I do want to ask three simple questions which I think are more or less of a self-answering nature. One is, Do we need relief? Another is, Will this provide relief? And the third question is, Does the opposition have a better plan of relief?

It seems to me these three questions involve about all that there is to the debate on this proposition, but I would, however, call attention to this very significant thing. This administration a little over 5 years ago embarked on a program and the world remembers the distinct and pronounced recovery that followed that program. You will also remember—and I think this is quite important—the minute we began to listen to the boys that said put on the brakes and commenced to pull away from that program, whatever criticism it may have had, the recession started, and that recession has followed, it appears to me, in relation to our departure from the original program we had embarked upon. I wonder if that is coincidental or accidental or I wonder if it was not due to the fact that a real mistake was made in this country when we did not follow through on the initial embarkation that this program entailed.

Oh, they do utter some little criticisms. I heard the opposition say this afternoon there are little departures in politics and a little favoritism shown, I believe, in Arkansas and Kentucky. Well, shades of Teapot Dome and memories of the income-tax refunds of, I believe it was, 1927 and 1928 and 1929. Is that a thing to talk about, coming from these fellows who speak of favoritism?

I think the country has been combed with a fine-tooth comb to find what little favoritism there may be. The good Lord does not lean down and carry on these programs for us. We have got to administer them ourselves with human beings, with their frailties, and some of them do have weaknesses for politics, however little politics we may hope there may be in its administration.

I do feel that these three questions stand before us. Do we need this relief, will this provide relief, and does the opposition have any plan or a better plan of relief? [Applause.]

Mr. TABER. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. GEHRMANN].

Mr. GEHRMANN. Mr. Chairman, I am in favor of this resolution generally. I realize that we must have relief money in order that the millions of people who are now out of work may be able to at least exist.

The estimate of unemployed at the present time is eleven to twelve million people. That is nearly as many as we had during the peak of the depression years. As stated in the beginning, the Congress must provide money to put at least part of that vast army to work. I hope that only useful and worth-while projects will be undertaken. We have carried on this type of work for a number of years. It is no longer in the experimental stage, and because of the experience gained and because there are now fully established offices with experienced personnel in every State in the Union, the public will no longer tolerate costly mistakes, such as were bound to be made when these works projects were first established. I have always believed that more authority should be given to local officials in deciding on projects and supervising them. They are directly responsible to the people of their particular district, and their position depends on the vote of those people living and paying taxes in that district.

There is great difference of opinion as to what brought on this new depression, which until recently was called a recession. The business in late 1936 and most of 1937 reached a point nearly up to the prosperous years prior to 1929. Still it was estimated that around 7,000,000 men and women could not find a job. That convinces me that we should have planned an entirely different program than this annual so-called pump priming. Instead of discontinuing the Public Works Authority last year, we should have enlarged it, and

gradually reduced the W. P. A. There is a great deal of waste of money on many W. P. A. projects. The monthly wages paid on W. P. A. are not enough to give these millions on works relief the needed purchasing power. Yes; they exist, but that is not the only thing necessary. Every family must have income enough so as to be able to buy things above the mere point of existence if we can hope to reduce these millions of unemployed now on works relief.

We must plan a long-term public-works program of needed and useful projects that will eventually add to the wealth of our Nation. There must be a way found to get out of this vicious, unending circle. They say that at least one-third of our people, but I am certain that more than half of our people have not income enough to live what we like to boast as the great American standard of living. They could use a great deal more food than they now consume, and certainly more than half of our people would buy more clothes, more furniture, more things not absolutely necessary of every description than they now are able to get, and in that way the circle that has whirled in only one direction, forcing reduction in production in the factory and on the farm, would gradually unwind itself, and spin in the other direction.

I hope that this pump priming will have that effect. But we must change our whole economic system if we are ever to have fairly permanent prosperity. I am not against private business or a fair profit for the money and effort expended, but we must curb the ever expanding monopolistic system, and the control these monopolies have gained over practically all business and credit. Congress must take back the control of money and its value. It has been demonstrated for altogether too long that under our present system of private bankers manipulating the amount and value of money, it has bankrupted half of our population, including farmers, business of every description, workers, and home owners. I am glad that the President has finally seen the advisability of making use of that gold buried for years, while we were issuing billions of tax-exempt bonds each year. I do not see why we do not stop issuing any more tax-exempt bonds. While some claim that this country is facing bankruptcy, the public still fights to buy United States bonds. Some bonds recently advertised with a very low interest rate were oversubscribed 10 times in 24 hours. Maybe if they had to pay taxes on those incomes, some might be willing to invest some of their money in industry or private business.

Many claim that if business were left alone and not interfered with all the time, prosperity would be returned. I believe that the small independent business enterprise should be assisted with liberal credit, which, thus far, has not been available to them in spite of the claim by the R. F. C. to the contrary. I have talked with many Members about this, and I have yet to find one that feels the R. F. C. has carried out the intent of Congress in making credit more easily available to small business and manufacturing establishments. I do not like too much governmental dictation either, but it seems that it is necessary to force by law a certain small percentage of our people as individuals, groups, or corporations to do unto others as they would want others to do unto them. The minimum-wage law became necessary here in the District of Columbia, because a system had grown up where hardly any wages were paid in many establishments. The workers had to depend on tips. The tips became so small during the depression that it was impossible for those workers to exist. Store clerks, laundry workers, and employees of many other establishments were paid from $6 to $12 a week, and worked 10 to 12 hours a day. Now, they are being rapidly organized into unions, and, of course, the business people do not like it. In most instances, labor has been forced into organizing for self-protection. I believe that a better understanding, as well as better cooperation between employer and employee is bound to be the final result, because of collective bargaining, which is the inherent right of the worker.

If prosperity is to return and remain with us, these ever-growing monopolies in every line of endeavor must be controlled so that the smaller independent units may survive. It was claimed that by eliminating smaller units and concentrating them into larger ones, things would be cheaper to the ultimate consumer. I wonder if that is a fact? With the possible exception of automobiles, I do not know of anything that is cheaper now than it was 15 or 20 years ago; on the contrary, most everything is much higher now.

Many so-called theories advocated a few years ago are now being considered much more seriously. Many people have come to the conclusion that it is necessary to establish a minimum-wage and a maximum-hour law, and at the same time it is becoming more apparent every day that the cost of production for farm products will be the only way to assist the farmer. A minimum-wage law will be followed within a short time by a minimum-cost law. Let the farmers produce as much as they want to. Establish a quota for each major commodity. We know what we consume each year here at home, set the minimum price and establish each farmer's share of home-consumption commodity. If he raises more than his share he cannot sell it except to the Government in case it can find a place to export it to other nations that need it. Many scoffed at the idea advocated by Dr. Townsend now called the General Welfare Act. There are more and more people in every walk of life convinced that some such idea will be enacted into law. If 10,000,000 old people could receive a decent pension each month and had to spend it, the demand for all kinds of things would make it possible for a large number of now unemployed to find a job. These formerly unemployed would buy many things that were not possible before, and the vicious circle referred to in the beginning would be turning in the opposite direction. Business turn-over would climb to perhaps over $100,000,000,000, and the national debt that now has assumed huge proportions would be reduced rapidly.

Again I say we must provide money now to make it possible for people to live, but we must not put off any longer the necessary and fundamental monetary and monopoly changes. Congress has given the reins to control money and the value thereof to private bankers, but we must find a way to put it back where the Constitution says it should be, into the hands of Congress. It is too tempting for individuals to deflate in order that those on the inside may benefit. Under the present system, every farmer, independent businessman, home owner, will sooner or later be dispossessed and the control of all of their properties will go to the monopolies controlled from Wall Street.

Mr. TABER. Mr. Chairman, I yield the balance of my time to the gentleman from South Dakota [Mr. CASE].

RECOVERY AND REAL PURCHASING POWER REQUIRE SOMETHING MORE THAN RELIEF WAGES

Mr. CASE of South Dakota. Mr. Chairman, under present conditions and under the program that seems to be before the country, there appears to be little question about the need for relief, but in company with far more than 17,000,000 people in this country today I long for the time when it will become respectable, honorable, and popular, I hope, to make an honest dollar again and have something better than a relief purchasing power for the country. If there is anyone who honestly believes that this country can achieve real purchasing power on relief wages, I would like to have him defend that proposition on the floor of this House. There is no possibility and no prospect that real purchasing power, real wealth, is going to be created in this country when people are on a relief wage and we are on a relief economy.

Mr. FLETCHER. What does the gentleman substitute for the thing he is criticizing?

Mr. CASE of South Dakota. Production of new wealth. Encouragement of progress. Regular jobs at real wages. Projects that permit and promote self-help. As long as we maintain a program of discouraging the production of wealth, we will have the relief and unemployment problem in this country. When the time arrives that it becomes respectable,

honorable, and popular again to produce and create new wealth, then the relief problem will be solved, and not until then. To the extent that expenditures under a relief program provide wealth-creating projects, to that extent we may make headway, but if we think that progress is going to come by borrowing candy from our grandchildren and leaving them only debts to pay, we are not on the way to progress or recovery.

Mr. FLETCHER. So far we have heard no constructive program for the one of which the gentleman complains, and even Glenn Frank, who is chairman of the Republican holding company and who criticizes our method, as a spokesman of the gentleman's party, offers no constructive program.

Mr. CASE of South Dakota. I do not know what Glenn Frank has said. He has never been authorized to make any speech for me, nor has the gentleman to whom I yielded for a single question. If the gentleman desires to make a political speech, indulging in personalities, he has a right to do so in his own time. Apparently the gentleman does not regard it as constructive when I suggest that we encourage the production of new wealth and the creation of regular jobs at real wages instead of going forever on a relief basis. I did not rise, however, to offer a panacea, or a cure-all scheme, but to ask leave to put in the RECORD an extension of remarks in which I would point out some possibilities in the present program which I think may possibly help us, and I refer particularly to the items that will permit of water-conservation projects in the Great Plains area, because to the extent that we can use this relief money for the improvement of the ability of the people in the Great Plains area to make a living and get off relief, to that extent we can expect some permanent good from it.

Mr. FLETCHER. Since the gentleman complains of limited time, will he put that into his extension of remarks?

Mr. CASE of South Dakota. I have not yielded for a further question, but in my extension of remarks I shall list some specific, concrete projects in my district, in the Great Plains area, which I think will help. I want to set them forth because many times projects come up which, while they are nice projects and add to the appearance of the community, yet are not projects of the kind that create new wealth or improve the ability of the people to take care of themselves.

I firmly believe that we are not going to make real recovery in this country until we substitute a production of wealth for the distribution of income that we are borrowing from our grandchildren. We ought to demand of every project, as far as possible, that it give not only emergency relief for today but protection for the future.

I ask unanimous consent to extend my remarks in the RECORD along the line I have indicated.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Chairman, I yield 20 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, we are closing general debate on the bill. The discussion has amounted practically to unlimited debate as the time was agreed upon by unanimous consent and every Member of the House has been afforded opportunity for free discussion of every phase of the measure. Consideration will be concluded tomorrow under the provisions of a rule offering the widest latitude in amendment and debate—as liberal a rule as could be drawn in conformity with the procedure of the House, and certainly as liberal a rule as has been invoked in the consideration of any controversial bill of this character.

Argument against the bill has been concluded and on first analysis may be generally summarized as follows: First, that the bill is political in its inception, amounting to a political raid, and calculated to secure political advantage in the campaign this fall; second, that it is inflationary and its enactment will seriously affect the economic standards and balances of the Nation; third, that it proposes the wrong method of approach to the problem sought to be solved; and fourth, that it endangers national credit and threatens national solvency. If other major objections have been overlooked I shall be glad to have them called to mind at this time.

Apparently these four arguments comprise the principal objections advanced in the general debate on the bill over the last 2 days. Let us consider them categorically.

Political subterfuge is an argument always available and seldom overlooked in debate on a measure carrying funds of this magnitude. The charge of political consideration is easily made and is an inevitable accompaniment of general debate in campaign years. But there can be no politics in human need, and there is no partisanship in starvation. They speak a universal language, intelligible to anyone; and the origin and purpose of this bill can neither be misunderstood nor mistaken. So far as the practical application of the provisions of the bill are concerned, they can be accurately judged by those of the current law after which this bill is patterned. During the last 2 years I have received numerous letters and telegrams from Democrats in my State insisting that the men in charge of local projects were Republican, and a Democrat could not get a job. They went so far as to charge that local Republican central committees announced openly that it was necessary to secure their approval in order to be assigned to work. On the other hand, letters and messages from Republicans protested that Democrats were in charge of work relief in their communities and it was impossible to get jobs unless approved by Democratic bosses. From such information as I was able to secure, I am convinced that none of the charges could be sustained; but I have no doubt that in every State and practically every district, like complaints have been made against both parties—and with as little foundation.

Similarly, experience under the provisions of the current law dispels any fears which might be entertained of what opponents of the bill have termed "cataclysmic inflation." What is inflation? It is a rise in the price of commodities accompanied by a corresponding decline in the price of money. And conversely, deflation is a fall in the price of commodities and a rise in the purchasing power of the dollar. If expenditures under the bill could be expected to be productive of "a cataclysm" the expenditures under the present law would have inflated commodities and increased the cost of living, whereas the contrary is true, and the dollar will buy more and the cost of living has been steadily falling. Judging by market reports, conditions obtaining in 1929 were more productive of inflation than the provisions of the relief legislation in effect the last 2 years.

But perhaps the most frequently mentioned argument against this bill is the objection to the method proposed. As most frequently expressed, "A nation cannot spend its way to prosperity." There is no other road to prosperity. Purchasing power must be provided before you can sell. You must sell frozen stocks of goods on hand before you can resume production. You must resume production before you can employ labor. The first step is to spend. And, as Abraham Lincoln said, the function of the Government is to do for the people what the people cannot do for themselves. The Government must start the spending.

The most untenable theory urged in opposition to the bill is the suggestion that it endangers national credit; that "it threatens national solvency." Under the conditions we are proposing in this bill, the credit of the United States Government is unassailable. As judged by the demand for Government obligations and the rate of interest carried by current offerings, the credit of the Government is stronger today than ever before. Every issue of bonds is oversubscribed and rates have been successively lowered until our last issues carried but a fraction over 2-percent interest. Short-time notes are in demand at less than one-fourth of 1 percent. The truth is our credit resources are not yet tapped. Our per capita debt, local and national, is less than in 1929, and the relation of our public debt to national resources is more favorable than that of any other nation.

In this connection mention should be made of the bill to allocate relief funds to the States to be matched by them

or other sponsors it is understood will be offered in the motion to recommit. The bill provides for contributions on a ratio of 20 or 25 percent of the amount supplied by the Federal Government. As a matter of fact the contribution feature of the bill, or the motion, would be superfluous in view of the fact that under the present law sponsors are advancing amounts in excess of 20 percent.

According to testimony adduced before the committee, the average for the States at the present time is 22.8 percent of the amount paid by the Government. In some States it is as high as 39.6—in round figures 40 percent—and in all the States it has been advancing and during the coming year may be expected to reach an average minimum of 25 percent. In that respect the new plan would probably not produce contributions by States or sponsors equal to those now secured under the present law. In addition, the bill embodied in the proposed motion to recommit is impracticable for the reason that it could not become operative in time to be effective. The pending bill is a relief measure. It meets a condition demanding immediate results. Time is the essence of the problem. This bill will put men to work within a week. The instruction in the motion to recommit could not employ a man until the States call their legislatures in session and enact laws to permit cooperation with the Federal Government. And even when enacted, such laws would differ in each jurisdiction. No uniformity could be expected and we would have 49 different forms of cooperation and as many methods of relief. Any such proposition is out of the question, however amended, and could not be modified to meet the emergency with which the Nation is confronted.

The pending measure meets every requirement adequately and effectively. It will retain those now at work and employ 4 million more, under conditions with which we are familiar, and under administrative agencies which have disbursed vast sums without taint of corruption or maladministration.

And let me say here, parenthetically, that the version carried by many papers of the change in this bill by which funds were appropriated directly to the agencies instead of through the President as formerly, and attributing the change to the committee, were without foundation. The first draft of the bill was prepared by direction of the President. The modification was by his request. And the clause, "subject to the approval of the President," was inserted in the bill after and in response to suggestions in the newspapers that the changed method of appropriation was of any significance. Whether appropriated direct to the agencies or through the President, either with or without the clause inserted by the committee, the money would be allocated and administered in exactly the same manner and for the same purposes.

The agencies were created by the President and are staffed by his personal appointments, and naturally would be amenable to his recommendation, regardless of the exact phraseology of the act. No President, from Washington to Roosevelt, has been charged with the administration of such a sum, under such broad authorization, and no Executive could have better or more faithfully discharged that trust, and the passage of this bill, carrying with it, in effect, every power conferred by former relief bills and multibillions of appropriations, is the highest tribute that could be paid by any Congress or any nation.

What is the alternative? Twelve million men are unemployed. Twelve million families are in distress. Men are no longer willing to starve peacably in the midst of plenty. The chairman of the Conference of Mayors, representing the mayors of every major city in the United States, told the committee that but for the relief program, to be continued by this bill, hardly an American city could have survived. This bill meets the situation. It has the approval of the Congress and the people. All indications point to its passage by an overwhelming majority in both the House and the Senate. [Applause.]

Mr. WOODRUM. Mr. Chairman, that completes the time at the disposal of this side.

The CHAIRMAN. All time within the control of the gentleman from Virginia has expired.

Mr. WOODRUM. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and Mr. DOXEY having taken the chair as Speaker pro tempore, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MCMILLAN (at the request of Mr. RICHARDS), indefinitely, on account of illness.

To Mr. SNYDER of Pennsylvania, indefinitely, on account of illness.

EXTENSION OF REMARKS

Mr. CROWE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the relief resolution which is now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the speaker:

H. R. 10066. An act to amend the District of Columbia Revenue Act of 1937, and for other purposes; and

H. J. Res. 623. Joint resolution making available additional funds for the United States Constitution Sesquicentennial Commission.

BILL 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, a bill of the House of the following title:

H. R. 10066. An Act to amend the District of Columbia Revenue Act of 1937, and for other purposes.

ADJOURNMENT

Mr. WOODRUM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 19 minutes p. m.), under its previous order, the House adjourned until tomorrow, Thursday, May 12, 1938, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

The first notice appearing below, regarding Mr. MALONEY'S subcommittee meeting scheduled for Friday, May 13, 1938, has now been definitely postponed.

There will be a meeting of Mr. MALONEY'S subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Friday, May 13, 1938. Business to be considered: Hearing on H. R. 4358, train dispatchers' bill.

There will be a meeting of Mr. SADOWSKI'S subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Wednesday, May 18, 1938, for the consideration of H. R. 9739, to amend the Motor Carrier Act.

COMMITTEE ON THE JUDICIARY

There will be a hearing held before the Committee on the Judiciary, Wednesday, May 18, and Thursday, May 19, 1938, on the resolutions proposing to amend the Constitution of the United States to provide suffrage for the people of the

District of Columbia. The hearing will be held in the caucus room of the House Office Building beginning at 10 a. m. on the days mentioned.

COMMITTEE ON NAVAL AFFAIRS

There will be a full open hearing before the Committee on Naval Affairs Monday May 16, 1938, at 10:30 a. m. for the consideration of H. R. 4281, authorizing the Secretary of the Navy to construct and maintain a Government radio broadcasting station; authorizing the United States Commissioner of Education to provide programs of national and international interest; making necessary appropriations for the construction, maintenance, and operation of the station and production of programs therefor; and for other purposes.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

The Committee on Immigration and Naturalization will hold public hearings Wednesday, May 18, 1938, at 10:30 a. m., in room 445, House Office Building, for the consideration of H. R. 9907, and other unfinished business.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. O'CONNOR of New York: Committee on Rules. House Resolution 497. Resolution providing for the consideration of House Joint Resolution 679, joint resolution making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public-works projects; without amendment (Rept. No. 2325). Referred to the House Calendar.

Mr. ROMJUE: Committee on the Post Office and Post Roads. H. R. 2691. A bill to adjust the basis of compensation for overtime services of certain employees in the Postal Service, and for other purposes; with amendment (Rept. No. 2326). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 9811. A bill to amend the Merchant Marine Act, 1936, and for other purposes; with amendment (Rept. No. 2327). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAGNUSON: Committee on Naval Affairs. H. R. 10433. A bill to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; without amendment (Rept. No. 2328). Referred to the Committee of the Whole House on the state of the Union.

Mr. CARTWRIGHT: Committee on Indian Affairs. S. 2253. An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render final judgment on any and all claims of whatsoever nature, which the Shoshone or Bannock Indians living on the Fort Hall Indian Reservation, in the State of Idaho, or any tribe or band thereof, may have against the United States, and for other purposes; with amendment (Rept. No. 2340). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUCKLER of Minnesota: Committee on Indian Affairs. H. R. 9442. A bill authorizing the Secretary of the Treasury to transfer on the books of the Treasury Department to the credit of the Chippewa Indians of Minnesota the proceeds of a certain judgment erroneously deposited in the Treasury of the United States as public money; with amendment (Rept. No. 2341). 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. KEOGH: Committee on Claims. H. R. 5153. A bill for the relief of George F. Anderson and Vera D. Anderson; with amendment (Rept. No. 2331). Referred to the Committee of the Whole House.

Mr. ATKINSON: Committee on Claims. H. R. 6272. A bill for the relief of Harris A. Alister; with amendment (Rept. No. 2332). Referred to the Committee of the Whole House.

Mr. CARLSON: Committee on Claims. H. R. 9084. A bill for the relief of John Lawson; with amendment (Rept. No. 2333). Referred to the Committee of the Whole House.

Mr. ATKINSON: Committee on Claims. H. R. 9215. A bill for the relief of the Read Machinery Co., Inc.; with amendment (Rept. No. 2334). Referred to the Committee of the Whole House.

Mr. ROCKEFELLER: Committee on Claims. S. 2051. An act for the relief of John F. Fitzgerald; with amendment (Rept. No. 2335). Referred to the Committee of the Whole House.

Mr. ROCKEFELLER: Committee on Claims. S. 2566. An act for the relief of the Blue Rapids Gravel Co., of Blue Rapids, Kans.; with amendment (Rept. No. 2336). Referred to the Committee of the Whole House.

Mr. ROCKEFELLER: Committee on Claims. S. 2956. An act for the relief of Orville D. Davis; without amendment (Rept. No. 2337). Referred to the Committee of the Whole House.

Mr. ATKINSON: Committee on Claims. S. 3111. An act for the relief of the estate of Lillie Liston, and Mr. and Mrs. B. W. Trent; with amendment (Rept. No. 2338). Referred to the Committee of the Whole House.

Mr. ROCKEFELLER: Committee on Claims. S. 3215. An act for the relief of Griffith L. Owens; with amendment (Rept. No. 2339). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 10447) for the relief of Robert W. O'Brien; Committee on Claims discharged, and referred to the Committee on War Claims.

A bill (H. R. 10400) for the relief of the heirs of George Washington Roberts; Committee on Claims discharged, and referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of Pennsylvania: A bill (H. R. 10604) to adjust payments to the Mount Pleasant Township public schools in lieu of taxes on lands of the Westmoreland Homesteads; to the Committee on Agriculture.

By Mr. DORSEY: A bill (H. R. 10605) to authorize the appropriation of funds for the development of rotary-winged aircraft; to the Committee on Military Affairs.

By Mr. PIERCE: A bill (H. R. 10606) providing for the final enrollment of the Indians of the Klamath Indian Reservation in the State of Oregon; to the Committee on Indian Affairs.

By Mr. GASQUE: A bill (H. R. 10607) to provide entitlement to pensions for widows of war veterans where widows had been married to and living with veterans for 3 years preceding death of veterans or where dependent children survive the marriage; to the Committee on Pensions.

By Mr. GOLDSBOROUGH: A bill (H. R. 10608) relating to loans to railroads by the Reconstruction Finance Corporation, and for other purposes; to the Committee on Banking and Currency.

By Mr. HILL: A bill (H. R. 10609) to provide for the maintenance of certain minor children in the District of Columbia; to the Committee on the District of Columbia.

By Mr. EICHER: A bill (H. R. 10610) granting the consent of Congress to the Iowa State Highway Commission to reconstruct or construct, maintain, and operate a free highway bridge across the Des Moines River, at or near Keosau-

qua, Iowa; to the Committee on Interstate and Foreign Commerce.

By Mr. STARNES: A bill (H. R. 10611) to extend the times for commencing and completing the construction of a bridge across the Coosa River at or near Gilberts Ferry in Etowah County, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. BLAND: Resolution (H. Res. 498) providing for an investigation and study of the Committee on Merchant Marine and Fisheries; to the Committee on Rules.

By Mr. MAVERICK: Joint resolution (H. J. Res. 680) to establish within the Department of State an Institute of Friendly American Relations; to carry out the obligations assumed by the United States in the convention for the promotion of Inter-American Cultural Relations, signed at Buenos Aires, December 23, 1936; to promote good will between the citizens of the United States and the citizens of other American republics, and to provide for the exchange of students and professors between the United States and the other American Republics; to provide for scholarships; to promote trade and business relations between the United States and the other American Republics; to establish a radio station for the dissemination of information in the English, Spanish, and Portuguese languages, and for other purposes; to the Committee on Foreign Affairs.

By Mr. BLOOM: Joint resolution (H. J. Res. 681) to amend the Naturalization Act of June 29, 1906 (34 Stat. 596), as amended; to the Committee on Immigration and Naturalization.

By Mr. HAMILTON: Joint resolution (H. J. Res. 682) to provide for temporary operation by the United States of certain steamships, and for other purposes; to the Committee on Merchant Marine and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. JOHNSON of West Virginia: A bill (H. R. 10612) to authorize and direct the Commissioners of the District of Columbia to set aside the trial-board conviction of Policeman Clarence D. Cunningham and his resultant dismissal, and to reinstate Clarence D. Cunningham to his former position as member of the Metropolitan Police Department; to the Committee on the District of Columbia.

By Mr. O'BRIEN of Illinois: A bill (H. R. 10613) for the relief of Giuseppe Noce; to the Committee on Immigration and Naturalization.

By Mr. RANDOLPH: A bill (H. R. 10614) for the relief of Irene R. Brooks; to the Committee on Claims.

By Mr. TAYLOR of Tennessee: A bill (H. R. 10615) granting an increase of pension to Christopher C. Popejoy; to the Committee on Pensions.

By Mr. THOMASON of Texas: A bill (H. R. 10616) for the relief of J. H. Marchbanks; to the Committee on Claims.

By Mr. THURSTON: A bill (H. R. 10617) for the relief of Henry Jefferson Black, deceased; to the Committee on Military Affairs.

PETITIONS, ETC.

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

5096. By Mr. ANDREWS: Resolution adopted by the Buffalo Lodge of the International Brotherhood of Boiler Makers, Iron Shipbuilders and Helpers, favoring enactment of House bill 10127; to the Committee on Interstate and Foreign Commerce.

5097. Also, resolution adopted by the New Deal Lodge, No. 380, of the Brotherhood of Railway Carmen of America, favoring enactment of House bill 10127; to the Committee on Interstate and Foreign Commerce.

5098. By Mr. BREWSTER: Petition of 3,148 members of the Veterans of Foreign Wars to keep America out of war, supported by a national defense program adequate to preserve and protect our country and its people; to the Committee on Foreign Affairs.

5099. Also, petition of 765 members and sympathizers of the Newport Townsend Club, No. 1, of Newport, Maine, demanding that House bill 4199, General Welfare Act, be brought up on the floor of this present Congress for discussion; to the Committee on Ways and Means.

5100. Also, petition of the Woman's Christian Temperance Union of Caribou, Maine, signed by 166 members, urging the passage of legislation which will stop, so far as is possible, by Federal law the great advertising campaign for the sale of alcoholic beverages now going on by press and radio; to the Committee on Interstate and Foreign Commerce.

5101. By Mr. COLE of New York: Petition of the General Welfare Association of Elmira, N. Y.; to the Committee on Ways and Means.

5102. By Mr. CROWTHER: Petition of the Schenectady (N. Y.) Industrial Union Council, urging favorable action on the amendment to House Joint Resolution 527; to the Committee on Foreign Affairs.

5103. By Mr. FITZPATRICK: Petition of the American Labor Party of the lower fifth assembly district, Bronx, New York City, N. Y., endorsing the wage and hour bill; to the Committee on Labor.

5104. Also, petition of the American Labor Party of the lower fifth assembly district, Bronx, New York City, N. Y., urging the immediate enactment of the relief bill; to the Committee on Ways and Means.

SENATE

THURSDAY, MAY 12, 1938

(Legislative day of Wednesday, April 20, 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 Wednesday, May 11, 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 agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9682) to provide revenue, equalize taxation, and for other purposes.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 623) making available additional funds for the United States Constitution Sesquicentennial Commission, 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	Byrnes	Green	Lundeen
Andrews	Capper	Guffey	McAdoo
Ashurst	Caraway	Hale	McCarran
Austin	Chavez	Harrison	McGill
Bailey	Clark	Hatch	McKellar
Bankhead	Copeland	Hayden	McNary
Barkley	Davis	Herring	Maloney
Berry	Dieterich	Hill	Miller
Bilbo	Donahey	Hitchcock	Milton
Bone	Duffy	Holt	Minton
Borah	Ellender	Johnson, Calif.	Murray
Brown, Mich.	Frazier	Johnson, Colo.	Neely
Brown, N. H.	George	King	Norris
Bulkley	Gerry	La Follette	O'Mahoney
Bulow	Gibson	Lodge	Overton
Burke	Gillette	Logan	Pittman
Byrd	Glass	Lonergan	Pope