SENATE

TUESDAY, APRIL 11, 1939

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

Almighty God, who hast given Thine own self so wondrously that, when we seek, we find Thee everywhere: Speak to us out of Thy great world's throbbing heart concerning the things that belong to our peace, and reveal in the hush of this moment the sacramental gifts of life whereby strength is imparted for our great emprise; friendship, knitting heart to heart; joy, too wonderful for words; and sorrow, when Thou drawest nigh with love's immeasurable tenderness, for here on earth evil and tyranny, poverty and sin, retain their ancient power, and all man's learning seems to leave him still unsure.

At such a time as this let every man among us seek first the kingdom of God and His righteousness; then shall the light dawn and our eyes shall waken to reality; then, and not until then, shall we see the King coming in His beauty, arrayed in the garments of peace. So may Thy coming be, Lord Jesus. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, April 10, 1939, 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, communicated to the Senate the resolutions of the House adopted as a tribute to the memory of Hon. James Hamilton Lewis, late a Senator from the State of Illinois.

The message announced that the House had passed without amendment the bill (S. 2021) to authorize the Department of Labor to continue to make special statistical studies upon payment of the cost thereof, and for other purposes.

The message also 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. 3790) relating to the taxation of the compensation of public officers and employees.

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

H. R. 3314. A bill to provide shorter hours of duty for members of the Fire Department of the District of Columbia, and for other purposes; and

H. R. 5482. A bill to increase the authorization for appropriations for the administration of State unemployment compensation laws.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

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

S. 10. An act for the relief of the Fred Harvey Transportation Department;

S. 11. An act for the relief of Hubert H. Clark and Dr. W. C. Copeland;

S. 511. An act for the relief of Dolores P. de Williamson;

S. 545. An act for the relief of George H. Pierce and Evelyn Pierce;

S. 745. An act for the relief of the Pacific Telephone & Telegraph Co.;

H. R. 3790. An act relating to the taxation of the compensation of public officers and employees; and

H. J. Res. 225. Joint resolution amending the joint resolution entitled "Joint resolution providing for the construction and maintenance of a National Gallery of Art," approved March 24, 1937.

CALL OF THE ROLL

Mr. MINTON. 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	Danaher	Johnson, Calif.	Radcliffe
Andrews	Davis	Johnson, Colo.	Reed
Ashurst	Donahey	King	Reynolds
Austin	Downey	La Follette	Russell
Bailey	Ellender	Lee	Schwartz
Bankhead	Frazier	Lodge	Schwellenbach
Barbour	George	Logan	Shipstead
Barkley	Gerry	Lucas	Smathers
Bilbo	Gibson	Lundeen	Smith
Bone	Gillette	McCarran	Stewart
Borah	Glass	McKellar	Taft
Bridges	Green	McNary	Thomas, Okla.
Brown	Guffey	Maloney	Thomas, Utah
Bulow	Gurney	Mead	Townsend
Burke	Harrison	Minton	Truman
Byrd	Hatch	Murray	Tydings
Byrnes	Hayden	Neely	Vandenberg
Capper	Herring	Norris	Wagner
Caraway	Hill	Nye	Walsh
Clark, Idaho	Holman	Overton	Wheeler
Clark, Mo.	Holt	Pepper	White
Connally	Hughes	Pittman	Wiley

Mr. MINTON. I announce that the Senator from Arkansas [Mr. MILLER] is absent from the Senate because of illness in his family.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Texas [Mr. SHEPPARD] are detained on important public business.

The Senator from Indiana [Mr. VAN NUYS] is unavoidably detained.

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

INVITATIONS TO ATTEND FUNERAL OF SENATOR LEWIS

Mr. LUCAS. Mr. President, I submit a resolution and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read the resolution (S. Res. 119), as follows:

Resolved, That the Secretary invite the Members of the House of Representatives to attend the funeral of Hon. James Hamilton Lewis in the Senate Chamber on Wednesday, April 12, 1939, at 2:30 o'clock p. m., and to appoint a committee to act with the committee of the Senate; and be it further

Resolved, That invitations be extended to the President of the United States and the members of the Cabinet, the Chief Justice and Associate Justices of the Supreme Court of the United States, the diplomatic corps (through the Secretary of State), the Chief of Staff of the Army, the Chief of Naval Operations of the Navy, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard to attend the funeral in the Senate Chamber.

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

The resolution was considered and unanimously agreed to.

JOHN B. DOW

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1253) for the relief of John B. Dow, which was, on page 1, line 12, to strike out all after "*Provided*," down to and including "$1,000", in line 12 of page 2, and insert "That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. McKELLAR. I move that the Senate concur in the House amendment.

The motion was agreed to.

J. G. MAYFIELD

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 754) for the relief of J. G. Mayfield, which was, in line 15, after "Department", to insert "*Provided*, That no benefits shall accrue prior to the approval of this act."

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Mr. LUCAS. I move that the Senate concur in the House amendment.

The motion was agreed to.

SUPPLEMENTAL ESTIMATE—LEGISLATIVE ESTABLISHMENT (S. DOC. NO. 60)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the legislative establishment, Library of Congress, for the fiscal years 1939 and 1940, amounting to $37,500, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

ALLOCATION OF APPROPRIATION TO DEPARTMENT OF THE INTERIOR (S. DOC. NO. 61)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, draft of a proposed provision pertaining to an allocation from the Emergency Relief Appropriation, 1935, to the Department of the Interior, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

RETIREMENT IN THE COAST GUARD

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to increase further the efficiency of the Coast Guard by authorizing the retirement under certain conditions of enlisted personnel with 20 or more years of service, which, with the accompanying paper, was referred to the Committee on Commerce.

CHIEF DISBURSING OFFICER, TREASURY DEPARTMENT

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation for the relief of Guy F. Allen, chief disbursing officer, Division of Disbursement, Treasury Department, covering the purchase of tents and canvas by the General Land Office, which, with the accompanying paper, was referred to the Committee on Claims.

IRRIGATION CONSTRUCTION CHARGES

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to approve the action of the Secretary of the Interior deferring the collection of certain irrigation construction charges against lands under the San Carlos and Flathead Indian irrigation projects, which, with the accompanying papers, was referred to the Committee on Indian Affairs.

PINE RIDGE, S. DAK., LOST ALLOTMENT CLAIMS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to provide for the correction of the list of approved Pine Ridge lost allotment claims, which, with the accompanying paper, was referred to the Committee on Indian Affairs.

LANDS IN CALIFORNIA AND NEVADA—FORT MOJAVE RESERVATION

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to reserve certain public-domain lands in California and Nevada for the use and benefit of the Indians of the Fort Mojave Reservation, which, with the accompanying papers, was referred to the Committee on Indian Affairs.

PURCHASE OF INDIAN PRODUCTS BY GOVERNMENT EMPLOYEES

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to modify sections 68 and 87, title 25, United States Code, so as to permit employees of the Government to purchase arts and crafts and other products manufactured, grown, owned, or controlled by Indians, which, with the accompanying paper, was referred to the Committee on Indian Affairs.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of Minnesota, which was referred to the Committee on Finance:

Concurrent Resolution 15

Concurrent resolution memorializing the Congress of the United States to revise the Social Security Act or to pass a new act, so that the Federal Government will assume one-half the burden of aid to dependent children

Whereas the Congress of the United States, acting in accordance with the demands of the President, did enact a law extending assistance to dependent children; and

Whereas the present Social Security Act provides that the several States pay two-thirds of the grants-in-aid for dependent children; and

Whereas the present Social Security Act provides for reimbursement to the States to the extent of one-half of the moneys expended for old-age assistance and assistance to the blind; and

Whereas this appears to be a discrimination against aid to dependent children, and not a fair apportionment: Now, therefore, be it

Resolved by the Senate of the State of Minnesota (the house of representatives concurring therein), That Congress at its present sitting be, and the same is hereby, urgently petitioned and requested to amend the Social Security Act or to pass other appropriate legislation whereby the Federal Government will assume one-half of the burden and payment of aid to dependent children; be it further

Resolved, That a duly authenticated copy of this resolution be presented to the President of the United States, the presiding officers of the Senate and House of Representatives of the Congress of the United States, and to each of the Senators and Representatives from the State of Minnesota.

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

Be it resolved by the House of Representatives of the Twentieth Legislature of the Territory of Hawaii (the senate concurring), That the Congress of the United States be, and it is hereby, respectfully requested to enact legislation permitting the Territory to tax the income of Federal officers and employees in the Territory on the same basis as other residents of the Territory; and be it further

Resolved, That copies of this resolution be forwarded to the President of the Senate of the Congress of the United States, to the Speaker of the House of Representatives of the Congress of the United States, to the Secretary of the Interior, and to the Honorable SAMUEL WILDER KING, Delegate from Hawaii to the Congress of the United States.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of Nevada, which was referred to the Committee on Foreign Relations:

Senate Joint Resolution 13

Whereas the laws of Nature are the governing forces of the universe, including human civil relationships, and were so referred to in the Declaration of Independence as "the laws of Nature and of Nature's God";

Whereas the fundamental natural law controlling human relationships as they exist in communities, states, and nations, and as between nations, is the law of supply and demand;

Whereas an essential requisite of the law of supply and demand is a basic medium of exchange properly distributed;

Whereas gold and silver have been recognized as such medium of exchange throughout recorded history, and, as said by the distinguished statesman James G. Blaine, "The two metals have existed side by side in harmonious, honorable companionship as money ever since intelligent trade was known among men";

Whereas the framers of the National Constitution, among the limited restrictions placed upon the powers of State governments, included the provision, "No State shall make anything but gold and silver coin a tender in payment of debts";

Whereas the United States operated upon the bimetallic standard from the time of its organization until 1873, when, at the time of the revision of the statutes into a new code, without any public knowledge or the knowledge of the Members of the Congress generally, the silver dollar was omitted from the list of coins required to be minted;

Whereas the demonetization of silver by this Nation followed closely upon similar action taken by the British and German Empires, shortly following general world knowledge that this Nation was possessed of great silver mines, which would be a most material aid to it in solving the financial distress resultant of the War between the States;

Whereas history demonstrates that the action of England was prompted by a desire to continue to purchase the cotton crop of the Southern States without danger of an increase in the price therefor, and that of Germany because of the exaction of a payment by France of a billion dollars in gold upon the conclusion of the Franco-Prussian War;

Whereas the effect of the action of Germany was, as stated by Senator Blaine, "Thus by one move the German Government enhanced consequently the value of gold, and then got into position to draw gold from us at the moment of their need, which would also be the moment of our sorest distress"; and the action of England was, as stated by Senator Henry Cabot Lodge, "England is governed in her attitude toward silver solely by her own interest. * * * The rest of the world stands either ready or anxious to do something for silver";

Whereas the declared policy of the United States is "to continue the use of both gold and silver as standard money, such equality to be secured by international agreement," as evidenced by three several acts of Congress passed, respectively, in the years 1893, 1897, and 1900, all of which are now in force, one of which, 1897, authorizes the United States to call an international conference for such purpose, and making an appropriation therefor, and the act of 1900, fixing the gold dollar as "the standard unit of value," provides that such act is "not intended to preclude bimetallism by concurrent action of the leading commercial nations of the world" (31 U. S. C. A., secs. 311–314). That the issue in the Presidential campaign of 1896 was not the gold standard, but whether bimetallism should be accomplished by this Nation acting alone or by international agreement;

Whereas, as a result of conditions growing out of the World War, by 1930 the United States had acquired half the money gold of the world and France a fourth thereof, leaving the major portion of the world without sufficient basic money to carry on international trade;

Whereas the record of the production of gold and silver establishes the fact that the two metals exist in nature by weight at a ratio of almost exactly 15 to 1;

Whereas the known world supply of money gold is substantially 550,000,000 ounces, which, expressed in United States money at the coinage value of $20.67 per ounce, would represent, in round figures, $11,550,000,000, and at the present advanced value, $35 per ounce, about $20,000,000,000;

Whereas the world's population is approximately 2,000,000,000, and that of the so-called leading commercial nations 1,300,000,000, or 10 times the population of the United States, and if gold were apportioned at the former coinage value, would make a per capita circulation for all such nations of approximately $9, and, at the present advanced value, $15. At the beginning of the depression in this Nation, 1930, the per capita amount of gold by it held was about $40, and now is about double that amount;

Whereas international commerce requires that the balance of trade be accounted for in basic standard money, and the fact that the United States had acquired half the standard money of the world by 1930 made it impossible for the farming industry of this Nation to find a market for its surplus products, particularly wheat and corn, a large portion of which has been shipped to the Orient, until the exhaustion of the Orient's finances, which left ships at their docks in American ports and the surplus wheat and corn was thus made the occasion for the agricultural depression affecting all industry, with the consequent loss of employment to many millions of citizens;

Whereas, in determining the amount of basic money required by the leading commercial nations of the world to adequately transact national and international trade, other matters, such as national resources and wealth, should also be considered, upon a basis of population alone, a gold-money basis of $25 per capita, would require that gold be advanced to $60 per ounce, and if a return be made to bimetallism on the present gold value of $35 per ounce, silver would be advanced to $1.33 per ounce, the old European standard;

Whereas the world depression, causing wars and threats of war, with the terrible consequences resulting therefrom to all nations, including not only both vanquished and victors, but to peaceful nations as well, is the necessary result of the failure to recognize and provide for the normal operation of the natural law of supply and demand;

Whereas a basic standard of money is necessary, as is the yardstick for length and the pound for weight, in the normal operation of the law of supply and demand, and that such basic standard be relatively apportioned and distributed;

Whereas the United States is the greatest producer of silver, and the direct loss to this Nation by its demonetization, shortly following the discovery of great silver mines, was around a billion dollars and the earning power thereof for all time;

Whereas the production of silver like that of gold not only aids the immediate place of production but mainly the Nation at large, as witness the laying of the Pacific cable and the building of the postal telegraph from a portion of the product of the Comstock lode;

Whereas silver is usually found with other metals and the price thereof often makes possible the successful operation of deposits containing gold, copper, iron, lead, zinc, and other metals essential to industry;

Whereas the act of Congress of March 3, 1897, authorizes the calling by the United States of an international conference "with a view to securing by international agreement a fixity of relative value between gold and silver as money," provides for the appointment by the President of commissioners, and makes an appropriation for the expenses of such conference;

Whereas at this time, as said by the act of Congress of March 14, 1900, "Conditions * * * make it expedient and practicable to secure international bimetallism by current action of the leading commercial nations of the world and at a ratio which shall insure permanence of relative value between gold and silver": Therefore be it

Resolved, That the Congress of the United States be, and it hereby is, requested to make provision for the calling of such international conference and for the consideration of all other matters that may appropriately be involved, and that the President be, and he hereby is, requested to appoint commissioners to such international conference, as in said act provided, or as the same may be amended to more fully deal with situations now confronting this Nation and the world, to the end that wars may be averted and the world returned to conditions of permanent peace and universal prosperity through the normal operations of natural laws, and particularly that of supply and demand;

Resolved, That His Excellency the Governor of this State be, and he hereby is, requested to send a certified copy of this resolution to the President and the Congress of the United States and to the Governors of the several States.

The VICE PRESIDENT also laid before the Senate a letter in the nature of a memorial from the San Pedro (Calif.) Home Owners' Protective Association, by F. O. Adler, president, remonstrating against the operations of the United States Housing Authority, which was referred to the Committee on Education and Labor.

He also laid before the Senate resolutions of Buffalo (N. Y.) Typographical Union, No. 9; S. W. O. C. Local No. 1577, of Provo, Utah, and Los Angeles (Calif.) Auxiliary Council, I. L. W. U., protesting against amendment of the National Labor Relations Act, which were referred to the Committee on Education and Labor.

He also laid before the Senate petitions of sundry citizens of Denver, Colo.; Lincoln, Nebr.; Montgomery, Ala.; Richmond, Calif.; and New York City, N. Y., praying for the enactment of the so-called Wagner-Van Nuys-Capper anti-lynching bill, which were referred to the Committee on the Judiciary.

He also laid before the Senate telegrams in the nature of petitions from the executive committee of Local G-472, Workers' Alliance of America, and the Twentieth Assembly District Branch of the Communist Party, both of San Francisco, Calif., praying for an appropriation of $150,000,000 for the Works Progress Administration program, as recommended by the President, which were ordered to lie on the table.

He also laid before the Senate a resolution of the Parliament of Community Councils of New York City, N. Y., favoring the appropriation of $150,000,000 for the Works Progress Administration program, as recommended by the President, which was ordered to lie on the table.

Mr. BILBO. Mr. President, I present for appropriate reference and will read into the RECORD a petition from 147 delegates to a convention representing 65 colleges and universities of the South. The petition reads:

To the Congress of the United States:

We, the undersigned students from southern colleges and universities, believe that the United States should assist the nations desiring peace by sending them raw materials, munitions, and technical advisers, and should apply economic sanctions against the aggressors. With that end in view, we respectfully urge the adoption of the Thomas resolution (S. J. Res. 67).

The VICE PRESIDENT. The petition will be received and referred to the Committee on Foreign Relations.

Mr. DANAHER presented a resolution of the Padriac Pearse Council, American Association for the Recognition of the Irish Republic, of Hartford, Conn., expressing appreciation to the Senator from Massachusetts [Mr. LODGE], Representative McCORMACK, and the Senator from Connecticut [Mr. DANAHER], and others, for valuable services extended to the movement to have the United States give formal recognition to the Irish Republic, which was referred to the Committee on Foreign Relations.

Mr. WALSH presented a resolution of the General Court of Massachusetts favoring the enactment of legislation to provide for the reimbursement by the Federal Government of cities and towns for the amount of welfare aid and relief granted by them to aliens, which was referred to the Committee on Claims.

(See resolution printed in full when laid before the Senate by the Vice President on March 31, 1939, p. 3598, CONGRESSIONAL RECORD.)

Mr. TYDINGS presented a petition of members of Cheverly Legion Post No. 108, American Legion, of Cheverly, Md., praying for the enactment of House bill 5, to amend the act approved June 28, 1934, to compensate widows and children of persons who died while receiving monetary benefits for disabilities directly incurred in or aggravated by active military or naval service in the World War, as amended, which was referred to the Committee on Finance.

Mr. LOGAN presented petitions of sundry citizens of the State of Kentucky, praying for the enactment of legislation to prohibit the advertising of alcoholic beverages by press and radio, which were referred to the Committee on Interstate Commerce.

Mr. CAPPER presented a petition, numerously signed, of sundry citizens of Mitchell County, Kans., praying for the enactment of legislation exempting small independent telephone companies from the operation of the Labor Standards Act of 1938, which was referred to the Committee on Education and Labor.

He also presented resolutions of Locals Nos. 36 and 232 of the United Packing House Workers, of Kansas City, Kans., protesting against amendment of the National Labor Relations Act, which were referred to the Committee on Education and Labor.

He also presented a letter in the nature of a petition from the president and secretary of the Women's Home Missionary Society of the University of Methodist Episcopal Church, of Salina, Kans., praying for revision of the Neutrality Act (1) to extend the embargo to cover essential war materials as well as munitions and (2) to lift the embargo from the victim or victims of aggression, which was referred to the Committee on Foreign Relations.

He also presented a resolution of the Kansas Chapter, Daughters of the American Revolution, protesting against increase of the quotas for the admission of aliens to the United States, which was referred to the Committee on Immigration.

Mr. GREEN presented the following resolution of the General Assembly of Rhode Island, which was referred to the Committee on Education and Labor:

Resolution requesting the Senators and Representatives in Congress from Rhode Island to confer with the Federal Works Progress Administrator in order to secure for all persons on the Works Progress Administration rolls in each of the cities and towns of Rhode Island an equalizing of the rate of wage per hour as payment for services rendered

Whereas in the State of Rhode Island there is an evident and unjust inequality in the rate of wage per hour paid to employees on the Works Progress Administration rolls and in the maximum number of hours said employees may be permitted to work, which in the opinion of the General Assembly of Rhode Island should be adjusted as soon as possible: Now, therefore, be it

Resolved, That the General Assembly of the State of Rhode Island respectfully requests the Senators and Representatives in Congress from Rhode Island to confer with the Federal Works Progress Administrator in order to eliminate the inequality now existing in the rate of wage per hour paid to employees on the Works Progress Administration rolls and to secure for all said employees in each of the cities and towns of Rhode Island an equal rate of wage of 50 cents per hour and opportunity to work the maximum number of hours per week elsewhere permitted; and be it further

Resolved, That the secretary of state be, and he hereby is, directed to transmit duly certified copies of this resolution to the Senators and Representatives from Rhode Island in Congress and to the Federal Works Progress Administrator at Washington, D. C.

Mr. KING presented the following concurrent resolution of the Legislature of Hawaii, which was referred to the Committee on Territories and Insular Affairs:

Whereas the Congress and the national administration have repeatedly recognized the status of the Territory of Hawaii as an integral part of the United States and entitled to treatment by the Federal Government in all respects on equality with the several States; and

Whereas the said Territory has ever since its voluntary annexation in 1898 more than paid its way as said integral part of the United States, having contributed in the 1938 fiscal year to the Federal Treasury internal-revenue collections of over $14,000,000, or more than any one of 15 of the States; and

Whereas the control of the Works Progress Administration in Hawaii, after having been efficiently and honestly handled by civilian control, has been transferred to the United States Army, as has been done in no other State or Territory; and

Whereas said transfer is regarded by the civil population of Hawaii as not constituting treatment of the Territory on a basis of equality with the States, but as constituting discrimination against the Territory and its 400,000 civil population, and as a virtual repudiation of the heretofore recognized status of the Territory: Now, therefore, be it

Resolved by the House of Representatives of the Legislature of the Territory of Hawaii (the senate concurring), That a vigorous protest be entered on behalf of the people of Hawaii against said transfer of control of the Works Progress Administration in the Territory to the United States Army, and that the officials responsible for said transfer be, and they hereby are, respectfully requested to rescind said transfer order and return said Administration in Hawaii to civil control; and be it further

Resolved, That properly certified copies of this resolution be transmitted to the Honorable Franklin Delano Roosevelt, President of the United States of America; Hon. Harold L. Ickes, Secretary of the Interior of the United States; Col. F. C. Harrington, National Administrator of the Works Progress Administration; Hon. William H. King, Senator from Utah, chairman of the Joint Committee on Hawaii; Hon. Millard E. Tydings, Senator from Maryland, chairman of the Senate Committee on Territories and Insular Affairs; Hon. Lex Green, Congressman from Florida, chairman of the House Committee on the Territories; and to Hon. Samuel Wilder King, Delegate to Congress from Hawaii.

FLORIDA SHIP CANAL

Mr. KING presented a letter from the president of the Miami (Fla.) Chamber of Commerce, which was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

MIAMI CHAMBER OF COMMERCE,
March 15, 1939.

Hon. WILLIAM H. KING,
Senate Building, Washington, D. C.

DEAR SENATOR KING: Gov. Fred P. Cone has recently assured the Rivers and Harbors Committee that "Floridians are 'wholeheartedly' in favor of the proposed cross-State canal." South Florida will face irreparable loss through the completion of this canal, and Governor Cone's statement does not express the opinion of residents south of the canal.

South Florida's continued existence as a mecca for hundreds of thousands of tourists annually would be placed in jeopardy with the completion of this project. Thousands of citizens—farmers, citrus growers, and extensive property owners of this area—are protesting the Florida cross-State canal.

After careful investigation, we consistently maintain this project would not only endanger our agricultural advancement but also the water supply. We feel that this canal would be absolutely ruinous to this area, which includes two-thirds of Florida's population.

Among other important reasons for this opposition are:

(a) No demand for this project from shipping interests.

(b) Negotiations of canal during winter would be difficult because of fog and high cross winds.

(c) Operators of steamship lines say canal would not be used extensively.

(d) Tremendous waste of money.

We earnestly seek your assistance in defeating this measure and urge you to hear the voice of the people of south Florida.

Sincerely,

C. D. LEFFLER, *President.*

REPORTS OF COMMITTEES

Mr. DAVIS, from the Committee on Naval Affairs, to which was referred the bill (S. 1574) to authorize the attendance of the Marine Band at the national encampment of the Grand Army of the Republic to be held at Pittsburgh, Pa., from August 27 to September 1, inclusive, 1939, reported it without amendment and submitted a report (No. 258) thereon.

Mr. SMITH, from the Committee on Naval Affairs, to which was referred the bill (H. R. 3946) to authorize the attendance of the Marine Band at the United Confederate Veterans' 1939 Reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939, and for other purposes, reported it without amendment and submitted a report (No. 259) thereon.

Mr. GLASS, from the Committee on Appropriations, to which was referred the bill (H. R. 4830) to amend the act approved April 27, 1937, entitled "An act to simplify accounting," reported it without amendment and submitted a report (No. 260) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

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

Mr. ASHURST (for Mr. O'MAHONEY), from the Committee on the Judiciary, reported favorably the nomination of Norman M. Littell, of Washington, to be an Assistant Attorney General, vice Carl McFarland, resigned.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers and citizens for appointment, or promotion, in the Navy.

Mr. HILL, from the Committee on Commerce, reported favorably the nominations of several officers in the Coast Guard.

Mr. THOMAS of Utah, from the Committee on Foreign Relations, reported favorably, without amendment, Executive E, Seventy-third Congress, second session, being the International Convention of the Copyright Union as revised and signed at Rome on June 2, 1928, and submitted a report (Executive Report No. 2) thereon.

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

TENNESSEE VALLEY AUTHORITY—PRINTING OF ADDITIONAL COPIES OF HEARINGS

Mr. HAYDEN. Mr. President, from the Committee on Printing I report back favorably, with an amendment, Senate Concurrent Resolution 7, and ask unanimous consent for its present consideration.

There being no objection, the Senate proceeded to consider the concurrent resolution (S. Con. Res. 7) submitted by Mr. DONAHEY on March 20, 1939.

The amendment was, in line 9, after the words "printing of", to strike out "2,000" and to insert "1,000", so as to make the resolution read:

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the special Joint Congressional Committee of the Congress appointed pursuant to Public Resolution No. 83, approved April 4, 1938, to make a full and complete investigation of the administration of the Tennessee Valley Authority Act of 1933, as amended, be, and is hereby, empowered to procure the printing of 1,000 additional copies of the hearings held before the said committee during its investigation.

The amendment was agreed to.

The resolution, as amended, was agreed to.

BILLS INTRODUCED

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

(Mr. ELLENDER introduced Senate bill 2123, which was referred to the Committee on Education and Labor and appears under a separate heading.)

By Mr. ELLENDER:

S. 2124. A bill to provide a right-of-way; and

S. 2125. A bill to provide a right-of-way; to the Committee on Commerce.

By Mr. LOGAN:

S. 2126. A bill authorizing the Comptroller General of the United States to adjust and settle the claim of E. Devlin, Inc.; to the Committee on Claims.

By Mr. CLARK of Missouri:

S. 2127. A bill to amend the Canal Zone Code; to the Committee on Interoceanic Canals.

By Mr. MEAD:

S. 2128. A bill for the relief of Thomas P. Hogan; to the Committee on Naval Affairs.

By Mr. McNARY:

S. 2129. A bill for the relief of A. V. Allen, individually, and as representative of the Columbia Boat & Barge System, Inc.; to the Committee on Claims.

S. 2130. A bill granting an increase of pension to Laura A. Hubbard; to the Committee on Pensions.

By Mr. JOHNSON of California:

S. 2131. A bill for the relief of John Chastain and Mollie Chastain, his wife; to the Committee on Claims.

By Mr. TRUMAN:

S. 2132. A bill for the relief of Katherine Scott, Mrs. J. H. Scott, Jettie Stewart, and Ruth Mincemeyer; to the Committee on Claims.

By Mr. McCARRAN:

S. 2133. A bill authorizing the conveyance of certain lands to the State of Nevada; to the Committee on Public Lands and Surveys.

By Mr. SCHWELLENBACH:

S. 2134. A bill to amend the Longshoremen's and Harbor Workers' Compensation Act to extend the benefits of such act to boommen and raftmen employed in lumbering operations on navigable waters; to the Committee on the Judiciary.

By Mr. BILBO:

S. 2135. A bill to establish and promote the use of standard methods of grading cottonseed, to provide for the collection and dissemination of information on prices and grades of cottonseed and cottonseed products, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. TYDINGS:

S. 2136. A bill relating to the residence requirements for naturalization purposes of alien wives of members of the Diplomatic and Consular Service of the United States and wives of other employees of the United States Government stationed abroad; to the Committee on Immigration.

S. 2137. A bill granting a pension to Beulah E. Coleman; to the Committee on Pensions.

By Mr. CAPPER:

S. 2138. A bill to establish a Division of Cooperatives in the Department of Agriculture, and for other purposes; to the Committee on Agriculture and Forestry.

S. 2139. A bill to exempt from taxation certain property of the American Friends Service Committee, a nonprofit corporation organized under the laws of Pennsylvania for religious, educational, and social-service purposes; to the Committee on the District of Columbia.

By Mr. BONE:

S. 2140. A bill to allow certain credits against the income of individuals for income-tax purposes; to the Committee on Finance.

S. 2141. A bill to authorize acquisition of complete title to the Puyallup Indian Tribal School property at Tacoma, Wash., for Indian sanatorium purposes; to the Committee on Indian Affairs.

By Mr. BYRNES:

S. 2142. A bill authorizing Oswald E. Camp, Superintendent of the Kings Mountain National Military Park, to accept the decoration tendered him by the French Government; to the Committee on Foreign Relations.

By Mr. WALSH:

S. 2143. A bill for the relief of Michael M. Cohen; to the Committee on Claims.

S. 2144. A bill providing for the conveyance by the Secretary of the Navy of Lockwoods Basin, East Boston, Mass., to the Commonwealth of Massachusetts; to the Committee on Naval Affairs.

By Mr. BRIDGES:

S. 2145. A bill to record the lawful admission for permanent residence of Anton Keller; to the Committee on Immigration.

By Mr. KING:

S. 2146. A bill to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States Navy Yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (Public, No. 187, 72d Cong.); and

S. 2147. A bill to amend the act of Congress entitled "An act to define, regulate, and license real-estate brokers, business chance brokers, and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes," approved August 25, 1937; to the Committee on the District of Columbia.

S. 2148. A bill for the admission of Ruth Molimau Kenison to American citizenship; to the Committee on Immigration.

By Mr. ASHURST (for himself and Mr. HAYDEN):

S. 2149. A bill to add certain lands to the Papago Indian Reservation in Arizona; to the Committee on Indian Affairs.

By Mr. GLASS:

S. 2150. A bill to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act; to the Committee on the Judiciary.

(Mr. LEE introduced Senate bill 2151, which was referred to the Committee on Education and Labor and appears under a separate heading.)

By Mr. HAYDEN:

S. 2152. A bill to protect scenic values along the Catalina Highway within the Coronado National Forest, Ariz.; to the Committee on Public Lands and Surveys.

AMENDMENT OF NATIONAL LABOR RELATIONS ACT

Mr. ELLENDER. I introduce a bill to amend the National Labor Relations Act, which I ask may be appropriately referred and printed in the RECORD, together with a statement relative to the bill.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the bill and statement referred to will be printed in the RECORD.

The bill (S. 2123) to amend the National Labor Relations Act was read twice by its title, referred to the Committee on Education and Labor, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That paragraph (c) of section 9 of the National Labor Relations Act is amended to read as follows:

"(c) Whenever a question affecting commerce arises concerning the representation of employees, the Board shall investigate such controversy and certify to the parties, in writing, the name or names of the representatives that have been selected. In any such investigation the Board may provide for an appropriate hearing upon due notice, and shall take a secret ballot of employees within 20 days after receipt of a petition for certification from 25 percent of the employees in an appropriate unit. Any such election which results in the selection of representatives shall foreclose further elections in the same unit for 1 year except upon petition of the majority of the employees in the appropriate unit. Certification shall be made or refused, based on the result of the secret ballot, within 10 days after the election. Failure of the Board to act as herein provided shall constitute a denial of certification."

SEC. 2. Section 9 of the National Labor Relations Act is amended by adding at the end thereof the following new paragraph:

"(e) No provision of this act shall be so construed or administered as to cause the disestablishment or destruction of a labor organization because it is not affiliated with any national or international organization; nor shall any such local labor organization be denied a place on an election ballot, be denied certification, or be otherwise discriminated against because of its nonaffiliation with an outside group."

SEC. 3. Section 10 of the National Labor Relations Act is amended by adding at the end thereof the following new paragraphs:

"(j) Any labor organization aggrieved by a certification for collective-bargaining purposes or an order of election or a denial of certification following an election by the Board under section 9 may obtain a review of such certification or order of election or denial of certification in any circuit court of appeals of the United States in the circuit wherein the labor organization thus aggrieved has its principal office or place of business, or in the Court of Appeals of the District of Columbia, by filing in such court a written petition praying that such certification or order of election of the Board be modified or set aside, or that the Board be ordered to make certification in accordance with the provisions of section 9.

"(k) Any labor organization aggrieved by the failure of the Board to act as provided for in section 9 (c) may petition any district court of the United States in any district wherein a question concerning representation has arisen to issue appropriate writs to compel the Board, or any agency or agent thereof, to perform its functions and duties under section 9 (c)."

The statement presented by Mr. ELLENDER is as follows:

The attitude of the National Labor Relations Board toward independent unions, that is, unions unaffiliated with national or international organizations, has been so uncompromisingly hostile that some protection by law must be given these local organizations. Although it has been pointed out by many persons that nothing in the National Labor Relations Act prohibits the existence of local unions, the law has been administered by the Board in such a manner that it is almost impossible for local unions to live. Collective bargaining, which the act was supposed to encourage, has thus been frustrated when the bargaining organization was one which the Board looked upon with disfavor. The Board elected to destroy collective bargaining rather than permit such local unions to live. The Board has not destroyed all local unions, but its record has been very bad. A local union comes before the Board with two strikes on it. The Board views them all with suspicion.

A simple declaration of policy should be enough to guide the Board. Such a declaration and guaranty I have attempted to incorporate in my proposed amendments. The guaranty seeks to eliminate certain frivolous pretexts the Board has used consistently as reasons to destroy local unions. But experience has shown that the Board knows how to interpret the law to its own ends and that it is disposed to do so. "Stalling" action on petitions to certify or petitions for elections by local unions, refusal to include them on the ballot, consolidating their cases with trumped-up complaint cases against the employer in order to delay action have been among their standard tactics. These tactics have been very effective, much too effective, in the absence of duties laid upon the Board to take action within a definite time limit upon representation petitions by unions or employees, and in the absence of any right of appeal to the courts for relief by employees or unions which have been imposed upon by the Board.

Hence the necessity for section 1 of my amendments, rewriting section 9 (c) of the act so as to lay definite duties upon the Board and a time limit in matters of elections and certifications.

Also the further necessity of providing a review by the courts of actions taken by the Board in such matters which a labor organization might consider unfair. This is done in section 3 of my amendments, while section 4 of my amendments furnishes the machinery for forcing the Board to act in accordance with the duties laid upon it in representation matters if it fails to act or tries to destroy or to discourage a union by "stalling."

These four proposed amendments are required to protect by law the rights of unions which the Board might be hostile to, regardless of the nature of the union. The present Board happens to be hostile to local or independent unions. Another Board might be hostile to national unions or those affiliated with national unions. My amendments protect all alike against an arbitrary administrative tribunal.

PROGRAMS OF ADULT CIVIC EDUCATION

Mr. LEE. I introduce a bill to assist the States and Territories in establishing and developing programs in adult civic education, and so forth. I ask that the bill be referred to the Committee on Education and Labor and that a tabular statement relating thereto be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and referred, as requested by the Senator from Oklahoma, and, without objection, the statement will be printed in the RECORD.

The bill (S. 2151) to promote the general welfare through the appropriation of funds to assist the States and Territories in establishing and developing programs in adult civic education providing for (a) removal of illiteracy, (b) naturalization education, and (c) public affairs forums during a 3-year period was read twice by its title and referred to the Committee on Education and Labor.

The statement presented by Mr. LEE is as follows:

Apportionment of $10,000,000 for Senate bill S. 2151 (76th Cong., 1st sess.)

[Bureau of Education]

States and Territories	Population, 21 years and over, 1930	Percent of total, 21 years of age and over, in States receiving more than $30,000 minimum	Apportionment
Alabama	1,348,401	1.85144257	$177,553.34
Arizona	244,115	.33518583	32,144.32
Arkansas	968,231	1.32944435	127,493.71
California	3,864,388	5.30605691	508,850.86
Colorado	623,523	.85613777	82,103.61
Connecticut	985,782	1.35354302	129,804.78
Delaware	(148,792		(30,000.00)
District of Columbia	341,465	.46885373	44,963.07
Florida	866,198	1.18934638	114,058.32
Georgia	1,498,567	2.05763029	197,326.75
Idaho	246,770	.33883131	32,493.92
Illinois	4,841,768	6.64806344	637,549.29
Indiana	2,003,019	2.75027580	263,751.45
Iowa	1,506,129	2.06801341	198,322.49
Kansas	1,130,224	1.55187131	148,824.46
Kentucky	1,422,434	1.95309471	187,301.78
Louisiana	1,134,852	1.55822586	149,433.86
Maine	487,125	.66885441	64,143.14
Maryland	996,928	1.36884720	131,272.45
Massachusetts	2,686,487	3.68872197	353,748.44
Michigan	2,939,409	4.03600038	387,052.44
Minnesota	1,537,983	2.11175103	202,516.92
Mississippi	1,031,547	1.41638135	135,830.97
Missouri	2,269,657	3.11638718	298,861.53
Montana	318,611	.43747370	41,953.73
Nebraska	812,450	1.11554687	106,980.95
Nevada	(60,794)		(30,000.00)
New Hampshire	294,055	.40375671	38,720.27

Apportionment of $10,000,000 for Senate bill S. 2151 (76th Cong., 1st sess.)—Continued

States and Territories	Population, 21 years and over, 1930	Percent of total, 21 years of age and over, in States receiving more than $30,000 minimum	Apportionment
New Jersey	2,512,112	3.44929372	$330,787.27
New Mexico	(216,956)		(30,000.00)
New York	8,142,851	11.18066583	1,072,225.85
North Carolina	1,542,125	2.11743826	203,062.33
North Dakota	358,182	.49180726	47,164.32
Ohio	4,132,251	5.67385029	544,122.24
Oklahoma	1,287,131	1.76731486	169,485.50
Oregon	621,375	.85318843	81,820.77
Pennsylvania	5,656,779	7.76712673	744,867.45
Rhode Island	421,197	.57833097	55,461.94
South Carolina	819,384	1.12506770	107,893.99
South Dakota	385,808	.52973956	50,802.02
Tennessee	1,418,144	1.94720426	186,736.89
Texas	3,220,880	4.42247843	424,115.68
Utah	264,498	.36317302	34,828.29
Vermont	(220,428)		(30,000.00)
Virginia	1,300,893	1.78621099	171,297.64
Washington	1,010,167	1.38702521	133,015.72
West Virginia	900,987	1.23711395	118,639.23
Wisconsin	1,768,818	2.42870255	232,912.58
Wyoming	(132,954)		(30,000.00)
United States, outlying possessions:			
Alaska	(36,074)		(30,000.00)
Hawaii	(192,802)		(30,000.00)
Puerto Rico	666,050	.91453012	87,703.44
Total	72,829,750	100.00000000	9,590,000.00
	(1,008,800)	(99.99999963)	(210,000.00)
Administration			200,000.00
Total			10,000,000.00

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated below:

H. R. 3314. An act to provide shorter hours of duty for members of the Fire Department of the District of Columbia, and for other purposes; to the Committee on the District of Columbia; and

H. R. 5482. An act to increase the authorization for appropriations for the administration of State unemployment compensation laws; to the Committee on Finance.

DEPARTMENT OF PUBLIC WORKS AND SOCIAL SECURITY SYSTEM—AMENDMENTS

Mr. MURRAY submitted amendments intended to be proposed by him to the bill (S. 1265) to establish a Department of Public Works, to amend certain sections of the Social Security Act, and for other purposes, which were referred to the Special Committee to Investigate Unemployment and Relief and ordered to be printed.

AMENDMENT TO AGRICULTURAL DEPARTMENT APPROPRIATION BILL

Mr. THOMAS of Oklahoma submitted an amendment intended to be proposed by him to House bill 5269, the Agricultural Department appropriation bill, 1940, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 63, line 6, after the words "roads" and comma, insert the following: "including the purchase of necessary materials to be used in conjunction with W. P. A. labor in improving roads in the Wichita Mountains Wildlife Refuge, not exceeding $30,000", and on the same page 63, in line 17, strike out the figures "$600,000" and insert in lieu thereof the figures "$680,000."

PROPOSED AMENDMENTS TO NATIONAL LABOR RELATIONS ACT

Mr. WAGNER. Mr. President, in view of the widespread interest in problems affecting the National Labor Relations Act, I ask unanimous consent to have printed in the body of the RECORD, as part of my remarks, the text of my statement today, with accompanying tables, before the Committee on Education and Labor.

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

STATEMENT BY MR. WAGNER ON PROPOSED AMENDMENTS TO THE NATIONAL LABOR RELATIONS ACT, BEFORE THE SENATE COMMITTEE ON EDUCATION AND LABOR, APRIL 11, 1939

Mr. Chairman and members of the committee: As I am not the sponsor of any of the bills now before you for consideration, I want to emphasize my thanks to you for allowing me to appear as the first witness in these momentous hearings, and to explain very clearly why I have asked for this opportunity to be heard.

I am not here in response to the pressure and propaganda that have been bearing down upon the National Labor Relations Act. If I had been inclined to yield to pressure, I would never have fought for 2 years for the enactment of this law, in the face of organized opposition and personal vituperation which make the present situation seem mild by comparison. If I had been affected by pressure, I would have made some commitment to propose to amend the National Labor Relations Act during my recent campaign in New York, when most of the powerful interests in the State and most of the press were urging me to take such action. I refrained from doing so, because I believed it important to restate to the American people the fundamental soundness and justice of the National Labor Relations Act, and not important to make the going easier for myself by endangering the act by hurried decisions. I did not respond to pressure under those circumstances, and I certainly do not propose to do so now.

Nor have I asked to appear as the spokesman of any particular group. I do not represent the views, nor have I consulted the wishes, of the National Labor Relations Board, the American Federation of Labor, the Congress of Industrial Organizations, or the National Association of Manufacturers.

I have scrupulously avoided any interference or appearance of interference with the Board administering the act or the parties involved, directly or indirectly, in cases before the Board.

Nor am I here as the spokesman for what may be called the administration's labor policy. I have no authority to speak for the administration. I have no desire to speak for any particular administration, or any particular political group, in discussing a matter that I have always regarded as nonpartisan, and as fundamental to the welfare of the country as a whole.

I come before you today only as the originator of the National Labor Relations Act, more profoundly convinced than ever of its essential wisdom, its essential justice, and its significant accomplishments. I speak as one who not only in heart and mind but in continuous practice has tried to be the friend of every man who works honestly for a living, regardless of what union he belongs to or whether he belongs to any union at all. I come before you as one who earnestly shares the desire of businessmen for industrial peace, who has had considerable experience in conducting agencies established for the maintenance of industrial peace, and who has gained in those agencies the one supreme lesson that the price of industrial peace must be industrial liberty. And I come before you finally as one who believes that the greatest issue confronting the country today is the preservation of political democracy, and that the price of political democracy in the modern world must be industrial freedom.

The tragic prostration of the democratic ideal in some countries in recent years cannot be studied without adding compelling weight to a statement I made for the New York Times on May 9, 1937. There I said:

"The struggle for a voice in industry through the processes of collective bargaining is at the heart of the struggle for the preservation of political as well as economic democracy in America. Let men become the servile pawns of their masters in the factories of the land and there will be destroyed the bone and sinew of resistance to political dictatorship.

"Fascism begins in industry, not in government. The seeds of communism are sown in industry, not in government. But let men know the dignity of freedom and self-expression in their daily lives, and they will never bow to tyranny in any quarter of their national life."

These words are even truer today than when they were written.

My appearance before this committee does not indicate the slightest departure from the position that I have maintained consistently since the statute was enacted in 1935. I have never subscribed to the belief that the volume of criticism or propaganda directed against any statute proves of itself that where there is a lot of smoke there must be some fire. My 30 years of experience with progressive social legislation have taught me that the more clearly and effectively a statute strikes against existing evils and inequalities in our social structure the more likely it is to produce violent opposition preceding its enactment and in the years immediately succeeding its enactment.

To this unvarying rule the Labor Act has been no exception. The barrage of highly organized opposition upon its introduction in Congress probably broke all records for selfish misrepresentation. Some of the charges circulated at that time by antilabor forces seem almost ludicrous today. For example, the Automobile Manufacturers Association said in a circular to the public that the act would "make the American Federation of Labor practically undisputed czar over industrial and clerical workers throughout the United States." Is that true today? The National Association of Manufacturers began a circular to the public by saying that the bill was "in total disregard of every fundamental concept of legal rights and remedies." Can this be true when the United States Supreme Court in 17 cases has never nullified a single line of the statute? The American Iron and Steel Institute said that "the bill is designed to control all labor matters by political rather than economic forces and to destroy the friendly relationship now existing between employers and employees." How does this square with the fact that in 1937 the United States Steel Corporation accepted the act, and that the 1938 report of the corporation said that "the year * * * reflected the continuance of satisfactory employer-employee relations"?

The simple truth, gentlemen, is that it takes not days or weeks or months, but years for fundamental reforms like the Labor Act to become generally accepted. Frequently the realization that they are becoming generally accepted increases the clamor and agitation of the unyielding opposition. Sometimes the opposition succeeds temporarily in biasing the public mind, and then it is the function of the statesman to separate the expediencies of the moment from the needs of the country. The volume of discussion about the National Labor Relations Act therefore does not in itself make out a case for or against changing the act. It merely proves that the act is a living, throbbing issue, affecting so largely the country as a whole that whatever action Congress takes upon it should be based upon the most careful deliberation and the most sensitive perception of our public responsibility.

For the same reasons I have never subscribed to the belief that the wide variety and multiplicity of amendments proposed to the National Labor Relations Act prove in themselves that the act should be changed. The very variety and conflicting character of these proposals at least make it seem likely that some of them must emanate from those who want to destroy the basic purposes of the act, and that none of them should be accepted without a very careful consideration of its consequences in terms of the broadest perspective.

In connection with proposals to change the act it is only proper to weigh heavily the desirability of stability in industrial relations. Every step that the Supreme Court has taken toward clarifying the meaning and defining the scope of the act has made it easier for workers and employers to deal successfully under its provisions. Every change in the act will involve new uncertainty, new litigation, new areas of disagreement and conflict. Of course, the desire for stability is no excuse for perpetuating a revealed wrong. If such wrongs are disclosed, they should be remedied. But it is equally true that light-hearted or experimental tampering with the act will only increase the perplexities of industry, labor, and the public. In short, it seems a wise rule to follow that in the interest of stability, those desirous of change should carry the burden of proof. And this is doubly true because the facts reveal that the basic principles of the act are sound and that it is promoting industrial peace.

At the same time, I have never maintained that the National Labor Relations Act was perfect nor sought to prevent its perfection. I have always maintained that the act could be and should be perfected in the light of sufficient experience, upon the proof of clearly revealed need for specific changes that would advance and not impair its sound objectives. I have always insisted that an appropriate place to weigh this experience and test these proposals was in the same legislative committee where the original act was judged. That is why I am here now, gentlemen, and that is why I heartily commend this inquiry.

In line with my consistent position, I do not propose prior to hearing the testimony now commencing to introduce any amendments to the National Labor Relations Act. When I have heard and studied the testimony to be submitted to this committee, I may desire to introduce some amendments if the need is revealed, and to ask your indulgence that you may consider them along with the other proposals now before you. I can assure you now that no amendments which may be introduced by me will be designed to secure the support of any group, labor or employer, whose interests are narrower than the preservation of industrial peace and the advancement of the legitimate aspirations of industry and labor. I hope that any such amendments as I may introduce, if the need is revealed, will appeal to all those to whom the original National Labor Relations Act appealed, to all those who believe in the simple basic principles of industrial democracy, to all those who want to establish an economic democracy more compatible with our political democracy.

But while I believe that a determination as to the desirability of specific additions to the law should await the outcome of these hearings, I think it would be a serious mistake to commence these hearings as though we were starting out upon an uncharted sea. Our Government has mapped the course of the labor problem for many, many years and gathered up a rich and unanswerable experience. The general direction of sound policy has already been set, and there are innumerable rocks and shoals that we know about and must at all costs avoid.

I shall attempt today to delineate the facts emerging from this experience. Are the fundamental premises of the National Labor Relations Act sound? Has the act contributed to industrial peace? Are its administrative provisions consistent with traditional principles of administrative law under our constitutional system? Is the act helping the worker to be a free man? Has the act been beneficial to the people as a whole? Is any additional governmental machinery or any change in the present law necessary to round out public action in labor relations and to promote still further the dual objective of industrial peace and economic justice?

A generation ago the traditional method of the Government in labor disputes was to appoint distinguished fact-finding commissions after the trouble was over. For example, there was a commission to investigate the Pullman strike in 1894, there was the United States Anthracite Coal Commission of 1902, and the commission to investigate the Colorado coal strike of 1912. While these commissions dealt with different industries, their conclusions were virtually identical. Again and again they found that the denial of labor's right to be heard in the councils of industry was the root cause of the industrial struggle. Again and again they found that the recognition of this right was the only sure basis for industrial peace and rational conduct of business affairs.

It soon became plain that instead of post mortems it was desirable to avert or modulate these bitter controversies by eliminating the practices which brought them about. This in substance was a recommendation of the United States Commission on Industrial Relations a quarter of a century ago. And when the United States entered the World War, President Wilson made sure not to destroy industrial peace by denying in American industry the fundamentals of democracy for which we fought on the battlefield. The war President appointed a National War Labor Board under the chairmanship of ex-President Taft. The cardinal principle of this Board was that the "right of workers to organize in trade-unions and to bargain collectively through chosen representatives is recognized and affirmed. This right shall not be denied, abridged, or interfered with by employers in any manner whatsoever."

By the application of this simple rule of industrial liberty the United States was able to reconcile the vigorous pursuit of the war with the vigorous maintenance of our peacetime liberties.

Exactly the same principle, written into the Railway Labor Act of 1926, successfully ended a 50-year search for economic accord on our great systems of interstate transportation. I know of no other major industrial country in the world where the main arteries of communication have been so free from interruption because of difficulties between those who run the trains and those who own the trains.

In 1933 Congress again resorted to the same principle when it passed the National Industrial Recovery Act. In August of the same year the President appointed the first National Labor Board, as an informal agency, and designated me as chairman. Over a span of 10 months this Board handled more than 4,000 cases involving over 2,000,000 workers. Our experience in this work afforded the fullest opportunity to study at first-hand the causes of industrial strife and to develop the appropriate remedies.

The major issue in over 70 percent of the cases which came before the old Board was that of employee representation and collective bargaining. Operating under a vague mandate, and with uncertain powers, the Board developed step by step every one of the substantive features now embodied in the National Labor Relations Act. The Board ruled that the employer was under a duty to bargain collectively with his workers; that majority rule should govern the choice of employee representatives; that workers discharged because of union activities should be reinstated; and that the company-dominated union was incompatible with the freedom of the worker to organize. In its very first case, involving a controversy over representation, the Board ruled that an election should be conducted by secret ballot. The Board thereafter utilized the election procedure in more than 130 instances, including the famous Captive Mines election where 14,000 workers voted in perfect order and quiet. In all, the Board was able to adjust over 80 percent of the cases coming before it, settling over 1,000 strikes and averting at least 500 more.

The principles evolved in detail by the old National Labor Board represented the united viewpoint of a membership composed of such outstanding labor leaders as William Green, John L. Lewis, and George Berry; such leading industrialists as Walter Teagle, Pierre du Pont, Gerard Swope, Louis Kirstein, Clay Williams, Ernest Draper, and Henry S. Dennison; and such respected representatives of the general public as Monsignor Francis J. Haas, Dr. Leo Wolman, and Dr. Leon C. Marshall. In all the cases which came before the Board there was only one important dissenting opinion. To my mind, the complete agreement by so varied a group of men proves something of vital significance. It proves that no matter what a man's background, once he stops obtaining his information from fragmentary reports or a dilettante interest, and wrestles intimately with the heavy problems of capital and labor, he is forced inescapably to accept the validity of principles enunciated so often by our Government and now embodied in the National Labor Relations Act.

But, despite the unanimity of the old National Labor Board, its effectiveness gradually broke down because of the violent opposition of a relatively few powerful organizations who would not accept the principles of industrial democracy. They would not bargain; they would not talk; they would not even sit in the same room with the representatives of their workers. Strife grew because there was no other way out.

To remedy these deficiencies, and to establish permanent machinery for dealing with the mounting industrial warfare, I introduced the first national labor relations bill in the spring of 1934. The bill was not rushed through Congress. Very extensive hearings were held before this committee over a period of 4 weeks, and more than 1,000 pages of testimony were taken. The bill did not pass that year, but instead the life of the old National Labor Board was prolonged, with some slight variations in its set-up. Again the authority of this Board was widely flouted, and in 1935, with the industrial front aflame with strikes and threats of strikes, I reintroduced an improved draft of the national labor-relations bill. Hearings were held for several weeks before this committee and the House Labor Committee. With the active cooperation of the American Federation of Labor throughout, the measure was finally approved by an overwhelming vote and signed by the President.

The present law as adopted by Congress was simple in outline and sound in conception. It did not propose to establish compulsory arbitration, to fix hours, wages, or working conditions. It did not displace the conciliation functions of the Department of Labor. It did not interfere with the normal exercise of the employer's rights to hire or fire, or to operate his business in his own way. All it did was to codify and clarify the age-old bill of industrial rights, and to prohibit the specific practices that were

antagonistic to the realization of these rights. The discriminatory discharge, the "yellow dog" contract, and the company-dominated union were proscribed. The law required the employer to bargain collectively with representatives chosen by a majority of the employees in the appropriate unit, and authorized the holding of elections to determine employee representation. By these means the act was designed to mitigate bitter industrial strife over employee organization and representation, and to encourage the voluntary settlement of controversies over wages, hours, and working conditions around the conference table. The administrative provisions of the law followed the Interstate Commerce Act, the Federal Trade Commission Act, and other accepted statutes. There was created a quasi-judicial agency known as the National Labor Relations Board to hold hearings, to certify representatives, and to issue orders subject to appropriate judicial review before they became effective.

Under the most favorable circumstances it would have been difficult in 1935 to launch the administration of a new law so widespread in its application and so far reaching in its purposes. But the ink was hardly dry upon the President's signature when the law's effectiveness was destroyed by a carefully guided attack, led by the same narrow interests that had misrepresented its provisions and fought its enactment.

Even before the Labor Board had issued its rules and regulations, the notorious Liberty League brief was issued by 58 lawyers of a self-constituted supreme court. This brief, copies of which were circulated by the thousands throughout the country, solemnly pronounced the law unconstitutional on almost every count. There was widespread noncompliance; and in the district courts throughout the land about 100 injunction suits were filed to resist even the holding of hearings. Behind this screen of injunction suits and widely publicized claims of unconstitutionality, a new trade flourished, thriving on industrial munitions, guards, and spies. I need not recall to this committee the result of the exhaustive and brilliant investigation made by your own subcommittee, which exposed widespread violation of the rights of labor and shocking denial of common civil liberties.

The purveyors of guns, bullets, and scabs were not concerned with improving the administration of the law. They had a golden interest in strikes and violence, and their motivation was expressed by one munition salesman when he wrote:

"I think someone should get out a restraining order on the President of the United States to prevent him from stopping all those strikes. It seems to me that his actions are absolutely in restraint of trade—that is, as far as we are concerned."

What was the outcome? Workers who had placed faith in the power of their Government to vindicate the law were victimized by the thousands. Only by brute economic force could they defend the rights which the law recognized but did not enforce. Their force was met with counterforce. Consequently there descended upon the country almost an unprecedented reign of industrial terror and terrorism.

At the peak of this development came the five Supreme Court decisions of April 12, 1937, upholding the Labor Act in full, and giving the Board the power to seek its enforcement through the Circuit Courts of Appeals. That marked the real birth of the National Labor Relations Act, the real date from which its functioning must be conscientiously appraised.

In order to show the driving force of the Labor Act in the direction of industrial peace, I have had prepared a number of charts, indicating in graphic detail the tremendous decline in strikes since the law has been in effective operation.

Chart No. 1 shows the number of strikes, the workers involved, and the working time lost throughout the country over a period of years. This chart shows that in 1938, the first full year of operation under the Supreme Court's mandate, there were only about half as many strikes, one-third as many workers involved, and less than one-third as much working time lost as in the year 1937.

Not only does 1938 show a tremendous improvement over 1937, but it represents the best record in recent years:

The steady upward trend in the number of strikes over a period of 8 successive years was definitely reversed.

Fewer workers were involved in strikes during 1938 than in any year since 1932.

Less aggregate working time was lost through strikes in 1938 than in any year since 1931.

The precipitate decline in industrial strife during 1938 cannot be explained away on the ground of diminished business activity in the early part of the year. The national income produced during 1938—the best index of general business activity—while lower than in 1936 and 1937, was higher than in 1932, 1933, 1934, and 1935; and yet less working time was lost through strikes in 1938 than in any of these years. Moreover, the rapid stepping-up of business activity in the second half of 1938 was not accompanied by a corresponding increase in labor strife, and no such increase is on the horizon at the present time.

There is ample evidence that this solid improvement in labor relations is due largely to the operation of the Labor Act. Let me demonstrate this first by reference to charts analyzing the data on industrial strife according to the major issues involved.

Chart No. 2 shows a drop during 1938 in the proportion of "organization" strikes—i. e., disputes involving the major issues, in whole or in part, of union recognition, discrimination, closed shop, or other organization matters. More significant still, the proportion of workers involved in such strikes declined from about 60 percent in 1937 to 33 percent in 1938, a level far lower than the average for the past 10 years.

Chart No. 3 shows that the proportion of working time lost through "organization" strikes declined from 76 percent in 1937 to 44 percent in 1938, a level lower than in any year since 1932.

And these are figures for all strikes in the United States, not simply those which occur in interstate industry or are involved in cases before the Labor Board.

The Labor Act was designed to eliminate the causes of "organization" strikes, and it is rapidly accomplishing that result. Chart No. 4 shows very clearly just how industrial strife is giving way to the orderly processes of law. For each month between the appointment of the Labor Board in October 1935, and the end of the last fiscal year, the chart indicates the number of new strikes and the number of new cases filed with the Board. Notice how significantly the trend is disclosed. In the first few months of the Board's operation there were more cases filed with the Board than strikes called. But as resistance to the law stiffened and injunction suits multiplied, this proportion shifted. All during 1936 and through March 1937 there were more strikes called than cases filed. The turning point came in April 1937 with the Supreme Court decisions upholding the law. Beginning in May 1937, and in every month since, the number of cases filed with the Board has averaged three and one-half times the number of strikes.

The contrast is even more significant when limited—as it should be—to "organization" strikes. Since May 1937 the number of new Board cases each month has ranged from 3½ to 10 times the number of "organization" strikes.

Substantially the same story is told by chart No. 5, comparing the number of workers involved in new Board cases with those involved in new strikes. Since May 1937 the number of workers involved in Board cases has ranged from 1½ to 18 times the number of workers involved in "organization" strikes.

I sincerely hope that the committee will keep these charts available throughout the hearing, to confront those who may be inclined to repeat the misstatements that the Labor Act has increased rather than diminished the incidence of labor strife.

Finally, let us look at the record on sit-down strikes. The Supreme Court put the final stamp of illegality on sit-down strikes in its very recent decision in the Fansteel case, which embodied views I have expressed from the beginning. But let it be noted that it was not the Fansteel case that stopped sit-downs. The sit-down flared in the early months of 1937 preceding the Supreme Court decisions upholding the Labor Act, and as promptly declined in the months following these decisions in 1937. This is demonstrated graphically by chart No. 6, showing the number of sit-down strikes and workers involved since January 1937. At the peak, in March 1937, there were 170 sit-downs involving 167,210 workers. The chart shows the very steep decline during the ensuing months, so that all through 1938 both the number of sit-down strikes and the number of workers involved hugged the zero base line.

In brief, once workers were afforded a peaceful, valid remedy for eliminating the grievances at the root of the sit-down strikes, the sit-downs virtually disappeared from the American scene.

I am personally gratified to see fulfilled a prediction which I ventured in the Senate at the height of the sit down strike wave early in 1937, just prior to the Supreme Court decisions upholding the act:

"The industrial warfare of today is the result of a long course of conduct in the history of American industrial enterprise. Two wrongs never make a right. But all wise government consists in determining which evil is the underlying cause and which the effect. Deal only with the effect, attempt to force the effect underground, and the underlying causes are fertilized and multiplied. Deal with the underlying causes, and the evil effects disappear. The National Labor Relations Act is directed against the proved causes of Nation-wide industrial conflict. Let the Federal Government have the power and the determination to enforce that law on a national scale, and the Nation-wide conflict will subside."

Two years ago this was a prediction. Today it is a fact.

Statistics of declining labor disputes are only a partial reflection of the better industrial order which is gradually emerging. This change cannot be traced through the comparatively few cases which are litigated in the courts. It is to be traced in the day-to-day life of industry which does not lend itself to spectacular newspaper headlines.

In the last 2 years alone several thousand new labor agreements have been signed. Almost entirely through the informal method of achieving compliance, the law has provided a peaceful forum for about 20,200 cases, involving more than 4,500,000 workers. Ninety-four percent of the cases under the act have been adjusted without issuing a complaint or holding a formal hearing. More than 227,000 workers have been restored to their jobs after strikes or lockouts and over 15,000 after discriminatory discharges.

It is especially gratifying to observe the effective operation of the machinery established to hold employee elections whenever a question concerning representation arises. Over 589,000 workers have participated in 1,863 elections conducted under the law, and over 2,000,000 workers have joined in petitions for elections or certifications of representatives. Here, as in other phases of the law, the go-ahead signal was given by the Supreme Court decisions in April 1937. In the 18 months preceding that date only 76 elections were held; in the 18 months following the decisions 1,448 elections were conducted. So widespread has been the resort to election machinery since the Supreme Court decisions that in the last fiscal year such cases involved a majority of the workers who invoked the machinery of the act. In other words, charges of violations of

the law are decreasing, and the law is being invoked more and more for the purpose of determining which labor organization is the choice of the employees for purposes of collective bargaining.

The National Labor Relations Act has thus played a notable constructive role in our national life. To millions of workers, it has brought a better understanding of their employer's problems, and the material and spiritual value of participating in a free organization of their fellows for mutual aid and protection. To most employers who have given the principles of the act a fair trial, it has brought labor peace and, beyond that, a more human relationship with workers based on the mutual respect and understanding that grows out of free bargaining between free men. These employers—and they now represent the overwhelming majority—are among the chief beneficiaries of the Labor Act.

This historical account supplies the frame of reference that is indispensable to any judicially minded deliberations upon the future of the Labor Act. In evaluating the various proposals now before this committee, we must start with the demonstrated proposition that the basic objectives and philosophy of the act have been so thoroughly justified that no responsible person now openly denies their validity. For this reason the ultimate test of whether any particular amendment is sound or unsound is whether it advances the main purposes of the act and conforms to its essential philosophy.

I believe that some of the amendments now proposed are demonstrably unsound on the basis of sufficient knowledge and experience already available. But in discussing some of them I do not mean to imply that my views are unalterably fixed, no matter what these hearings may reveal.

For example, the amendments proposed by Senator BURKE would have the effect, among other things, of placing restraints upon the right to strike. No such proposal can strengthen or improve the Labor Act because it is antagonistic to the whole spirit and purpose of the law. The spirit and purpose of the law is to create a free and dignified workingman who has the economic strength to bargain collectively with a free and dignified employer in accordance with the methods of democracy. The abolition or curtailment of the right to strike is a denial of the principles of democracy and a substitution of the methods of the authoritarian state. The design of the Labor Relations Act is to reduce the number of strikes by eliminating the main wrongs and injustices that cause strikes. The imposition of legal restrictions upon the right to strike, instead of removing these wrongs, would merely deprive the worker of his inalienable right to protest against them.

The various arguments for limiting the right to strike generally rest upon the claim that the English law has been successful in this direction. The British Trade Disputes Act of 1927 placed restrictions only upon sympathetic strikes which are outside the trade or industry originally affected and are designed to coerce the Government. But as a matter of policy in England, this prohibition has never been invoked, while strikes within this category are frequently illegal here. In addition, an infinite variety of strikes which are entirely permissible in Great Britain are unlawful in a majority of American jurisdictions. Many of our States prohibit strikes for the closed shop, in violation of contract, and to induce breach of contract. Our whole elaboration of the doctrine of conspiracies in restraint of interstate commerce under the antitrust laws, and the application of these laws to labor controversies, are outstanding examples of the far greater severity of American law.

The only thing that English and American experience proves, as the brilliant report of the committee sent by the President to Great Britain last year reveals, is that branding srikes as legal or illegal does nothing to decrease their frequency or intensity. England is free from industrial violence not because of English law but rather because British industrial life does not countenance the feudalistic practices which breed violence. When the fundamental right to organize and bargain collectively is as well recognized here as it is in England, there will still be some strikes here just as there are some strikes in that country. But they will be conducted peacefully in an atmosphere of mutual respect among free men. Every employer is free to refuse to sell his goods. I feel confident that this committee will reject as unwise and reactionary any proposal to limit the rights of free men to sell their labor on terms that are repugnant to their sense of justice.

Another class of amendments, also sponsored by Senator BURKE, would impose restraints of various kinds upon employees. These proposals, such as the now famous proposal to prevent interference "from any source," are put forward on the broad ground that the law as now written is "one-sided" and "unfair."

The frequently heard charge that the Labor Relations Act is "unfair" results from the device of looking at the act in an intellectual vacuum, instead of placing it in the context of our whole industrial life. In this intellectual vacuum, since the law confers direct protection upon employees alone, it is "one-sided" in the same sense that a workmen's compensation law is "one-sided" because it pays compensation to employees alone. It is "one-sided" to the same degree that the law of domestic relations imposes obligations upon the parent toward the child which it does not impose upon the child toward the parent. It is "one-sided" in the same way that the Reconstruction Finance Corporation law is "one-sided" in that it provides big loans to business and not small loans to laborers.

But when we take the Labor Relations Act out of this intellectual vacuum, and place it in the living context of our whole social system, the criticism that the act is "one-sided" or "unfair" is stripped of its improper setting and shown in its true light. For laws are not sterile propositions of logic, but instruments of human adjustment among the various individuals and groups in a real world. The test of whether a law is fair, is whether in conjunction with the other laws and facts of society, it establishes a fair relationship among the people and groups with which it deals. By this test, the labor act is eminently fair.

No just regard for the facts can possibly lead to the conclusion that the National Labor Relations Act creates an unfair relationship between the rights of the employer and the rights of the worker. Certainly the employer has the right to bargain collectively through the corporation and through Nation-wide trade associations. Certainly in dealing with labor and in all other business affairs, he has the privilege of selecting his own spokesman by majority rule. No working group has ever challenged the employer's right to use the collective-bargaining procedure in dealing with his employees, his competitors, and the general public. The simple truth of the matter is that all of the industrial rights which labor is accorded under the act have been enjoyed by industry for a century or more.

The Supreme Court of the United States has recognized that the act is not "one-sided." As Chief Justice Hughes in the Jones & Laughlin case said for the Court:

"In its present application the statute goes no further than to safeguard the right of employees to self-organization and to select representatives of their own choosing, for collective bargaining or other mutual protection without restraint or coercion by their employer. That is a fundamental right. Employees have as clear a right to organize and select their representatives for lawful purposes as the respondent has to organize its business and to select its own officers and agents."

At the present time there are about 6,000 State and local trade associations. 2,300 chambers of commerce, and about 2,000 interstate and national trade associations embracing every line of industry. The National Association of Manufacturers, when it came before Congress in opposition to the Labor Act, spoke for 50 trade associations, covering about 70,000 corporations employing over 2,000,000 workers. I do not need to go into the commonplace figures concerning aggregates of capital, interlocking directorates, superholding companies, and financial empires, to prove that the simple right to organize afforded labor under the labor act has been and is being enjoyed in greater measure by industry without challenge of any kind.

Nor is it true that the labor act affords legal remedies to the worker in the economic struggle that are "unfair" in comparison with the legal remedies afforded to the employer. So far as violence in industrial disputes is concerned, the laws of the States and municipalities affording protection against violence apply to the worker as well as to the employer, and the employer because of his superior economic strength and political position can invoke these laws much more easily in his behalf. The use of the injunction in labor disputes in many State courts is another powerful weapon which the employer has at his disposal in the labor struggle.

On April 3 of this year, in a Federal district court, the Apex Hosiery Co. of Philadelphia secured a judgment in treble damages of $711,000 under the antitrust laws against the American Federation of Hosiery Workers, as a result of a sit-down strike in 1937. I am unable to recall any final treble-damage judgment against any industry in recent years comparable to the Apex Hosiery judgment. In any event, it is an historic commonplace that the antitrust laws have been used more drastically against labor than against the monopolies they were designed to eliminate.

In addition to a legal system weighted heavily in his favor, the employer has at his disposal superior economic staying power, more money, better legal counsel, and better access to the instruments of public opinion. Against all this, the labor act gives the worker nothing but the right to institute a lengthy legal proceeding to protect his right to organize and bargain collectively, a right theoretically recognized by our law for a hundred years. To call this act "unfair" is to my mind to evince a case of economic astigmatism.

This charge that the Labor Act is "unfair" or "one-sided" is not new. It was considered carefully by this committee before the Labor Act was passed, and your report clearly revealed the animus behind all proposals based upon this claim. This committee recognized that the result of incorporating such proposals in the law "would be to overwhelm the Board in every case with countercharges and recriminations that would prevent it from doing the task that needs to be done." You further recognized that such proposals would nullify the sound purposes of the Norris-LaGuardia Act, and would reestablish all the abuses of the unfair labor injunction, abuses which it took 7 years to have removed from the Federal courts by congressional action.

Therefore, I say that the proposals to make the Labor Act less "one-sided," to "equalize" it, to prevent coercion from any source, are based upon the reactionary view that the worker should not have the right to organize, or upon the false view that today the worker has become a privileged character, receiving more than the just fruits of his labor. Such proposals are designed to destroy the equality of bargaining power that the Labor Act strives to make possible, and to restore the gross inequality of bargaining power that existed before the act was passed—the inequality that existed when the isolated worker stacked his pitiful weakness against the gigantic strength of consolidated capital. Such proposals are a threat not only to every worker in

America but to every person in America who believes that the legitimate organization of labor represents a sound democratic principle in a modern industrial state.

Fair-minded and far-sighted employers realize that while the Labor Act is limited in its scope, it is not "one-sided," since it confers benefits upon employers who are wise enough to appreciate its value. By way of illustration, let me contrast how three great corporations of industrial enterprise have met their labor problems since the passage of the National Labor Relations Act.

The Remington Rand Co. is one of the great manufacturing enterprises in the United States, with consolidated assets of almost $50,000,000. Its properties are distributed in seven States of the Nation and four foreign countries, and its sales offices span the globe. Soon after the enactment of the Labor Act, the A. F. of L. unions, representing a great majority of the workers in six of the company's plants in New York, Connecticut, and Ohio, attempted to negotiate with the management on several important questions. In May 1936, after 5 months of unsuccessful effort to reach Mr. Rand, the responsible head of the company, for the purpose of discussing their grievances, more than 5,000 workers went on strike. Thereafter the company again and again refused to confer with the union officials, and nullified the efforts at mediation by the New York State Department of Labor, the mayors of several cities, the Connecticut State Board of Mediation, and the Governor of Connecticut.

Instead, the company set about to undermine and destroy the union by discharging all its leaders and expending at least $85,000 for the services of notorious strikebreakers and provocateurs, including Pearl L. Bergoff, "king of strikebreakers." Hundreds of guards, strikebreakers, and spies, many with criminal records, were turned loose on defenseless communities to ferret out the union's activities, stir up dissension, provoke violence, and foster "back to work" movements among the employees. This noble work was invested with the grandiose title of the Mohawk Valley Formula.

It took almost 3 years to bring the company to book under the Labor Act. Charges were filed with the Board, and a complaint was issued in July 1936. Thereupon the company brought an injunction suit in the Federal courts, which postponed the hearings for some months. In March 1937, after taking more than 5,000 pages of testimony, the Board rendered a decision finding the company guilty of violating almost every provision of the act. About 1 year later the United States Circuit Court of Appeals substantially affirmed the Board's order, and directed the company to bargain collectively with the union, to reinstate 28 employees who had been discriminatorily discharged, to restore the strikers to their jobs, and to refrain from dominating or interfering with the organization of its employees. The order became final when in May of the same year the Supreme Court denied the petitions of certiorari filed by the company and the company unions involved.

Substantial compliance with the order has been obtained with great difficulty, and then only under a threat of contempt proceedings.

Now let us turn to the bitter controversy in certain sections of the steel industry during the same period of time. The full details of this story were disclosed in the hearings before the Civil Liberties Committee, on the so-called "little steel strike" of 1937. At a meeting of the directors of the Iron and Steel Institute in New York, certain of the "independent" companies virtually agreed not to sign any agreement with the union, regardless of its terms, and regardless of the representation of the union in their respective plants. The result was the never-to-be-forgotten strike of 1937, during which the companies refused even to sit around a table with the union representatives at the request of the Mediation Board appointed by the President of the United States.

In this strike, as the committee disclosed, there occurred a mobilization of men, money, and munitions, which had not been approached in the recent history of labor disputes in America. Incomplete data assembled by the committee shows that 7,000 men were directly employed as guards, patrolmen, and deputy sheriffs, National Guard men, and company police. The Republic Steel Corporation alone spent $50,000 for munitions, or almost five times the expenditure of the Ohio National Guard for the same purpose. The total cost of the strike to the Republic Steel Corporation was $1,950,000 and to the Youngstown Sheet & Tube Co., $1,593,000. The total cost to these two corporations alone exceeded $3,500,000.

In the course of the strike, riot and bloodshed were common occurrences over a front of industrial warfare covering three States. Vigilante terror flared in many communities. Ugly tales of browbeating and influencing public officials were spread upon the record. Over 300 persons, chiefly workers, were injured and 18 workers were killed.

Decisions under the Labor Act have been issued in the cases of several of these companies, finding sundry violations of law. These cases are pending in the courts. Compliance with the spirit and the policy of the Labor Act would have averted all this bloodshed, misery, and economic loss.

Let us contrast these two sordid stories with the happier results of a more enlightened policy. In 1937, even prior to the Supreme Court decisions upholding the Labor Act, the United States Steel Corporation voluntarily disbanded the employee representation plan which had been the subject of a complaint. For the first time since 1909 its subsidiary corporations entered into collective-bargaining agreements with representatives of their employees organized in trade-unions.

This action was rightly hailed as an outstanding demonstration of industrial statesmanship. A year later the chairman of the board of directors of United States Steel reported to the stockholders that—

"The union has scrupulously followed the terms of its agreement and, insofar as I know, has made no unfair effort to bring other employees into its ranks, while the corporation's subsidiaries, during a very difficult period, have been entirely free of labor disturbance of any kind. The cost of a strike—to the corporation, to the public, and to the men—would have been incalculable."

The next and most recent report of United States Steel carried the same encouraging tidings of felicitous labor relations.

In short, gentlemen, the Labor Act could only be termed "one-sided" in its application to those employers who resist its fundamentally fair principles. Those employers who are desirous of substituting the enlightened methods of collective bargaining for the primitive methods of industrial strife find the principles of the Labor Act a suitable vehicle for advancing their interests and improving their industrial relations.

Just as I warn against affirmative amendments placing dangerous new obstacles in the way of the worker's right to organize, so I do not favor negative amendments reducing the scope of the fair rights accorded to workers under the present act. Thus I oppose Senator BURKE's amendment to destroy majority rule, a rule which simply applies to our economic life the honored principles of our political system. Likewise, while I appreciate the good spirit in which it is offered, I do not agree with the amendment of Senator WALSH removing the present provision that employers shall not "interfere" with the self-organization of their workers. This amendment would remove a form of protection afforded not only under the Labor Act but also recognized by the principles of the War Labor Board and section 7 (a) of the N. I. R. A., and which labor now enjoys also under the Railway Labor Act, the Bankruptcy Act, the act to create the Coordinator of Transportation, the Norris-LaGuardia Act, and the various State anti-injunction and labor relations laws.

The ban against "interference" has been of central importance in protecting the right to organize under all these statutes, since it embraces a multitude of activities which would not be reached by specific prohibitions written into law, and would not be included within the range of such narrower concepts as "restraint" or "coercion." The amendment removing the prohibition against "interference" would cast doubt on hundreds of decisions issued under the Labor Relations Act, many affecting A. F. of L. unions, and put in question many victories in the courts, under this act as well as under the Railway Labor Act. The amendment allowing "interference" would, therefore, have serious consequences not only under the National Labor Relations Act, but might well serve as a dangerous precedent for amendments to other statutes won by labor only after hard-fought battles in State and Nation.

I should now like to discuss some of the procedural amendments which seem to me to threaten the effective administration of the National Labor Relations Act.

The amendment of Senator HOLMAN would separate the investigatory from the fact-finding functions under the act, a novel suggestion for this type of agency. One of the proposals of Senator BURKE would authorize the reviewing courts to set aside findings of fact, if in their judgment they were unsupported by the weight of the evidence. This would enable a court in every instance to substitute completely its judgment as to the facts for that of the administrative body, another novel procedure. Another of Senator BURKE's amendments would permit any employer to transfer his case to the district courts at the start, thus completely avoiding recourse to the administrative tribunal. One of Senator WALSH'S amendments would authorize the district courts to issue proper writs at any time to compel the Board to perform its functions and duties. This would enable a party to shuffle every point in a case back and forth continually between district court and Labor Board, to the eternal delay of the workers seeking to vindicate their rights.

All of the above-mentioned procedural amendments would result in abandoning or seriously impairing the principles of administrative law that have evolved gradually since the pioneer establishment of the Interstate Commerce Commission in 1887. The concept of the administrative agency, growing up in necessary response to the manifold complexities of modern government, has been championed by Charles Evans Hughes, and by countless other luminaries of bench and bar. In a very vital sense, these administrative agencies have come to be regarded as the people's instruments of government, created to effectuate a particular policy more expertly, more sympathetically, and more efficiently than was possible under the rigid formalism of court procedure. Above all, these agencies give the worker a fairer chance, because he cannot afford to plunge into the costly arena of Federal court litigation. For these reasons, the people of my State resented and overwhelmingly repudiated the attempt made last year by a majority of our Constitutional Convention to destroy the traditional balance between the administrative agencies and the courts.

The National Labor Relations Act was established in accordance with the well-established concepts of administrative procedure. The present arrangements under the National Labor Relations Act are the accepted ones, the arrangements tested by 50 years of American experience. It is, of course, possible that special factors involved in labor relations make this traditional method unsatisfactory and require the substitution of a new and untried procedure. If this is the case, the Supreme Court of the United States has given us no indication to that effect. Chief Justice Hughes, writing for the Court after the first five cases involving the Labor Act were heard, said:

"The act establishes standards to which the Board must conform. There must be complaint, notice, and hearing. The Board must

receive evidence and make findings. The findings as to the facts are to be conclusive, but only if supported by evidence. The order of the Board is subject to review by the designated court, and only when sustained by the court may the order be enforced. Upon that review all questions of the jurisdiction of the Board and the regularity of its proceedings, all questions of constitutional right or statutory authority, are open to examination by the court. We construe the procedural provisions as affording adequate opportunity to secure judicial protection against arbitrary action in accordance with the well-settled rules applicable to administrative agencies set up by Congress to aid in the enforcement of valid legislation."

The subsequent decisions of the Supreme Court in Labor Board cases have not only failed to modify this statement of the Chief Justice, but have demonstrated also that under the present act the Court can and will check what it regards to be any false step by the Labor Board.

While these proposals that I have been discussing are, in my opinion, detrimental to the objectives of the act, there are some others that merit the most careful study. Merely as an example, there is wide support for an amendment which would permit employers to petition for elections. As I have always said, there is nothing in the present act which denies this privilege to employers. The prohibition rests upon a ruling of the Labor Board. This ruling evolved before the current labor split, to meet the situation where an employer might attempt prematurely to "freeze" a situation produced by a long tradition of opposition to unionism. While there should still be safeguards against this situation, the labor split has introduced a novel situation where a well-intentioned employer is caught between the competition of rival groups. In such cases, under appropriate safeguards which these hearings should develop, I feel that the employer certainly should have the right to petition for an election. It would seem that the Board could accomplish this under its rule-making power. But if not, there should be legislation toward that end, unless these hearings develop compelling reasons, which I do not now see, why such a change would impair the objectives of the act.

I come finally to the portion of the amendments proposed by Senator WALSH which deal with the thorny questions of the appropriate bargaining unit and the validity of contracts.

The unfortunate division which now exists in the ranks of labor—a division which I profoundly hope will soon be ended—was not created by the Labor Act, but its repercussions have greatly complicated all problems of administration. The act itself did not put the stamp of approval or favor upon any particular type of union—outside or inside, craft or industrial. It only outlawed the dummy union set up by the company. Its only concern was to foster and protect the free choice of representation by the employees themselves. There is no claim to the contrary by any of those now sponsoring any amendments; but there is the claim that in its application to situations nonexistent when the act was written, certain inequities have grown up. It will be entirely possible and desirable during these hearings to develop a detailed examination of the facts and the issues in all the disputed cases, comparatively few in number, where this question is the critical one.

In conclusion, while I am, of course, entirely open-minded in regard to anything that these hearings may reveal, I submit that the following main truths, demonstrated by long experience, may guide the way to a wise and just solution of all the problems now confronting this committee:

First, the proof is overwhelming that the Labor Act, in its broad outlines, has proved an effective instrument for economic peace and industrial justice. It has vastly benefited workers, employers, and the public at large. No one challenges its objectives; no responsible party openly advocates its repeal. Any diminution of its effectiveness would be a national evil; its mutilation would be a national calamity.

Second, it is an established phenomenon of American economic life that a very small but amazingly compact and powerful minority has fought the main objectives of the Labor Act tooth and nail at every turn, in Congress and in courts, day and night. These groups are perfectly within their rights as free citizens in believing sincerely that the act is unsound and in trying consistently to destroy it. I respect their right to do so and do not question their motives. But the fact must be faced squarely that they are trying to destroy rather than to perfect the act; and those who want to preserve the act must of necessity deal with them accordingly.

Third, the amendments to the act proposed by labor groups and by labor's friends deserve the most careful consideration. At the same time, every worker in America should realize that while the friends of the Labor Act's main objectives are weakened by factional strife, the opponents of labor are strong and united. For this reason every worker who wants to remain free should look long and searchingly at each proposal designed to change the act that has helped so much to make him free.

Fourth, the amendments pretending to make the act "fair" by placing new restraints on labor would in true effect upset labor's new equality of bargaining power and resign labor to its earlier status of the economic underling.

Fifth, the amendments proposing drastically to change the administrative provisions of the act would, I believe, weaken the traditional type of informal tribunals where the average man has a better chance to be heard. Without having that intent, they would in my judgment tend to have the result of forcing labor to seek its rights through methods which are too expensive and time consuming for the poor man to afford.

Sixth, reckless tampering with the act will substitute uncertainty for certainty in the law, will start a long new train of test suits and interpretations, and will shake the stability and the surer blessings of industrial peace that thousands of employers enjoy under the present act as interpreted by the courts.

Seventh, within a comparatively narrow field there may be some changes in the act which the hearings before this committee will reveal to be sound in principle and practical in operation. If the need for these changes emerges as a product of this full and open-minded inquiry, I shall feel it my duty to introduce or support the substance of such amendments and to help enact them into law.

Before these hearings have proceeded far, it will become apparent that, while labor has some complaints to make against the Labor Act, and they may indeed be just ones, many of those who will gather here to indict the Labor Act can lay no claims to having ever been friends of labor. I therefore appeal to all those in America who *are* sympathetic to the just aspirations of the average man, who *do* believe in economic democracy, who *do* recognize that liberty and peace are inseparable, to rally to the defense of what the National Labor Relations Act stands for, to make sure that whatever may be done to the act is done in furtherance of its noble objectives.

In closing let me say that there is no short cut or alternative solution to that afforded by the principles of the National Labor Relations Act. In the words of the United States Commission on Industrial Relations, created by act of Congress 27 years ago:

"The struggle of labor for organization is not merely an attempt to secure an increased measure of the material comforts of life, but is a part of the age-long struggle for liberty; this struggle is sharpened by the pinch of hunger and the exhaustion of body and mind by long hours and improper working conditions; but even if men were well fed, they would still struggle to be free."

Strikes in the United States from 1927 to 1938, inclusive (to accompany chart 1)

Year	Number of strikes	Number of workers involved	Number of man-days idle
1927	707	329,939	26,218,628
1928	604	314,210	12,631,863
1929	921	288,572	5,351,540
1930	637	182,975	3,316,808
1931	810	341,817	6,893,244
1932	841	324,210	10,502,033
1933	1,695	1,168,272	16,872,128
1934	1,856	1,466,695	19,872,128
1935	2,014	1,117,213	15,456,337
1936	2,172	788,648	13,901,956
1937	4,740	1,860,621	28,424,857
1938	2,772	688,376	9,148,273

Bureau of Labor Statistics, Apr. 10, 1939.

Strikes in the United States by causes (percentages), 1927–38 (to accompany charts 2 and 3)

Major issues	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Percentage of total strikes ending in year:												
Wages and hours	41.0	35.8	40.4	43.6	56.1	65.7	55.4	39.5	37.9	35.1	29.9	28.0
Union organization	36.0	36.5	41.3	31.8	27.8	19.0	31.9	45.9	47.2	50.2	57.8	50.0
Miscellaneous	23.0	27.7	18.3	24.6	16.1	15.3	12.7	14.6	14.9	14.7	12.3	22.0
Percentage of total workers involved in strikes ending in year:												
Wages and hours	72.7	43.4	36.4	40.3	44.9	72.1	47.5	23.4	60.2	35.3	22.4	36.7
Union organization	13.9	29.5	35.5	41.7	33.6	22.4	40.7	51.5	26.1	51.4	59.8	32.6
Miscellaneous	13.4	27.1	28.1	18.0	21.5	5.5	11.8	25.1	13.7	13.3	17.8	30.7
Percentage of total man-days idle as a result of strikes ending in year:												
Wages and hours	93.6	82.1	43.6	42.1	44.6	81.6	38.1	24.3	42.9	32.2	15.7	34.8
Union organization	3.3	11.9	36.8	47.2	42.0	16.5	52.3	62.8	47.3	60.2	76.4	44.4
Miscellaneous	3.1	6.0	19.6	10.7	13.4	1.9	9.6	12.9	9.8	7.6	7.9	20.8

Bureau of Labor Statistics, Apr. 10, 1939.

Comparison of number of cases brought before the National Labor Relations Board and number of strikes, beginning in each month for all causes, and for organization, October 1935–June 1938 (to accompany chart 4)

Year and month	Number of cases brought before Board (1)	Number of strikes[1]		Ratio of Board cases to strikes	
		For all causes (2)	For organization (3)	Percent for all causes [(1) over (2)]	Percent for organization [(1) over (3)]
1935					
October	203	169	79	120	257
November	153	119	48	129	319
December	110	80	34	138	324
1936					
Total	1,301	1,951	971	67	134
January	110	138	62	80	177
February	66	132	69	50	96
March	90	168	82	54	110
April	142	158	73	90	195
May	108	188	89	57	121
June	86	168	87	51	99
July	74	144	65	51	114
August	112	211	120	53	93
September	150	209	95	72	158
October	147	175	90	84	163
November	88	131	72	67	122
December	128	129	67	99	191
1937					
Total	9,424	4,270	2,412	221	391
January	110	160	80	69	138
February	195	199	110	98	177
March	239	581	281	41	85
April	477	490	270	97	177
May	1,064	532	298	200	357
June	1,283	552	329	232	390
July	1,325	400	238	331	557
August	1,119	400	243	280	460
September	994	321	196	310	507
October	1,054	278	165	379	639
November	959	222	132	413	727
December	606	125	70	485	866
1938					
January	674	148	66	455	1,021
February	629	156	76	403	828
March	896	216	100	415	896
April	823	207	93	398	885
May	624	233	102	268	612
June	727	178	93	408	782

[1] Strike data are monthly figures released by the U. S. Department of Labor, Bureau of Labor Statistics, Division of Industrial Relations. Annual revised figures are not broken down by causes for each month.

Source: Third Annual Report of the National Labor Relations Board.

Comparison of number of workers involved in cases brought before the National Labor Relations Board and number of workers involved in strikes, beginning in each month, for all causes and for organization, October 1935–June 1938 (to accompany chart 5)

Year and month	Number of workers involved in cases brought before Board (1)	Number of workers involved in strikes[1]		Ratio of Board cases to strikes	
		For all causes (2)	For organization (3)	Percent for all causes [(1) over (2)]	Percent for organization [(1) over (3)]
1935					
October	47,790	92,357	28,213	52	169
November	47,580	34,661	8,259	137	576
December	27,580	14,133	4,059	195	679
1936					
Total	523,138	763,783	419,538	68	125
January	20,346	30,001	7,225	68	282
February	5,424	62,259	35,898	9	15
March	19,300	74,475	13,811	26	140
April	11,646	62,551	45,465	19	23
May	26,460	71,625	45,388	37	58
June	34,739	61,243	29,250	57	119
July	31,936	36,115	11,893	88	269
August	8,565	64,510	46,252	13	19
September	9,214	60,555	29,730	15	31
October	27,335	96,608	66,898	28	41
November	309,187	70,515	33,795	438	915
December	18,986	73,326	53,933	26	35

[1] Strike data are monthly figures released by the U. S. Department of Labor, Bureau of Labor Statistics, Division of Industrial Relations. Annual revised figures are not broken down by causes for each month.

Comparison of number of workers involved in cases brought before the National Labor Relations Board and number of workers involved in strikes, beginning in each month, for all causes and for organization, October 1935–June 1938 (to accompany chart 5)—Continued

Year and month	Number of workers involved in cases brought before Board (1)	Number of workers involved in strikes		Ratio of Board cases to strikes	
		For all causes (2)	For organization (3)	Percent for all causes [(1) over (2)]	Percent for organization [(1) over (3)]
1937					
Total	2,339,631	1,816,847	1,051,528	129	222
January	24,744	106,076	73,202	23	34
February	74,870	106,910	40,949	70	183
March	49,187	281,887	186,049	17	26
April	159,051	214,760	114,965	74	138
May	315,470	321,022	229,936	98	137
June	369,737	278,783	131,574	133	281
July	305,049	139,976	72,173	218	423
August	304,267	134,078	91,125	227	334
September	180,261	84,032	50,387	215	358
October	175,951	61,395	25,928	287	679
November	225,410	66,168	20,286	341	1,111
December	155,634	21,760	14,954	715	1,041
1938					
January	121,113	32,357	13,312	374	910
February	106,172	50,935	5,719	208	1,856
March	154,868	53,914	20,395	287	759
April	176,414	75,840	20,390	233	865
May	92,917	86,792	15,810	107	588
June	102,813	49,602	23,368	207	440

Source: Third Annual Report of the National Labor Relations Board.

Sit-down strikes, 1936 to 1938, by months (to accompany chart 6)

Month	1936		1937		1938[1]	
	Strikes	Workers involved[2]	Strikes	Workers involved[2]	Strikes	Workers involved[2]
January	1	500	25	74,479	----------	----------
February	2	2,250	47	31,236	10	6,367
March	1	266	170	167,210	8	1,603
April	----------	----------	52	33,339	7	2,464
May	1	7,000	72	25,250	4	2,936
June	2	12,146	29	18,804	1	27
July	1	1,238	20	4,721	5	1,890
August	4	1,416	23	6,020	3	332
September	9	11,522	13	3,163	4	2,096
October	4	4,050	10	8,747	4	2,958
November	5	7,988	12	24,791	2	6,892
December	18	39,441	4	357	4	1,334
Total	48	87,817	477	398,117	52	28,899

[1] Preliminary figures.
[2] Total workers involved in the strikes. In most cases all of the workers involved did not participate in the sit-down feature.

Bureau of Labor Statistics; March 17, 1939.

PRINTING OF REPORT ON INVESTIGATION OF TENNESSEE VALLEY AUTHORITY

Mr. DONAHEY submitted the following concurrent resolution (S. Con. Res. 9), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring), That there be printed 3,000 additional copies of Senate Document No. 56, current session, entitled "Report of the Joint Committee of Congress appointed to investigate the Tennessee Valley Authority," which was submitted to the Congress on March 31, 1939, of which 1,000 copies shall be for the use of the Senate document room and 2,000 copies for the use of the House document room.

Mr. HAYDEN, subsequently, from the Committee on Printing, to which the foregoing concurrent resolution was referred, reported it without amendment, and it was considered by unanimous consent and agreed to.

ADDRESSES BY SENATOR GREEN IN THE DOMINICAN REPUBLIC

[Mr. ASHURST asked and obtained leave to have printed in the RECORD an address delivered by Senator GREEN in the Cathedral of Cuidad Trujillo, Dominican Republic, on March 19, 1939, and also an address delivered by Senator GREEN before a special joint session of the Congress of the Dominican Republic on March 20, 1939, which appear in the Appendix.]

PREPARATION FOR INDUSTRY THROUGH EDUCATION—ADDRESS BY SENATOR DAVIS

[Mr. CAPPER asked and obtained leave to have printed in the RECORD an address on the subject of Preparation for Industry Through Education, delivered by Senator DAVIS at the summer meeting of the Seventeenth Annual Conference on Printing Education, held at Washington, D. C., in 1938, which appears in the Appendix.]

FEDERAL GRANTS IN AID TO THE STATES—ADDRESS BY SENATOR GERRY

[Mr. GILLETTE asked and obtained leave to have printed in the RECORD a radio address on the subject of Federal grants in aid to the States, delivered by Senator GERRY on April 10, 1939, which appears in the Appendix.]

WAR AND PEACE—ADDRESS BY REPRESENTATIVE KNUTSON

[Mr. LUNDEEN asked and obtained leave to have printed in the RECORD a radio address on the subject Shall We Repeat 1916–17? delivered by Hon. HAROLD KNUTSON, a Representative from the State of Minnesota, on March 30, 1939, which appears in the Appendix]

DEFENSE POLICY—ARTICLE BY OSWALD GARRISON VILLARD

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD an article by Oswald Garrison Villard entitled "Wanted: A Sane Defense Policy," published in Harper's magazine for April 1939, which appears in the Appendix.]

OPERATION OF NATIONAL LABOR RELATIONS ACT

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the RECORD an editorial from the Emporia Gazette and an article on the operation of the National Labor Relations Act as administered by the National Labor Relations Board, which was published in the October issue of the magazine Fortune, which appears in the Appendix.]

TRADE BARRIERS BETWEEN STATES

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an article from the Benton County Tribune, of Fowler, Ind., entitled "National Union Endangered by Trade Barriers Between States," which apears in the Appendix.]

PROBLEMS OF THE SOUTH—STATEMENT BY ELLIOTT ROOSEVELT

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an article from the Washington Post of April 11, 1939, under the heading "Son Doubts President's Aid for South," and an article on the same subject from the New York Herald Tribune of April 11, which appear in the Appendix.]

NEUTRALITY, PEACE, AND AGGRESSION

[Mr. PITTMAN asked and obtained leave to have printed in the RECORD four articles from the Washington Post of April 8, 1939, as follows: An article entitled "Yellow Light Policy," by Livingston Hartley; an article under the heading "Peace in Our Own Time," by Walter Lippmann; an article under the heading "Neutrality: Pro and Con," by Mark Sullivan; and an article entitled "The Latest Victim," by Barnett Nover, which appear in the Appendix.]

WORLD MISSION OF THE UNITED STATES

[Mr. BARBOUR asked and obtained leave to have printed in the RECORD, an editorial entitled "Uncle Sam's Real World Mission," published in the issue of April 10, 1939, of the Bergen Evening Record, of Hackensack, N. J., which appears in the Appendix.]

F. H. A. AND PROSPERITY—EDITORIAL FROM CHICAGO DAILY TIMES

[Mr. MEAD asked and obtained leave to have printed in the RECORD an editorial from the Chicago Daily Times of March 27, 1939, entitled "F. H. A. and Prosperity," which appears in the Appendix.]

ALIENS AND EMPLOYMENT

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an editorial headed "Aliens Seen Adding to Job Problem," published in the New York Times, Sunday, April 9, 1939, which appears in the Appendix.]

CALL OF CALENDAR DISPENSED WITH

The VICE PRESIDENT. The routine morning business is concluded. The consideration of bills on the calendar under rule VIII is in order.

Mr. BARKLEY. I ask unanimous consent that the call of the calendar be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had accepted the invitation of the Senate to attend the funeral services of Hon. James Hamilton Lewis, late a Senator from the State of Illinois, to be held in the Senate Chamber on Wednesday, the 12th instant, at 2:30 p. m., and that the Speaker had appointed a committee of 27 Representatives to attend the funeral of the deceased Senator and to act in conjunction with the committee of the Senate to make the necessary arrangements in connection therewith.

ADDITIONAL APPROPRIATION FOR WORK RELIEF AND RELIEF

Mr. ADAMS. Mr. President, I move that the Senate resume the consideration of House Joint Resolution 246.

The motion was agreed to; and the Senate resumed the consideration of the joint resolution (H. J. Res. 246) making a further additional appropriation for work relief and relief for the fiscal year ending June 30, 1939.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. PEPPER].

Mr. BARKLEY. Mr. President, when the Senate took a recess on Saturday a unanimous-consent agreement had been entered into to vote on the pending amendment, and all amendments thereto, not later than 2:30 o'clock p. m. on yesterday. Inasmuch as the Senate did not hold a session yesterday for the transaction of business, that agreement lapsed, and is not now in effect.

I wish to say, for the benefit of Senators, that I hope we can get a vote today on the amendment, but at this time I have no request to make to fix any hour for a vote on the amendment. I think, for the time being, the debate may run on for a while, and we shall see how matters look a little later in the day.

Mr. WILEY. Mr. President, for days I have listened to the arguments pro and con for this additional $50,000,000. I have listened to calm and reasoning statements, and I have listened to rabble-rousing statements. I have listened to a statement of heart throbs from the distinguished Senator from Nebraska [Mr. NORRIS]; and when he turns on the emotional valve one almost forgets that there are other equations in this picture. And yet we are the greatest deliberative body in the world!

Mr. President, I have heard the statement of many Members of the Senate that they would be glad to vote for one hundred or one hundred and fifty million dollars in addition to what we are going to vote for in the next day or two. I wonder if the Senators know that that is just what they are doing. Let me make this statement concretely. Do Senators know that besides the $725,000,000 the Government will also be paying out $100,000,000 or $150,000,000 in addition to the $100,000,000 or $150,000,000 we are talking about here today?

What do I mean by one hundred million or one hundred and fifty million dollars additional? It has not been discussed in the debates on the floor of the Senate; yet I heard a member of the Cabinet say, within the past few days, that anywhere from one hundred to one hundred and fifty million dollars of surplus commodities will be distributed free to the needy people of this country within the next 12 months. From July last to July of this year approximately $66,000,000 in surplus commodities will be distributed, in addition to what we vote here now.

The Senator from Nebraska [Mr. NORRIS] says we do not want people to starve. Of course, we do not want them to starve. We do not want anyone in this country to go hungry. No one will go hungry with surplus commodities being distributed as they are. Neither do we want this country to go on the rocks. Neither do we want it to keep on the way it has been going—down the highway toward financial

ruin. It is strange that in the discussion of this spending of the people's money—and I repeat the phrase "the people's money"—it is so easy for some persons to talk in terms of $50,000,000 and $100,000,000 as if it were nothing, yet, if the same persons were asked to donate $50 or $100 of their salaries toward this very problem, which is their problem and the problem of their children, we should find that they would "squawk," as we say in my part of the country, "like a stuck pig."

In the city of Washington we may keep on raising salaries, if we wish; and it would be an interesting thing to have an investigation to find out how much the salaries of the employees of the Government have been raised since we came to Washington on January 3. Nothing has been said to the people in the course of this debate to let them know that if we appropriate this $150,000,000, we shall spend virtually $1,000,000,000 for W. P. A., not for 1939 but just for the first 6 months of 1939. I wonder if, with that thought in mind, it would not be well to restate the position of some of us in this matter.

I say that advisedly because in this very Chamber it has been suggested, in good senatorial form, that we who do not see the advisability of reaching out and disposing of more and more money just have not a heart; that we are not considerate; that we are not thoughtful; so it may be well to restate the position of some of us in relation to this proposed appropriation. I say to you, Mr. President, that there is not a county or a municipality in this Nation which, if efficiently governed—and most of them are—if it received the amount of money that was spent on W. P. A. in that community for the same purpose, could not do a better job, a more efficient job, a job that would not be breaking down—and I say this with emphasis—the morale, not only of many of the W. P. A. workers but of others, who see how easy it is, if one is a "political pet," to get the "mazuma."

I say again that the big problem, Mr. President, is the question of maintaining the morale of these people.

Yesterday a letter came to me from a farmer saying that in my own State, because it is so easy for folks to obtain W. P. A. employment and get $50 or $60 a month—and the farmer is not making that much—the farmer cannot get the necessary help.

Mr. President, I repeat, there is one way, temporarily at least, of handling this situation so that we shall have some concrete evidence of whether or not W. P. A. are doing the job they claim to be doing. You and I know that instead of 3½ percent, as their figures show, for administration overhead, if we were to include in the 3½ percent the salary of every man who gets over $50 or $60, which is the amount the common workman gets, the average would go up to 20 or 25 percent for administration costs. The one way I am talking about is to limit the amount of pay that anyone, high or low, on W. P. A., shall receive from W. P. A. funds. There are loyal, honest, sincere, hard-working folks who would be glad to devote their time, services, and energy in every State in this Nation to take over the so-called administrative or executive jobs of W. P. A. for the same salary paid the average workman on W. P. A.

They would take over the jobs for one reason only; they are patriotic and unselfish, and they know that the disease which is afflicting this country is likely to have serious results. They would do it because they know the seriousness of the situation. Then the savings made would go to the needy. We would get results, and we would find that there was not the dissipation of money in the amount we know is spent in every State of the Union.

We are not unaware that in some of the large cities and other places the situation is critical, so far as the lack of work and jobs is concerned. We want the people's money to meet that situation, but we want the people's money to meet the situation head-on, so that both the money and the morale of the people will not be dissipated.

Mr. President, for days we have been talking about a cancer in our body politic, and all we have been talking about is feeding that cancer. We have not been talking about the real issue; that is, how to cure the cancer. How is it to be cured? There is the rub. I have an idea that if the Government would first follow the suggestions I have made heretofore, to wit, limit the expenditures to any one person who is in the employ of W. P. A. to the amount paid to the workman, and thus make a start, and, secondly, turn the relief problem back to the States and let the States or municipalities handle the money on the basis I have suggested. If the municipalities would handle the matter, there would not be a further dissipation of the most important thing in our national life, that is, the morale of our people.

Mr. President, I heard during the argument a few days ago a statement by a distinguished Senator to the effect that the Republicans wanted to turn the money back to the States for administration so they could build Republican machines. Is that not what is called in law a plea in confession and avoidance, an admission that those in control of spending have used the money for that purpose? Is it not also an admission by the distinguished Senators that they know that the people of this country are waking up to the significant fact that the job they were hired to do has not been done by the party in power?

Let me relate an incident that occurred in my own State in the recent campaign. After speaking in a certain community from my little loud speaker, a German, a man possibly 75 years of age, came up to me and said, "Mr. WILEY, that was a pretty good speech you made, but you took 20 minutes. I think I can make a better one in 20 seconds." I said, "All right, Brother," looking into those deep, serious eyes of this man, recognizing that he had something "on the ball," and realizing what my father had said many years ago, "Son, remember no matter whom you meet—the highest and the lowest, the richest and the poorest, the humblest—each has a pearl for you if you are smart enough to reach out and get it." So I said to this man, "If you have such a speech, give it to me, and I will deliver it every place I go in the State of Wisconsin." He gave me the speech, in broken English, he said: "Mr. WILEY, we Germans have a saying that you cannot dig yourself out of a hole by digging deeper."

Who was this man? A philosopher? No; he had been a hard-working farmer, one who came here in his youth, who dug his farm out of the land—a man who raised a family; one who had seen life and read its lessons; and he said me, "You can't dig yourself out of a hole by digging deeper."

That is correct. If you are deep in the clutches of sin you cannot dig yourself out of it by indulgence. If you are deep in the cups you cannot keep on drinking and drinking and get sober. If you are in a business that is continually losing money you cannot keep on losing money and eventually balance your budget. And if you are in a government which thinks entirely of spending, whose ideology—and I do not like that word any better than does the Senator from California [Mr. JOHNSON], because it is a misnamed word to fit the situation for which it is now used—if you are in a government which continually thinks of spending and never doing anything else to solve the problem, you will never get out of the hole either. In fact, you will dig yourself in deeper.

You cannot dig yourself out of a hole by digging deeper. I apply that concretely to the present situation, and, irrespective of all the emotionalism in the world, I say that we cannot keep on digging into the morale of the people and breaking their morale and expect the people to get themselves out. You cannot pull yourself out by your own bootstraps, either.

Mr. President, I remember another incident also along this line, to which I will refer a little later. Pretty soon, if you keep on digging yourself in, you will find that the hole will cave in after you. I know what some of my colleagues are saying. They are saying that we cannot crucify human life, that we cannot forget the needy and the suffering, the widows and the children.

No; and we will not forget them. Yet for many years now we have reared a generation of young people who have sensed, not the obligation of our fathers, that people have to depend on themselves, but rather we have inculcated in them the thought that there is something to lean on, and

we have begotten and created literally a Nation of "leaners" and chiselers, dependents. It is time we woke up to the real issue, the fact that you cannot keep on digging yourself in deeper and get out of the hole.

We will not forget those who have been suffering, we have not forgotten the poor and the needy and the unemployed, but if we spend the resources of this Nation—and I repeat, I am not merely talking in terms of money, I am talking in terms of character, in terms of morale—it will not be long before by spending and spending we will show that we have forgotten them, because we will be unable to do to them and for them what we should. The Nation will find itself in the throes of some such condition as that in which the great peoples of Italy and Germany find themselves. They are not in their present condition because, as some people say, they chose that way. They chose that way, if they did choose it, because it was the only alternative. The economic situation in both countries became so terrible that groups were crashing against groups, and every semblance of law and order was about to disappear, just as it did during the French Revolution. Then a strong man appeared. That has been and will be history. Pray God, it will not happen here.

Mr. President, I have seriously considered voting for this additional $50,000,000, not as a confession, as someone has said, that in the first instance we were wrong, but, as some of the Senators must have realized, we intended somehow to vote for it because those things which we had anticipated would come to pass did not come to pass. What do I mean by that? I mean the farmer getting into action. I had expected that this great Congress would get back of the farmer and get into action. But what have we done? We have neglected him. We have not done anything for him up to date.

We had expected that the large amount of money that was appropriated for preparedness would lend stimulus and courage to business so that it would reemploy workmen. We had also thought that other agencies would come into being which would take up the slack. We had thought that from the head of the Government would come courage and vision to industry, would come that something which would start this great economic machine out of the mud. But it has not come. So, as I have said, I had intended to vote for the increase, but when I found from government itself that, in addition to the amount we had appropriated or would appropriate, anywhere from a hundred to a hundred and fifty million dollars worth of surplus commodities would be thrown into the stream to take care of the needy, I said "no," and I felt that I was acting in accordance with the best judgment I could summon to my aid.

Where is the leadership in this Nation? Where are the brains that were always America's in times of great crises? Where are they? They are lost in an emotional jag. We have the men; we have the greatest industrial plants in the world. We have the money. We have in this country the greatest demand in the world. Why in heaven's name do we not go? Let me tell why we do not go. The people of Wisconsin recognized in the last election why we did not go; and they spoke with no unmistakable voice.

Let me relate another incident. When I was traveling in one of the little towns of my State I saw there a Scandinavian; and I am proud to say I stem from that race. This man was a small contractor. I said to him, "Hans, how are you voting this year?" "Well," he said, "I'm voting Republican." Two years before, when I had had the honor to run for Governor of the State, I had seen Hans, and he had said, "Oh, my, no! I'm voting Democratic." I said, "Why, Hans, are you now voting Republican?" "Well," he said, "I'll tell you, Alex. You know I'm a little contractor. If you were to give me $5,000 to build a house for you, and you were to give me the materials, and you were to go away, and then you were to come back after 2 months, and I'd been out on a hell of a jag and spent the money, and hadn't even dug the basement, what would you do to me?" I said, "Why, Hans, I'd fire you and get someone who could do it." "Well," he said, "that's just what we are going to do to these fellows who are making so many big promises. They are big on the promise, but they are short on the fulfillment."

What does that mean? It means that down among the common people they have recognized that the leadership that was called upon to do the job and has not done the job. I am not saying that some other leadership would have delivered. I am saying that the present leadership has not built the house they were hired to build. That is the situation we are facing today in connection with the pending measure. We are talking now in terms of not simply feeding the hungry, but of rebuilding the morale of the people, rebuilding a situation in this country so that business can take up the unemployed; so that the unemployed will get jobs.

I know that many of my friends of the opposition feel that they are going strong "on fulfillment" in voting some of this money. The people of America are not blind to that sort of political shenanigan. The people are thinking. They are thinking more seriously and clearly than they have thought for a good many years. They are saying now, "Are there no problems for the Senate of the United States except W. P. A.? They have been spending days on this subject. Why have they not taken care of the other issues? Why have they not looked after the farmers' interests? Why have they not undertaken to start the great, industrial, latent powers of this country? Where is the vision of leadership?"

Mr. President, Congress is not thinking constructively in terms of producing jobs. If it were, it would turn its ideas a little more toward encouraging business to take up the slack.

Instead of spending our time in this kind of a political maneuver, if we had 2 weeks ago caught the vision that was contained in the amendment offered by the Senator from Michigan [Mr. VANDENBERG] wherein he suggested that all the money, to wit, $725,000,000, should be made available for expenditure up to June 7—and which would give the Congress of the United States sufficient time to consider the question—if we had given consideration to that proposal, we would not have spent time in discussing increased appropriations for W. P. A. which we could possibly have used in considering other subjects. But, instead, we had to go on our way—talking, talking, and trying to spend more of the people's money.

Mr. President, is it not significant that some persons who are so solicitous about the unemployed could not give consideration to the suggestion that came from the Senator from Michigan? Is it possible that their filibuster of the last 3 days has made some Senators so blind that they think the people do not have the power to reason? Is it possible that Senators again have become creatures of the "cracked whip"? Talk about propaganda; talk about political manipulation! Mr. President, you know and I know it is going on. You and I know, from the telegrams which we receive from the mayors of our cities, men who are worried about the condition, men who have had it thrown at them that this money is being held up by obstructionists, that those men are fearful, they are mentally stampeded to a point where they say, "Vote money; vote money; vote money." They do not realize that the present Congress will have voted now practically $900,000,000 to $1,000,000,000 for the first 6 months of 1939 for W. P. A.

What about the next 6 months after that? Are there any Senators who believe in the philosophy, "After us the deluge"—after us the storm? We are acting as if we believed in that philosophy. We are not seeing the situation. Are we letting our emotions, or are we letting something which is worse, an attempt to influence the votes of the unemployed, direct our path? Are we even now the creatures of a concerted, psychological attack by master psychologists who, blindly or otherwise, have no real sense of whither they are going or whither they are taking our Government?

Mr. President, I have spoken seriously. I know that the easy way, the popular way, would be to vote for the additional $50,000,000. It is so easy, when you handle other people's money, just to let it slip through your fingers. But, Senators, I have been a small country lawyer, and I have

been taught that to handle other people's money, and especially the money of my Government, is a sacred trust, and as a trustee I must see that that money is handled and disbursed in accordance with the highest standard. I challenge any Senator, if he is so anxious to do what he thinks would be done by the proposed increase, to dig down into his own pocket and thus prove the steel that is supposed to be in him!

Mr. President, I heard a statement in the Senate the other day—I believe it was made by the distinguished junior Senator from California [Mr. DOWNEY]—which I cannot let go unchallenged. He inferred that the next President would meet an insolvable situation. To that I answer that the next incumbent will solve the problem. If—and I say to the Senate that this country is "rarin' to go"—the next President of these United States has the vision and has the dynamic quality that is necessary, the engine will start up and we will leave the economic detour and get back on the highways where we belong. I prophesy to the Senate that, under a change of leadership—a leadership that is progressive, a leadership that will not try to turn the hands of the clock back, a leadership that will not sell out this land to foreign lands, a leadership that will realize the farmer's rights and needs, the workman's rights and needs, and the rights and needs of business—we will "go to town." We need a leadership, Mr. President, that will have courage to admit that the present form of social security is not social security, that is only a term, that there is no such thing, that the money which the people have paid into it has been used up in Government overhead. We need an administration with the courage to say, "We have been out on a spree; we have got to pay for it. We must get under way. We have to consider again the ancient landmarks of honesty and integrity and morality in government. We must acknowledge that government itself costs too much; that we have builded a dangerous and top-heavy bureaucracy. We have to recognize that government is and should be the servant instead of the master. I repeat that last statement, Mr. President, because to me it is very significant, that we have to recognize that government is and should be the servant instead of the master. I repeat that statement because every psychologist in the land knows that one of the great brakes upon our recovery today is the fear of government in the hearts of the people, the fear of the Government and the fear of its servants. In addition thereto we have the uncertainty of governmental policies.

Mr. President, I have nearly concluded. I believe that I have strayed away from the subject of W. P. A. But have I strayed? When 10,000,000 people are unemployed in this country it is evidence of a serious disease.

Many of us are thinking merely of spending money as a solution. Many Senators, like many of the people back home, have gotten to depend upon the White House for direction.

I am grateful to find, however, that an awakening is going on, a realization that we in the Senate and those in the other House must refind the intiative that belongs to the legislature of the Nation. Senators, I repeat that when June 30 arrives we shall again have to face the problem of W. P. A. for another 6 months. W. P. A. is a result, even as our "licked business" is a result, and our "licked farmer" is a result, and as our exorbitant Government overhead is a result. A result or an effect of what? The answer must be the result of that philosophy which we have heard discussed here and the uncertainty that obtains—an uncertainty in the minds of the people who feel that they know not whither government is taking them.

I believe the people of this country are almost ready now to realize that sooner or later they must cease to depend on Washington for continual subsidies. I believe they are also awakening to the conclusion that because of fallacious policies they have become weakened in initiative, in dependence on self. I believe, also, the people are beginning to realize that in all the Government agencies which we have built we have grown also a fungus of self-perpetuating bureaucrats, each looking upon his particular activity almost with a fanatical regard as a saving agency of government, to the end that their jobs may be perpetuated and that the people will become more and more enmeshed in bureaucracy.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Florida [Mr. PEPPER].

Mr. PEPPER. Mr. President, in view of the fact that this matter now comes before the Senate upon the recommendation which came from the President first in his message of January 5, which was communicated to the Senate, at which time the President recommended an appropriation of $875,000,000 and stated that, as the result of his investigation carefully made, it was his conviction that that amount was absolutely necessary; in view of the fact that subsequent to that message of January 5 to the Congress the President, on February 7, 1939, again transmitted to the Congress his recommendation that there be a supplemental appropriation of $150,000,000 in addition to the $725,000,000 voted by the Congress, and in the message of February 7, 1939, he set out his finding that an emergency existed which required a supplemental appropriation of $150,000,000; in view of the additional fact that on March 14, 1939, the President again communicated to the Congress his very earnest recommendation that there be provided this supplemental appropriation of $150,000,000, setting out that April 1 was approaching and that within about 3 weeks the reduction of Works Progress Administration employment must begin, in order that the remainder of the appropriation might be apportioned over the months of April, May, and June; in view of the fact that the President emphasized the necessity for immediate action in the Congress to grant the $150,000,000 appropriation unless there were to be widespread dismissals from the W. P. A. rolls; and in view of the fact that this matter has only in the last few days come before the Senate for final determination, it was naturally a point of curiosity in the minds of many of us as to whether the President felt that the situation had changed in any way so as to obviate the necessity of the Congress complying with the recommendation he made to grant a supplemental appropriation of $150,000,000.

I have seen references in the press to certain communications from the President, as to the authenticity of which, of course, I have no personal knowledge. I have heard reference on the floor to a communication said to have been addressed to a third party by the President. Out of my sense of earnest inquiry as to whether or not the executive branch of the Government had come to the conclusion that the recommendations previously made were not now desirable or imperative, I took the liberty of making a call at the White House. In response to the inquiry I made as to whether or not the recommendations of the President had changed, whether or not the need had changed, and whether or not the imperative necessity of the $150,000,000 supplemental appropriation had disappeared, the President has addressed a communication to me. I ask, Mr. President, that the clerk read that communication, and that it be incorporated in my remarks.

The PRESIDING OFFICER (Mr. HILL in the chair). Without objection, the clerk will read the letter.

The legislative clerk read as follows:

THE WHITE HOUSE,
Washington, April 11, 1939.

Hon. CLAUDE PEPPER,
United States Senate, Washington, D. C.

MY DEAR SENATOR PEPPER: In reply to your inquiry, I think there is nothing for me to add or to subtract from what I have made so clear on so many occasions since last January.

The sole question of continuing relief to July 1 is one of arithmetic.

If $100,000,000 is voted, between three and four hundred thousand fewer people can be given work relief than if $150,000,000 is voted—and in addition practically none of the seven or eight hundred thousand people on the waiting list can be given employment.

It seems to me that that is the long and the short of it.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. MURRAY. Mr. President, I do not intend to consume the time of the Senate by a lengthy statement. However, I feel that I should say something in support of the Pepper amendment.

I have listened with much interest to the speech just made by the junior Senator from Wisconsin [Mr. WILEY], in which he seems to take the view that if we should discontinue making appropriations to support the W. P. A. program the country would soon right itself, and that unemployment conditions would soon be corrected. He says that business is "rarin' to go," and that all it needs is the encouragement of the Congress starting a program of balancing the Budget and discontinuing or reducing relief expenditures.

We heard similar arguments in 1936; and unfortunately we listened to them. At that time, feeling that we were making rapid progress in bringing the country back out of the distressful economic condition into which it had been plunged, we started a program of retrenchment. What was the result? Within a very short period, instead of business and industry taking hold of the situation and putting men back to work, we found the contrary to be true. In a very short period we found the country again in a downward trend.

I feel that we are in no better situation today. In fact, if anything, we are in a worse position today than we were at that time to undertake a program of balancing the Budget, or radical reduction in work-relief expenditures. Every day we read in the newspapers stories with reference to the effect which war conditions in Europe, rumors of wars, rumors of invasions, and so forth, are having upon the economic conditions of the entire world. The whole international economic system has broken down. The effect of this in our own country is very serious.

I happened to read in the New York Times yesterday a statement showing the effect of these conditions in our own country. In the financial section of the New York Times for Monday, April 10, under the head of The Financial Week, we find, in glaring headlines, the following statement:

American markets decline on Europe's political uncertainties and on Italy's attack upon Albania.

In another column of the same issue we find the following headlines: "Leveling off seen in steel industry. Depletion of backlogs and paucity of new business cuts mills' output. Auto lag adverse factor. General orders, too, that appear are small—production down to 54.5 percent."

The body of the article goes on to state:

Gradual depletion of steel backlogs and the failure of new business to make up the deficiency will result in all probability in a slow leveling off in the Nation's steel ingot operating rate in the coming weeks, according to the consensus of the trade.

Even though fresh orders in some cases are expanding mildly, it is thought that the completion of some rail, structural, and auto-body-sheet orders on the books will force curtailment of steel-making operations unless semifinished steel is placed in inventory.

In the same issue we notice the following statement with reference to the stock markets:

Stocks dropped to lowest levels since last June in heavy trading.

In every newspaper of the country we find statements showing that at this time the country is in no position to undertake a program of balancing the Budget, because it is obvious that if we attempted any such move we should soon find the country again in a tailspin such as overtook us in 1936.

In my own State of Montana I find that there has been a 10-percent curtailment in the production of copper, which is our chief industry. That means that thousands of miners are thrown out of employment in the city of Butte, where there is no other industry or business to which these men can turn for employment. As a result of the curtailment in copper production the operations of the smelters have slowed down and the railroads have laid off men. We also find distressful conditions in the agricultural areas. So, in my State, industrial and agricultural conditions are such that not only should we have the benefit of the full appropriation recommended by the President and by the Public Works Administration but, in fact, we should have an additional sum adequately to take care of the unusual situation which has developed. At any rate, we certainly should have the full amount which was estimated by the administration to be essential to carry out an adequate program. Therefore, it is my intention to vote for the Pepper amendment. I feel that it would be a great mistake for us at this time to attempt to retrench. As I say, the only effect of a retrenchment would be to bring about a situation in business in the country which might have serious results. That condition was brought about in 1936; and I am convinced that it would happen again.

Aside from the business effects of the curtailment, it seems to me that we owe it to the unemployed citizens of this country, who are suffering from no fault of their own, to afford them relief until business and industry are in a position to furnish them employment.

I do not think any argument can be advanced to justify such curtailment as is proposed by the committee.

I have just received a letter from the Silver Bow Trades and Labor Council, of Butte, Mont., which represents all the trade and labor organizations of Silver Bow County. The letter says:

If Congress does not grant the request of President Roosevelt and appropriate additional money for W. P. A. it will mean that some 1,500 of those who are fortunate enough to be working on W. P. A. at present, in this county, will be laid off. From official sources here I have learned that in this zone, comprising the 5 counties adjacent to Silver Bow, there are already 3,000 cases which are awaiting assignment to W. P. A. Since the recent session of the legislature, the relief officials here have announced that drastic cuts will be made in the meager allotments that have been given these people in the past. In plain language this means that these unfortunate people are being told to starve.

It is easy enough for those in authority to say that the fault lies with our legislature for not providing the money for relief, but that is not the fault of these unfortunate people who are the ones to suffer. If an additional appropriation can be secured for W. P. A., sufficient to take up some of the slack, then what relief funds the State has provided can possibly be stretched to take care of those unemployables whose sole hope of existence depends on the funds available for direct relief.

This morning I received a telegram from a distant point in my State, the coal section at Bear Creek. It reads as follows:

BEAR CREEK, MONT., *April 10, 1939.*

Senator JAMES E. MURRAY,
Washington, D. C.:

Unemployment committee of coal miners of Carbon County are asking you to support the President's plan for W. P. A. increase. There are 335 men working on projects sponsored and there are 315 men ready to be certified who have only worked from 19 to 50 days since 1 year ago last January. Something must be done to feed and clothe these men, their wives, and families.

JOHN BONE,
Chairman, Unemployment Committee.

I have received numerous letters and telegrams on this subject, but I do not wish to burden the Senate at this time by reading them, in corroboration of my statements. It seems to me that no legitimate excuse has been or can be made on the part of the Congress for failing to uphold the W. P. A. program. The amount asked for is the amount which has been agreed to and decided upon by the administration after a most careful and exhaustive study of the national unemployment situation. Curtailments have already been made, but we can go no further in denying men work. We have pared the appropriation down to such an extent that it is essential that we have the additional sum sought if we are to carry out a decent program, one which will accomplish a reasonable measure of relief for the unemployment conditions of the country.

Therefore, Mr. President, it is my intention to support the Pepper amendment.

Mr. SMATHERS. Mr. President, I have just returned from my State of New Jersey. I know from personal contact and observation that the lay-offs that have taken place there in the W. P. A. during the last 2 or 3 weeks and the lay-offs contemplated during the next month are disturbing the people of New Jersey from one end of the State to the other.

All the mayors of the large cities of the State of New Jersey, representing 80 percent of the population of that State, have telegraphed me and requested that I urge the Members of this body to vote the full amount recommended and requested by the W. P. A. to carry the relief burden until July.

Mr. President, only last week thousands of relief recipients in my State were laid off, separated from their jobs, separated from the opportunity of earning food and shelter. Where are they going? There is no expansion of employment in my State. If dismissals from the rolls shall continue, those who are deprived of work will be forced, perhaps, to steal in order to obtain food to keep themselves alive. I submit to the Members of the Senate that it is an unwise and unsound policy to attempt to economize on human misery and human welfare.

We have no sugar-beet problem in New Jersey; we have no cotton problem, no wheat problem, no corn problem, no flood problem; but, Members of the Senate, we do have a serious relief problem. I submit to the Members of this body that we are engaged in small business when we attempt to economize at the expense of the human misery that we will bring about if we continue to force the head of the W. P. A. organization to lay off thousands and tens of thousands and hundreds of thousands of men and women who today are existing solely because of W. P. A. projects; and there is no possibility now for them to go elsewhere and get a job.

So I say without hesitation, Mr. President, that I shall vote for the amendment to restore the full amount of money, and for any additional sums that may be necessary to carry the relief burden in this great country of ours.

Mr. DAVIS. Mr. President, I am thoroughly aware of the need for public work administered in a businesslike and nonpolitical manner. There is less excuse for work relief to be used as the cat's-paw of political partisanship than any other work of the Federal Government, and yet it has suffered more than any other in this way. W. P. A. would not now be under attack had it not been for the partisanship with which it has been administered.

Mr. President, this has been made very clear to me through a questionnaire I have recently submitted to 700 interviewers who conducted the investigation of W. P. A. in Pennsylvania in the last few weeks. In reply to four questions that I submitted to these interviewers I have received hundreds of replies, many of which show the pitiful inadequacy of the review of relief needs that has just been concluded. The interviewers, without being asked to do so, have in scores of instances called my attention to the hasty procedure that has been employed. Not one good word was said of the interviewing done by the interviewers themselves. The consensus of opinion, insofar as I have been able to discover, is that the interviewing was done without any actual investigation of the financial needs and conditions of the certified relief persons on W. P. A. This was quite contrary to the instructions given by Col. F. C. Harrington, who specifically stated:

> The review will consist of the filling out and signing by the worker of a statement concerning his or her family resources and a verification by the Works Progress Administration of the information contained in the worker's statement.

Mr. President, this verification was not made. The review was conducted so hastily as to be a travesty on justice. Thousands of persons have been separated from the W. P. A. rolls because of this review, but Congress has no reason to believe that those who remain on the rolls are any more worthy of public aid than those who were discharged. This must appear unfair to every unbiased observer; and the seeds of civil discord are thus sown through political and governmental failure.

Mr. President, I have never once asked for an investigation of the W. P. A. worker in the lower brackets. I take for granted that when a man wants work and is unemployed he is in need. I do not approve of the means test, and I do not expect to sanction it by asking for a continuation of the sort of interviewing that has been going on in W. P. A. in Pennsylvania during the last few weeks.

Consistently I have asked for an investigation of the administrative personnel of W. P. A. This has consistently been refused and denied. I am still asking for it. These are the people who should have been investigated the last few weeks in Pennsylvania. Their names, addresses, positions, and salaries should be made public as in the case of all other public employees. I am not asking that the names and salaries of the low-salaried workers should be publicized; indeed, I should be much opposed to it.

Mr. President, I hope that the investigation which has been voted by the House will be thoroughgoing and nonpartisan. It is time to get the attention of the public away from the man who needs a work-relief check in order to feed his family and to give the spotlight of public attention to the man who has been politically appointed to a fat salary that he does not need and does not deserve. I shall not think we have done our full duty by the American people until these facts are fully known. Self investigations and reviews of W. P. A. are not enough.

Mr. President, I should have voted for the full $150,000,000 requested by the President when this deficiency appropriation was first before the Senate if provision had been made for a thoroughgoing nonpartisan investigation of W. P. A., such as was set forth in my amendment. My vote for this appropriation has been throughout contingent on a congressional investigation. The House has now voted that such investigation shall be made. That is the only basis on which I would be willing to vote for this appropriation.

Mr. President, without any solicitation on my part, other than the 4 questions I submitted in a questionnaire to 700 interviewers who recently completed a review of eligibility on all projects in Pennsylvania, I have received from large numbers of them statements which I ask to be included in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, the statements referred to by the Senator from Pennsylvania will be printed in the RECORD.

The statements referred to are as follows:

COMMENTS OF INTERVIEWERS

To Whom It May Concern:

Lewisburg: In the field I made two observations that may be of value. (1) We interviewed only about 80 percent of the W. P. A. workers on the respective projects. (2) An interview without some investigation establishes questionable results.

Greensburg: Sorry I cannot give more definite information, but the whole thing was rather mysterious.

Shenandoah: Those persons receiving more than subsistence wage on W. P. A. were indicated as N. R. N. No review necessary. It seems to me the administrative personnel should receive a very thorough revamping because here we have so much that is unsavory, political, and inefficient.

Erie: Just a few facts about the survey or check-up of W. P. A. workers in area 12, Pennsylvania, and which was closed last Friday, March 31, as far as the field work was concerned. It was a whitewash if ever there was one. It covered only the laborers, straw bosses, and a few timekeepers. Did not include supervision or administration. Some of the field investigators through dumbness or design did not get full reports or answers to half the questions. Straw bosses receive $71.50 monthly; timekeepers, $85. They are the only ones receiving that salary who must come from the relief rolls. Hundreds of the reports (605's, I believe they are) were put back in the active files without being checked by the two office investigators appointed to that duty. I say that the W. P. A., if honestly purged, can fire 25,000 in Pennsylvania who have other sources of income and get along on their own. * * * Cut out the politics, cut the salaries to where they belong, lop off the drones and those who have some other source of income and the farmers who made a good living before there was any W. P. A., and every last one of the really needy reliefers can be taken care of for a lot less than the $725,000,000 voted a short time ago. Stick to your guns and stop the wild bulls in our china shop, the United States Treasury. Chase them out. I am an old-line Democrat, and, along with thousands of others of the same, I voted a straight Republican ticket for the first time last November.

Mount Oliver Boro: During the investigation of W. P. A. employees some interviewers completed as many as 150 to 200 interviews a day. This included the time elapsed in traveling to and from the projects. To thoroughly interview this number in 1 day was impossible. Foreign-born citizens were not required to present their citizenship papers to the notaries. This should have been compulsory. Some employees on the supervisory or administrative pay rolls had received leave of absence from State jobs.

Grove City: I suggest that a thorough investigation of the W. P. A. be made from top to bottom. We were asked to rush our interviews so as to complete 40 per day, which meant that most of the time of interview was consumed in getting the names and ages of the members of the family.

Beaver: The nonrelief persons on projects should by all means be interviewed in Beaver County. I have good reasons to believe favoritism is shown to nonrelief foremen who are not qualified and who do not have need for jobs they are holding. Poor management of projects in Beaver County have cost a lot of money and bad public opinion.

Allentown: I secured this position because of my past experience with the department of public assistance, where I worked for a period of 3½ years. It is my opinion that more satisfactory results would have been obtained if the cases had been more thoroughly investigated, according to the department of public assistance policies.

New Enterprise: There is a lot of complaint on the salaries of the foremen and the labor in this district. The foremen in Bedford County receive $140 and up. That is too much difference in wage scale for all they do. The majority of the foremen have property, farms, or some other source of income and I think that men on relief could do their jobs just as well if not better than they do. On one project that I interviewed the men, the foreman had been a taxicab driver, another a hotel keeper, another a politician, others farmers with large farms, milk checks, etc., coming in. Every project had two or more subforemen who did the overseeing of the work while the foreman rode around or "shot the bull."

Aliquippa: My sincere belief is that the W. P. A. needs further investigation even down to the common labor. My reason for stating this is because I recommended further investigation of different persons employed on the W. P. A. and as yet no action has been taken.

North Catasauqua: I have been in relief work practically since its inception in 1933, under the county relief set-up, the S. E. R. B., S. E. R. A., and D. P. A. Surveys and investigations are frequently made of either the W. P. A. or the State relief system to gather information for the Federal or State Governments. Why such investigations give unsatisfactory results is readily understood by field experienced people, but they are never consulted or perhaps such investigations are merely a sham.

Ulysses: In connection with this work let me say I think that when such work is done there should be adequate money appropriated for the work and someone who knows something about the cost and handling same put in charge of arrangements, so that the result is obtainable through competent men, who know investigation work, and compensation is adequate. In this investigation I was paid for 3 weeks work exactly $80.50, and out of that I used my car 1,538 miles at 4 cents per mile, or $61.52 worth of mileage, leaving me $18.98 for my work, out of which I spent $1.90 for telephone calls, or a net of about 75 cents per day for work that should pay not less than $10 per day.

Swissvale: While working as an interviewer, we were asked to work overtime, including evenings, Saturdays, and Sundays. We were told that we would be paid for this time or else counted as being present where we had been laid off. After we completed our work our superiors told us that a ruling was changed in Harrisburg and we could not be paid for this time. I had about 32 hours of this, while some coworkers had as many as 80 hours overtime. All of which is very unfair to the worker, as we not only lost in time but also had extra expenses.

Johnstown: I wish to advise you that should the previous interviewing really been done for the purpose of determining the eligibility of W. P. A. workers, I must admit truthfully that such a procedure did not, cannot, and will not, produce and show the proper results. In my 5½ years of experience in civil, criminal, and commercial investigations, and upon being appointed and fulfilling my duties as an interviewer for the W. P. A., I have for the first time in my life found myself limited insofar as not being able to produce the proper results. Due to the fact that the 605 financial-status sheets were required to be filled in through the questioning of each individual W. P. A. worker, therefore giving such individuals all the opportunity in the world to withhold the true facts concerning their financial status, I dare say that such a procedure has been useless and a waste of time and money.

Eighteenth District, nineteenth ward, Pittsburgh: On February 24 some 60 men were instructed as to the duties we were to perform. It was suggested that each interviewer should be capable of completing 16 to 20 interviews per day. We were further advised that the work would last approximately until the 25th of March. We began work February 27 and completed on the average of 3,000 per day. On the 9th of March the majority of the people employed on the W. P. A. had been interviewed. The speed and haste that these interviews were made, sometimes in groups of 5 interviewers with 10 to 12 W. P. A. employees coralled in 1 office, made it impossible for the interviewers successfully to obtain any pertinent information for which the investigation was proposed.

Wilkinsburg: There were 2 distinct types of interviews of W. P. A. workers. The first interviews were made mostly on the projects where each interviewer was asked the questions of W. P. A. for No. 605. We were to make our recommendations and turn these forms over to our supervisors. Those who were not on the projects were sent letters to come into the office and be interviewed. No questions answered on these interviews were verified. When all of these forms were completed, 1,000 of these forms were pulled from the files according to W. P. A. district distribution. Of these 1,000 people we were required to make home visits and see documents, tax statements, rent receipts, former employment identification numbers, etc. Later we were to verify all information pertaining to expenses and employment. We either sent forms to former employers or visited the former employers of all members of the family to verify unemployment. We made our recommendations and turned our reports over to the supervisors. We were instructed not to interview people making $100 or over per month.

Hillsville: It was generally accepted that this investigation did not amount to very much for the following reasons: (1) You may recall after the November election there was a period into December when W. P. A. discharges totaled into the 40,000's per week. The W. P. A. house was pretty well cleaned by February 1939. (2) The greatest complaint is against the nonrelief worker on W. P. A., who makes the most money and usually has other income of considerable amount in his family group. This group was not interviewed. (3) The repeated investigations that W. P. A. workers have had to go through since first applying for assistance is not conducive to truthfulness. Their biggest job is to keep their story consistent. There is a tendency to value a dollar in the hand a great deal higher than truthfulness if a fabrication will get them more dollars.

Altoona: This investigation was a whitewash. Mr. ——— insinuated that we interviewers were not to poke into anyone's business, and even if we knew things were not true, we should accept the statements made in completing the W. P. A. form 605.

Bethlehem: I interviewed 2½ years in the Pennsylvania State Employment Service. Never in that time did I see or hear of anything so ridiculous. We defeated the purpose of this investigation.

Tyrone: I hope that you will pardon my expressing my views on the subject, but I feel the work I did was worthless and a waste of money and time. I feel that we did not get the true facts, because they were not desired. I protest that I was not given time to make a complete interview and that in many cases true facts were being withheld. We were told that "their statements as to resources are sufficient." Many men whom I interviewed have income other than W. P. A. earnings. A thorough check-up would have revealed some startling facts.

Bradford: This investigation was conducted so hastily and sketchily that I doubt if it has much value.

Glassport: I have been personally connected with the W. P. A. ever since its inception, working as general foreman, superintendent, and project supervising engineer. Beginning with the primary election last spring, politics became the dominating force of W. P. A. in Allegheny County, and between this time and the general election in November it was disgracefully deplorable. Every project pay roll was loaded up with more than three times the supervision actually needed. Pay-roll macing was terrible. My superior was dismissed, because he opposed this. I was dismissed also, because I did not take any active part in their dirty politics, administrative waste, or ticket selling to the workers. I am so opposed to the policies of the administration for the past year I am actually ashamed to admit I am a Democrat. I would suggest a thorough investigation of the financial resources, past experience, and qualifications of the administrative personnel and project supervisors making $100 and over per month. Politics is supposed to be out of W. P. A. now, and the officials back up this claim by forcing party chairmen, committeemen, etc., to give up these offices or resign from W. P. A. If they are sincere regarding politics, why not issue the same orders to persons elected to offices such as councilmen, commissioners, etc., who are working on W. P. A. and are the real politicians?

Sharon: I have checked over cases where the incomes, exclusive of W. P. A. wages, has been as high in some cases as $321 a month, $260 a month, and so on.

Butler: When I received the appointment to serve as an interviewer on W. P. A. employees I was very much pleased, as I had not had any work since September 1937, and as I had served in this same capacity during the early part of 1937 I was very familiar with the work. * * * The only fault I had then as recently was that very few of the so-called nonrelief workers were interviewed, and if the job was done properly there should not be this elimination of interviewing nonrelief, as there are as many, if not more, of them with other sources of income than among the relief workers.

Norristown: I found that the W. P. A. department was quite inefficient and that the employment division has been making no effort to verify the workers' financial status.

York: The entire survey was most unsatisfactory. I suggest a close reading of all records taken during interviewing.

Mr. GUFFEY. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to his colleague?

Mr. DAVIS. I yield.

Mr. GUFFEY. Can the senior Senator from Pennsylvania tell us whether he offered an amendment for an investigation, and, if so, where it may be found, when the Senate had under discussion the relief appropriation measure? When the Senator voted to reduce the appropriation from $875,000,000 to $725,000,000 did he offer an amendment for an investigation at that time?

Mr. DAVIS. I did.

Mr. GUFFEY. Where in the RECORD is the amendment the Senator offered at that time?

Mr. DAVIS. If my colleague will look in the RECORD—I have forgotten the page, but it was some time last January—he will find the amendment there.

Mr. GUFFEY. It was not offered on the floor, was it?

Mr. DAVIS. I will locate the amendment in the RECORD, and ask unanimous consent now to have it placed in the RECORD.

Mr. GUFFEY. If the Senator offered an amendment, it should be in the RECORD.

Mr. DAVIS. In order that my colleague may be informed, I ask unanimous consent that the amendment be printed in the RECORD at this point.

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

The amendment is as follows:

[From CONGRESSIONAL RECORD of Jan. 28, 1939, p. 945]

Mr. DAVIS. Mr. President, I send to the desk an amendment, which I ask to have stated.

* * * * * * *

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

The LEGISLATIVE CLERK. At the end of the joint resolution it is proposed to insert the following new section:

"SEC. 8. That there is hereby appropriated to the Works Progress Administration, out of any money in the Treasury not otherwise appropriated, and in addition to any other sum appropriated in this joint resolution, the sum of $150,000,000, but such sum of $150,000,000 shall not be paid out of the Treasury unless and until there is filed with the Secretary of the Treasury, by the special committee hereinafter provided for, a certificate certifying that in the opinion of the committee (1) a full and complete investigation has been made, under the supervision of such committee, of the abuses which have occurred at any time in the administration of the Works Progress Administration; (2) there have been removed from the rolls of the Works Progress Administration the names of all persons who are not eligible for, and entitled to, employment by the Works Progress Administration; and (3) the expenditure of such additional sum is necessary in order to provide adequate work relief and relief: *Provided further*, That such investigation shall include, but shall not be limited to, an investigation of any alleged instances of (1) pernicious political activity by any person whose compensation or any part thereof has been paid from funds appropriated or allocated to the Works Progress Administration; (2) granting employment with such funds to persons who were not eligible for and entitled thereto; (3) refusal, because of any partisan political or any personal reasons, to grant employment with such funds to persons who were eligible for and entitled thereto; and (4) padding of the relief rolls with the names of relatives, personal friends, or political allies of any employee of the Works Progress Administration or any other person: *Provided further*, That the President is hereby authorized to appoint, with the advice and consent of the Senate, five persons (not more than three of whom shall be members of the same political party), who shall compose the membership of the special committee heretofore referred to and who shall serve without compensation, other than reimbusement for necessary traveling expenses incurred by them in the performance of their duties as members of such committee: *Provided further*, That for the purpose of conducting such investigation the special committee is authorized to expend not in excess of $250,000 of the sum of $725,000,000 appropriated by this joint resolution, and for the purpose of conducting such investigation may employ and fix the compensation of such persons as it may deem necessary, and may accept, from States and political subdivisions thereof and from private individuals, contributions of funds and uncompensated services: *Provided further*, That the investigation in each State shall be carried on under the supervision of a board to be composed of five nonpartisan residents of such State, and the investigation to be carried on in any political subdivision of such State which the committee may designate as a unit for the purposes of such investigation shall be carried on under the supervision of a board to be composed of five nonpartisan residents of such political subdivision: *Provided further*, That the members of any such board for any State or political subdivision thereof shall be appointed by the committee from two lists of 10 eligible persons, one of which shall be submitted to such committee by each of the Members of the Senate from such State, but not more than 3 persons shall be selected from the list submitted by any such Senator: *Provided further*, That no officer or employee of the United States, a State, or a political subdivision of a State shall be appointed to, or serve on, any such board: *Provided further*, That the members of such boards shall receive no compensation for their services other than reimbursement for traveling expenses incurred by them in the performance of their duties as members of such boards: *Provided further*, That the special committee shall make a report to Congress not later than January 1, 1940, with respect to the investigation herein provided for."

The vote rejecting this amendment appears on page 948 of the RECORD of January 28, 1939.

Mr. SCHWARTZ. Mr. President, I shall not at this late date take much of the Senate's time on the pending measure. I speak in behalf of the amendment offered by the Senator from Florida [Mr. PEPPER]. The distinguished minority leader [Mr. MCNARY] the other day, in his anxiety to get an early vote—which we all desire—said that everything had been said that could be said upon this subject. It reminded me of an observation made by a man by the name of Solomon some four or five thousand years ago that there was nothing new under the sun. So it may be that the few remarks I will make today will not add anything new, but it will at least afford me satisfaction—and I hope satisfaction to the people who sent me here—for me to give some reasons why I am supporting the amendment offered by the Senator from Florida. It happens that in the State of Wyoming, as I said the other day, we are more fortunate than are the people of some other States. We have a total of only about 4,500 persons on the W. P. A. rolls in that great State, and we have only about five or six thousand on the waiting list. Of course, we have a larger number of unemployed who, by reason of their unemployment, have not yet been reduced to the state of poverty which requires them to go on the relief rolls.

I want to say by way of preliminary, Mr. President, that under the Constitution it is the duty of the President of the United States to make recommendations, and under that instrument it is the duty of the Congress to pass upon the recommendations of the President. I take the position that in acting on this matter today each individual Senator is proceeding according to his best lights.

The President, in performing his function, and Colonel Harrington, who was particularly charged with ascertaining and knowing the facts that are material to the amendment offered by the Senator from Florida, have stated that $150,000,000 is necessary, and they have submitted the facts upon which that statement is predicated. The testimony of Colonel Harrington and the question itself came before the Committee on Appropriations, and they gave the matter earnest consideration, and up and down through the membership they came to different conclusions; so finally, as a sort of a balancing average, they said they would accept a certain amount, and they would recommend that amount to the Senate.

As to the testimony of Colonel Harrington and as to the position of the President, I desire to say that at least after mature consideration they are agreed upon what is necessary. On the other hand, apparently the Senate Committee on Appropriations was never able to agree what, in the judgment of individual Senators on the committee, was necessary. On the other hand, I further concede that they did the best they could. Some of them, though desiring not to do anything, agreed to an amount less than $150,000,000. Some of them who wished to appropriate $100,000,000 voted for $100,000,000. Some of them who thought $150,000,000 was necessary permitted their lances to trail in the dust and abandoned their position and, out of expediency, agreed to the smaller amount.

Another thing that we have been informed of is that one of the reasons which induced Members to support the smaller amount, although they believed that $150,000,000 was necessary, was that some "Caesar" over in the House had been feeding on the kind of meat which enabled him to say to the Senate of the United States, "If you do not accept $100,000,000 we will give you less, and if you put in the amount of $150,000,000, we will never agree to it." As one Senator, I should like to have $150,000,000 appropriated, first because it is necessary and for other reasons, and finally because I should like to see the joint resolution go back to the House carrying $150,000,000 under such circumstances—and that would be the case—that a roll call would be necessary; and I should like to see the persons smoked out who want to tell the Senate what to do, and let them declare whether or not they are going to vote for what they believe their constituents, who sent them here, think is necessary.

That is one of the reasons why I should like to see $150,000,000 appropriated.

We on each side of this question are in general agreement on some matters. We are in general agreement as to how many unemployed there are in the United States, namely,

from 10,000,000 to 12,000,000. We are in approximate agreement as to the number who are now on W. P. A., and we are in general agreement as to the number who are certified and eligible to go on relief. I think those of us who have given any thought to the question are in agreement on how many young people, the youth of America, will come out of the high schools and the colleges this year and look for jobs. They will come out of these institutions filled with high hopes because of what they have been told about this glorious country of ours, and about the Bill of Rights, and about the right to seek for happiness. Some of them will get jobs; some of them will not. We ought also to be in some measurable agreement on the number of unemployed who are not yet either on relief or on the eligible list.

This is not a political question. It does not depend upon what the Republicans did when they were in power, nor does it depend upon what we do now and what we have done since the Democrats came into power; but the list of unemployed is increasing. I can give you an example that I know about in my own city, a case in which in 1935 a man with a wife and two children had about $1,000 in the bank and $2,500 of life insurance and a substantial equity in a home. Little by little, in order to take care of the man's family, the $1,000 vanished; and then he was unable to pay the premiums on his life insurance, and that vanished; and then he lost his home. The final tragedy is that this man is 45 years of age and thereby barred from a new job.

The Washington Post the other day said that those who are unemployed should make more strenuous efforts to find jobs.

Mr. LUCAS. Mr. President——

Mr. SCHWARTZ. I yield to the Senator from Illinois.

Mr. LUCAS. I should like for just a moment to recur to a remark which was made by the distinguished Senator from Wyoming when he said that one of his compelling reasons for favoring an appropriation of $150,000,000 was to send the joint resolution back to the House for the purpose of "smoking out" the Members over there and compelling them to get "on the line" so far as a record vote is concerned. I should like to inquire of the able Senator if that is the primary reason why the Senator from Wyoming would like to see the amendment adopted?

Mr. SCHWARTZ. No; I want to get the Members of the other House "on the line," because then, and by that process, we shall get the $150,000,000 which is necessary.

Mr. LUCAS. I desire in conclusion to say that I have just graduated from the House of Representatives and am now serving my first term in the Senate.

Mr. SCHWARTZ. I appreciate how unwise it is to attack an organization to any member of that organization, because he must come to its defense.

Mr. LUCAS. And I cannot let the opportunity pass without saying to the Senator that I think the Members of the House are just as courageous as are the Members of the Senate.

Mr. SCHWARTZ. In time, when we have further exhibitions of the sort of thing that has recently taken place, I hope the Senator may change his mind. I am not criticizing the House. I am just taking the position that quite often men in Congress vote one way on a particular question, and if perchance it comes up again, and there is a roll call, they vote the other way.

Mr. LUCAS. I presume that is true; I have no doubt the Senator is correct; but I think human nature is just about the same whether an individual serves in the Senate or whether he serves in the House of Representatives. As a Member of the House of Representatives for two terms, I rise in defense of the House, and say that as a Member of that body I have met some of the most intelligent, some of the most courageous, and some of the most patriotic individuals who are serving in either body of the Congress at the present time.

Mr. SCHWARTZ. I agree with the Senator. Some of them are over there yet. Most of them have been sent over here. [Laughter.]

My position on this matter is not taken merely out of a desire to have the House have a roll call to find out what is really needed. I hope also that the Senate will have a roll call on this amendment, and thereby we shall find out what our respective Senators believe that our people want.

Mr. LUCAS. I appreciate the interest the Senator from Wyoming has in this particular problem, which is a vital one to the country; but since I have been a Member of the Senate I have observed that at times bills are gaveled through here without a roll call, including some important ones. I thing it unfair for a Member of the Senate to challenge or impugn the motives of the other legislative body.

Mr. SCHWARTZ. That is because of the perfection with which our committees do their work before the bills come to the Senate; and quite often there is no necessity for a roll call.

A moment ago, when I was interrupted, I was saying that the other day the Washington Post, than whom there is no "than-whomer" when it comes to being critical of this administration and of the W. P. A., said that it was the duty of members of the W. P. A. to be more diligent in seeking employment.

Mr. President, in the first place the law provides that if employment is available and is offered to a W. P. A. worker, and he does not accept it, he thereby goes off the W. P. A. rolls. Furthermore, there are ten or twelve million people out of employment; and it will not do any good for anyone to point a finger of scorn at them, because they are the ordinary, everyday brand of American citizens. They have their ambitions. They have their families. Some of them did have some little property. They are really seeking work. If anybody thinks those employed on the W. P. A. are shirking, and he has ten or twelve million jobs in his pocket, I should be glad to have him come forward, and I assure him that I will see that he will get ten or twelve million men to go and take those particular jobs. We are up against a condition and not a theory, and it takes two persons to create a job. There has to be one who wants to hire someone else, and one who wants to work.

A moment ago I said that one of the reasons why I was talking now was because I wanted to let my people know why I shall vote for this additional appropriation; and that is peculiarly appropriate to me, because in my State there is not the pressing need for W. P. A. employment that there is nationally. On that basis I say now that, in my opinion, this is a national problem. Our labor today, largely for great corporations and other industries, even our agriculture, is Nation-wide. It has no relation to State lines, and it is well and meet, to my mind, that the National Government, to the extent that is necessary, supply the funds to carry on relief work for the unemployed.

I have noticed, not in the Senate but in the newspapers and in other places, that there are a great many people who give much lip service to the unemployed and to W. P. A., but they always have a "but"; and some of them are largely "but."

Mr. President, one of the things that is said is that the administration of relief is very expensive. No one has come forward with any proof except with the bare assertion, unsupported by any testimony, that the administrative expenses of this great relief program amount to more than 3½ percent of the appropriation. If there is any other organization in the United States which approximates an efficient method of cooperation comparable with the relief-work organization, which can show less than 3½ percent of expenditures in carrying on its work, I should like to have it pointed out to me.

We also hear much about politics in relief, and some Senators whose States were unfortunate enough to elect Republican Governors in 1938 have suddenly found a new enthusiasm to have the work turned over to State administrations, the Government, of course, supplying most of the money. I think that anyone who has had any relationship with politics or knows anything about politics is aware of the fact that if we want to get politics into W. P. A. we should turn it over to the States, and if we want to get more politics in W. P. A. we should turn it over to the counties, to the

county commissioners, to an organization where every man knows every other man, and where the politicians in the county know who is who and who has the votes. At least under the national organization there is not that personal contact down the line. So I wish to repudiate and deny the statement that politics is more prevalent in the W. P. A. than it is in any other of our political or economic organizations.

There are many men in the W. P. A., there are thousands in the administrative part of it, and I venture to say that not as many W. P. A. men, in proportion, have been indicted, much less convicted—with one or two exceptions of men charged with minor offenses—not as many in proportion as the number of Federal judges in the United States, or of any other class of citizens in the United States indicted or convicted of fraud or other crime. So I have little sympathy for men who try to justify their opposition to W. P. A. upon the ground that there is a great deal of politics or corruption in that organization.

Of course, we must have economy, we all agree as to that; but it is not economy, in my opinion, to cut down an appropriation and to increase the number of those on the rolls of the unemployed and the uncared for.

Some newspapers say that we must of necessity reduce the number on relief. We must thereby increase the number of those unemployed throughout the United States. I am not at all deceived by the attitude of at least some of the great dailies. Apparently they want to see the number of unemployed increased at this time, because if a sufficient number of them are put on the rolls of the idle, if a sufficient number are allowed to go hungry, if a sufficient number of them and their wives and children are ill-clothed, ill-housed, and ill-fed, it will be possible to break down the wage scale in the United States, and there are many economists and near economists who hope that that will happen, because they think that the way to recovery is to cut down the wage scale of the United States. That is one of the things I hope will not happen, and that is one of the reasons why I should like to see the $150,000,000 amendment agreed to.

Mr. President, I had intended to quote a letter I read a few days ago—and I think possibly every other Member of the Senate has read it—but I will not quote it in full. It was written by a man by the name of Matthew, and it came to my mind in view of the fact that just 2 days ago we were commemorating throughout the United States the risen Christ. This man Matthew, in his letter—and it will be found in the twenty-fifth chapter of his letters, beginning with verse 31—quotes verbatim that which he heard from the lips of the Master. That was at a time when all the nations of the earth had been gathered together in the final judgment, and the King in His glory separated them, some on the right and some on the left, and to those on the right He said:

> I was an hungered, and ye gave Me meat: I was thirsty and ye gave Me drink: I was a stranger, and ye took Me in: Naked, and ye clothed Me: I was sick, and ye visited Me: I was in prison, and ye came unto Me.
>
> Then shall the righteous answer him, saying, Lord, when saw we Thee an hungered, and fed Thee? or thirsty, and gave Thee drink? When saw we Thee a stranger, and took Thee in? or naked, and clothed Thee? Or when saw we Thee sick, or in prison, and came unto Thee? And the King shall answer and say unto them, Verily I say unto you, Inasmuch as ye have done it unto one of the least of these My brethren, you have done it unto me.

Then He passed judgment on those on the left, but I will pass that. Unto them He said:

> I was an hungered and ye gave Me no meat: I was thirsty and ye gave Me no drink: I was a stranger, and ye took Me not in: naked, and ye clothed Me not: sick, and in prison, and ye visited Me not. Then shall they also answer Him, saying, Lord, when saw we Thee an hungered, or athirst, or a stranger, or naked, or sick, or in prison, and did not minister unto Thee? Then shall He answer them, saying, Verily I say unto you, Inasmuch as ye did it not to one of the least of these, ye did it not to Me.

So He passed judgment on them. Although we listen daily to prayers, and though we bow our heads in our faith, and though we go to our respective churches and listen to fine sermons, where the light comes in through colored glass, and all is peace and quiet, and there is the peal of the organ, I dare say I will not be out of order in reminding my colleagues of what Matthew tells us he heard the Lord Himself say.

On that basis, finally, I say, let us feed the hungry, clothe the naked, take care of those who are sick.

Mr. President, I desire to present a few telegrams for the RECORD. One is from the vice president of Labor's Non-Partisan League. One is from the secretary of the Congress of Industrial Organizations. One is from the Board of County Commissioners of Natrona County, Wyo., which happens to be the largest county in my State. One is from the Organized Laborers Central Legislative Committee of Central Wyoming, by Verne Mason, secretary, which organization comprises members of both the C. I. O. and the American Federation of Labor. One is from the local union of the American Federation of Musicians of Casper, Wyo., which organization is an affiliate of the American Federation of Labor. One is from another similar organization. All these are in favor of the pending amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wyoming that the telegrams to which he has referred be printed in the RECORD?

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

WASHINGTON, D. C., *April 6, 1939.*

Senator HARRY H. SCHWARTZ,
Senate Office Building, Washington, D. C.:

Proposal to reduce President's recommendation to W. P. A. to $100,000,000 must cause tragic increases in sufferings to American unemployed. This question is far above partisan politics or factional deals. Entire amount requested by President will at best be inadequate. Labor's Nonpartisan League urges that you support movement to authorize $150,000,000 appropriation.

ELI L. OLIVER,
Executive Vice President, Labor's Nonpartisan League.

CONGRESS OF INDUSTRIAL ORGANIZATIONS,
1196 CONNECTICUT AVENUE NW.,
Washington, D. C., March 20, 1939.

DEAR SIR: As chairman of the committee on unemployment of the Congress of Industrial Organizations, I would like to convey to you the C. I. O.'s conviction that it is of great importance to the Nation that at least $150,000,000 additional be appropriated for the W. P. A. for the current fiscal year.

It is hard to conceive of the cutting of such an amount from any other of the nonadministrative Federal expenditures which would wreak so much havoc on the country. No other cut in such expenditures, we believe, would damage so many people, adversely affect so many businesses, and cause such a blow to the morale of our people.

Sincerely yours,

JAMES B. CAREY,
Secretary, Congress of Industrial Organizations.

Resolution

Whereas because of the unprecedented unemployment existing in the United States and the absolute necessity of the Government to make some suitable provision to adequately take care of the unemployed: Now, therefore, be it

Resolved by the Board of the County Commissioners of Natrona County, Wyo., That the Congress of the United States appropriate a sufficient sum of money to continue the operation of W. P. A. until June 30, 1939; and be it further

Resolved, That a copy of this resolution be forwarded to the Wyoming congressional delegation and to the Governor of the State of Wyoming.

Dated at Casper, Natrona County, Wyo., this 3d day of January 1939.

CASPER, WYO., *January 20, 1939.*

Hon. HARRY H. SCHWARTZ,
Senate Building, Washington, D. C:

Our committee in regular session unanimously approve and urge the passage of the President's W. P. A. program of $875,000,000. This committee represents approximately 5,000 organized workers, central Wyoming.

ORGANIZED LABORERS CENTRAL LEGISLATIVE
COMMITTEE OF CENTRAL WYOMING,
VERNE MASON, *Secretary.*

CASPER, WYO., *January 11, 1939.*

Senator H. H. SCHWARTZ,
Washington, D. C.:

Inasmuch as the musical profession has been greatly crippled by mechanization, and musicians, by nature of their profession,

have great difficulty in finding work in other fields, this local urges you to vote against a reduction in the appropriations for the unemployed. Our members over the United States have been greatly benefited by W. P. A., and we hope this means of relief will not be denied them.

MILO A. BRIGGS,
President, Local No. 381, American Federation of Musicians.

ROCK SPRINGS, WYO., *January 18, 1939.*

Hon. HARRY H. SCHWARTZ,
United States Senate Building:

At regular meeting of Local Union No. 2174, United Mine Workers of America, a membership of 300, urging you to support relief bill asked by President Roosevelt.

ROY SATHER, *President.*
MARTIN J. STRUMAN, *Secretary, 1305 Lowell Street.*

The PRESIDING OFFICER. The queston is on agreeing to the amendment offered by the Senator from Florida [Mr. PEPPER].

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Danaher	Johnson, Calif.	Radcliffe
Andrews	Davis	Johnson, Colo.	Reed
Ashurst	Donahey	King	Reynolds
Austin	Downey	La Follette	Russell
Bailey	Ellender	Lee	Schwartz
Bankhead	Frazier	Lodge	Schwellenbach
Barbour	George	Logan	Shipstead
Barkley	Gerry	Lucas	Smathers
Bilbo	Gibson	Lundeen	Smith
Bone	Gillette	McCarran	Stewart
Borah	Glass	McKellar	Taft
Bridges	Green	McNary	Thomas, Okla.
Brown	Guffey	Maloney	Thomas, Utah
Bulow	Gurney	Mead	Townsend
Burke	Harrison	Minton	Truman
Byrd	Hatch	Murray	Tydings
Byrnes	Hayden	Neely	Vandenberg
Capper	Herring	Norris	Wagner
Caraway	Hill	Nye	Walsh
Clark, Idaho	Holman	Overton	Wheeler
Clark, Mo.	Holt	Pepper	White
Connally	Hughes	Pittman	Wiley

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

The question is on the amendment of the Senator from Florida [Mr. PEPPER].

Mr. ADAMS. Mr. President, this subject suggests first to me the question of the Senate's support and the Senate's approval of the unanimous report of its Committee on Appropriations. The Committee on Appropriations of the Senate, made up of men from both parties, containing men of differing views, has studied the problem submitted to it with care, the committee has had the benefit of the hearings in the House, of the decision in the House, and the committee came to a conclusion which it thinks is for the welfare and the benefit of the country.

The members of the committee are criticized because their differing views have not been held to stubbornly, and because we did not bring in 24 separate reports, as no 2 men agree absolutely; but men interested in relief, interested in their country, after conference, after discussion, differing as they do, have agreed upon this matter, and it seems to me that that agreement is entitled to more than consideration—I think it is entitled to the support of the Senate.

Senators upon the Appropriations Committee are criticized by some directly and by others indirectly for lack of sympathy for the unfortunate, for lack of consideration for the needy. I say to those who make such criticism or infer it that the members of the Committee on Appropriations are no less interested in the unfortunate of this land than are those who criticize them. As a matter of fact, in my judgment, the action of the Committee on Appropriations has its impulse more closely to the heartbeats of citizens interested in the unfortunate than is the case, perhaps, of some others who criticize. I am not going to argue that point.

I ask, Mr. President, that the report of the committee be placed in the RECORD as part of my remarks at this point.

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

The report (No. 250) is as follows:

The Committee on Appropriations, to whom was referred the joint resolution (H. J. Res. 246) entitled "Joint resolution making a further additional appropriation for work relief and relief for the fiscal year ending June 30, 1939," report the measure with a favorable recommendation for its early consideration and passage by the Senate.

This resolution grows out of the President's message of March 4, 1939 (H. Doc. 205), wherein he urges the appropriation of the sum of $150,000,000 in addition to the sum of $725,000,000 appropriated by House Joint Resolution 83 of February 4, 1939, in order to provide the sum of $875,000,000 in the aggregate in addition to the sum appropriated in the preceding Congress.

The original recommendation contemplated providing work relief for the 5-month period February 1 to June 30, 1939, by months, as follows:

February	$3,000,000
March	3,000,000
April	2,875,000
May	2,775,000
June	2,700,000

The committee recommends an additional appropriation of $100,000,000, instead of $150,000,000, and believes that such lesser additional amount will be adequate to provide work relief for the numbers embraced by the original recommendation except as they have been reduced since such original recommendation was made in consequence of law.

Public Resolution No. 1, approved February 4, 1939, contains among others, the following two provisions:

(a) That the Administrator shall immediately cause to be made an investigation of the rolls of relief employees on work projects and eliminate from such rolls those not in actual need.

(b) No alien shall be given employment or continued in employment on any project prosecuted under the appropriations contained in the Emergency Relief Appropriation Act of 1938 or this joint resolution.

Under the first of those two provisions, the investigation ordered to be made was launched upon on February 10, 1939, and was scheduled for completion on March 25, 1939. As it has progressed, persons on the rolls found not to be in actual need have been removed.

Under subdivision (a) there have been already removed from the rolls 36,840 names and it is estimated that the aggregate number to be removed under this provision will not be less than 60,000.

Under subdivision (b) there have been removed from the rolls aliens to the number of 45,259.

The total already removed under these two provisions is, therefore, 82,099.

The original recommendation of the President for an appropriation of $875,000,000 did not contemplate these removals.

The number already removed from the rolls represents a saving at an average per capita cost of each W. P. A. worker of $61 per month of $5,007,939 per month, or a total from April 1 to June 30, 1939, of $15,023,817.

When the full number of 60,000 are dropped from the rolls as not in actual need, the monthly saving will be $6,420,799.

The following is a tabulation of the number proposed to be on the relief rolls and the cost in accordance with figures given the House Committee on Appropriations and computed at the monthly cost of $61 per person.

	Average employment	Cost
April	2,875,000	$175,375,000
May	2,775,000	169,275,000
June	2,700,000	164,700,000
Apr. 1 to June 30, 1939, total cost		509,350,000
Mar. 20 to Apr. 1	3,000,000	61,000,000
Total cost		570,350,000

The last above figure represents the total amount necessary to carry all expenses of the W. P. A. administration from March 20 to April 1. Colonel Harrington testified before the Senate committee that on March 20 the unexpended balance of the W. P. A. was approximately $583,000,000. He further testified that on March 20 the unobligated balance of the W. P. A. was $476,344,724. This leaves obligated an amount of $111,655,276. It is estimated by Colonel Harrington that at least one-half of this obligated amount will be applied to the payment of wages, materials, and overhead to be earned or consumed subsequent to March 20. Adding one-half of this obligated amount to the unobligated balance leaves available for the payment of W. P. A. costs, from March 20 to June 30, 1939, $532,172,412. This would leave the amount of the additional appropriation necessary to carry the total W. P. A. cost up to June 30, 1939, as $38,177,588.

The figures of the Treasury Department show the unexpended balance of W. P. A. funds on March 20, 1939, to be $572,795,186.65. But if the figures for obligated and unobligated funds as given by Colonel Harrington are not changed the amount required to be appropriated to carry forth the program originally

outlined under the $875,000,000 appropriation would not be altered by this change in the estimate of unexpended balance.

Colonel Harrington has stated that his estimates for the necessity of the $875,000,000 included an allowance of approximately $45,000,000 for the purpose of paying for services rendered, material consumed, and overhead after the end of the fiscal year on June 30, 1939; he insists that such a provision is necessary to insure orderly continuity of the W. P. A. program. While the committee does not concede this a necessity, in view of the fact that relief appropriations for the next fiscal year will be made before June 30, 1939, nevertheless acquiesced in this desire. The committee, therefore, is not only providing the amount necessary to pay for all work and materials to be rendered and consumed prior to June 30, 1939, according to the program submitted with the original request for $875,000,000 but is adding thereto the sum of approximately $55,000,000, which it is intended and expected will not be spent until the beginning of the next fiscal year and then only for materials consumed and labor rendered during such fiscal year.

The report of the Appropriations Committee of the House contains information and computations which are interesting and which support the position taken in the report.

Mr. ADAMS. The report gives a summarized statement of facts.

I have spoken so far briefly as a representative of the Committee on Appropriations. I now wish to say a few words on my own responsibility. The Committee on Appropriations is not responsible for what I am about to say. I will state that a very great majority of the members of the committee agree with what I am about to say, but the things I have to say are said on my own account. I think no Senator has given more time and more thought to the relief problems than have I. My conclusions may be wrong, my reasoning may have been wrong, but I am bringing to the Senate, as I have in the past, an honest, genuine judgment, uninfluenced by personal consequences.

It was my judgment when the relief measure was before the Senate in February that the $725,000,000 then appropriated would be adequate to meet the deserved needs of the country. The Senate by a narrow margin and the House by a larger margin concurred. I thought that, with efficient administration, with administration cooperative with the Congress, $725,000,000 would have been adequate. I now think that by reason of an administration not cooperative with the Congress it is advisable to appropriate more money.

Colonel Harrington, the Administrator, is a gentleman; he is a good soldier. I am inclined to think that he has added to the old maxim that "All is fair in love and war" the word "relief." But Colonel Harrington has a rather poor opinion of Congress. I have a better opinion, perhaps, of Colonel Harrington than he has of the Congress. The Congress when it appropriated the $725,000,000 said that it believed economy should be practiced so far as is consistent with due consideration for the unfortunate and the needy.

We were told that if only the $725,000,000 was appropriated we would have tragically drastic cuts in the rolls. In the wintertime we were asked to look out of the windows and see the snow; picture thousands and hundreds of thousands thrown out into the snow. The Senate guarded against that by saying, "You shall not reduce the rolls more than 5 percent during the wintertime." We did anticipate that normal reductions from voluntary withdrawals would continue. We had reason to expect that there would be some reductions in the rolls. Politely, but definitely, the good colonel has defied Congress. The colonel knows the purpose of the Congress, but he has declined to follow the will of Congress expressed in its appropriation measure.

I do not mean to say that there is anything unusual in the head of a department having a poor opinion of Congress. Most Senators know that it is a bureaucratic tendency when a bureau has been created and money has been appropriated to operate the bureau, that the Congress no longer is regarded with any particular esteem by the man at the head of the bureau. One of the finest Senators who ever sat in this body, who departed the world some years ago, said to me: "I have been here many years. I am just learning when I get down to the sixteenth assistant secretary of some department to take off my shoes and kowtow at the entrance and ask if I may not submit to him something on behalf of my constituents." So I am not surprised at Colonel Harrington having a poor regard for Congress, and I do not criticize him for it. It is the custom of the place.

What are the facts with respect to the situation? In order to assure that there would be a reduction in the rolls to protect the country, its taxpayers, and those who bear the burdens, we put in the bill that all aliens should be taken off of the rolls by the 5th of March. There was nothing new in that. The bill we passed the previous year and last June all provided for an order of preference. In order to get on the relief rolls the ex-service men had the first preference, next citizens of the United States, and, third, aliens lawfully in the United States who had first papers in good standing.

We are told that there has always been a waiting list of some 750,000, largely composed of citizens. Therefore, there has never been a day when the Works Progress Administration was justified in putting a single alien on the rolls. Under the provision to which I have referred 45,500 aliens have been dropped from the rolls. They had been on the rolls for Lord knows how long. In addition, we provided that there should be an investigation of the eligibility of those on the rolls, and that those not in actual need should be dropped. That was nothing new. The W. P. A. has no right to use money appropriated for relief for those not in need; and the statutes have so declared; but the Senate put those amendments in so as to make clear the policy of Congress. Under the provision referred to 36,840 were taken off the rolls at the time of our hearings, because they were on the rolls without any right or eligibility to be there, upon the ground of need. Colonel Harrington said to us that at least 60,000, in the aggregate, would be dropped because they were not in need.

In other words, aliens and those not in need to the number of 105,000 have been on the rolls for a long time. What has that situation cost the taxpayers? What has it taken from the relief funds? It has taken more than $6,000,000 a month, or more than $78,000,000 a year. We have been spending more than $78,000,000 a year for two classes who had no right to be on the rolls. So I say that a more efficient and more cooperative administration would have conducted the affairs of the W. P. A. in such a way that smaller appropriations would have been required.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Colorado yield to the Senator from South Carolina?

Mr. ADAMS. I yield.

Mr. SMITH. In spite of the fact that 100,000 aliens and those not qualified to be on the rolls have been dropped, has the Senator any proof that the work along that line has been completed? Does he have assurance that those now on the rolls are entitled to be there?

Mr. ADAMS. I accept the statements of the W. P. A. as accurate. The argument I am seeking to make is based upon the testimony of Colonel Harrington. I am not going beyond that. Accepting his own facts, I reach a different conclusion. I do not myself accept him as an authority. I am accepting him as a premise for my argument. When we passed the $725,000,000 appropriation, there were fewer than 3,000,000 on the rolls. We passed the bill on the 4th of February, and it was approved by the President. On that date there were on the rolls 2,965,000 individuals. In view of the apprehension expressed some of us thought that if we did not vote the larger sum we had every reason to expect that at least voluntary withdrawals would stand without replacement, and the rolls would gradually go down.

What happened? Between the 11th of February and the 25th of February, a period of just 2 weeks, the rolls were increased by 78,000. In my judgment that is not evidence of a cooperative administration. Mind you, there had been taken off the rolls 82,000, consisting of aliens and those not in need; and in spite of taking off 82,000, the rolls were increased 78,000 above where they were on the 11th of February.

Mr. LUCAS and Mr. MINTON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield; and if so, to whom?

Mr. ADAMS. I yield to the Senator from Illinois.

Mr. LUCAS. Mr. President, I should like to know whether or not there was an increase in the W. P. A. rolls during that time in the State of Illinois.

Mr. ADAMS. I cannot answer that question. I have only the figures which were given to us by Colonel Harrington, which are the national figures. I do not have the figures as to the States, broken down by periods.

Mr. LUCAS. I am very much interested in the total number placed on the rolls. I presume that the increase was general throughout the country.

Will the Senator yield for another question, or an observation?

Mr. ADAMS. Certainly.

Mr. LUCAS. In line with what the Senator was discussing a few moments ago, with respect to aliens, I should like to call to the attention of the Senate an article in the Chicago Daily Times, printed about March 6, in which, among other things, we find the following:

Charles E. Miner, State W. P. A. administrator, today announced he had dropped 3,755 from the W. P. A. rolls in Chicago because of expenditure restrictions by Congress.

That article appeared in the Chicago Daily Times and was distributed, of course, throughout the State of Illinois and the surrounding States where that newspaper has circulation. It is my understanding that in the State of Illinois during that time the rolls were increased rather than decreased. Mr. President, when my attention was directed to the article in the Chicago Times I took it upon myself to communicate with Mr. Miner concerning this very important question, because I did not believe the article stated the facts. In reply to the letter I wrote to Mr. Miner he had this to say:

The newspaper item which quoted me in reference to the elimination of aliens did not give an accurate statement.

It will be noted that the original article, which was circulated throughout that section of the United States, had nothing to say about aliens. The article specifically referred to the fact that certain persons had been released from W. P. A. because of the legislation which had been passed, without giving any reference to the fact that aliens were involved.

Mr. Miner continues:

I have checked clippings from many of our newspapers and find that in nearly every instance the facts were given without the distortion which was indicated by the item to which you referred in your inquiry.

Mr. Miner sent me the press release. I want to read that press release into the RECORD, with the permission of the Senator from Colorado:

CHICAGO, March 6.—Mandatory at midnight the last of the 6,115 aliens on W. P. A. in Illinois will be severed from the rolls under the provision by Congress that "no alien shall be given employment or continued in employment on any project prosecuted under the appropriations contained in the Emergency Relief Appropriation Act of 1938," Charles E. Miner, State administrator, said today.

"In Chicago 3,755 aliens were affected and 2,360 in the rest of the State," Mr. Miner said.

This part of the article standing alone is in accord with legislative action. Had Mr. Miner stopped at this juncture no one could utter a word of criticism, but I seriously object and charge the administrator without any right or authority to qualify or add to what the Congress has decreed to be the law. I direct particular attention to the wording of the remainder of the press release:

"These foreign born on W. P. A.," Mr. Miner continues, "were all in the process of becoming citizens. This does not mean that they had merely filed a declaration of intention, but means that they had valid first papers as required under the previous act of Congress. Many of them have sons and daughters who are citizens and some indication of the interest the foreign-born parents were taking to obtain full citizenship is contained in the report of citizenship classes of the adult education program of the Women's and Professional Division of the Works Progress Administration.

During the 15-month period ending November 30, 1938, 18,157 aliens had enrolled for the citizenship courses throughout the State.

What has this to do, I humbly ask, with the law we passed? Quoting further:

Of this number, 4,376 during the period became eligible for, and took the examination, with 3,959 being admitted, while approximately 10 percent failed.

Mr. President, what I criticize and condemn is the making of this unnecessary statement as the director of the Illinois W. P. A. I ask what right has he under such legislation to defend the alien. That was not necessary at all in my opinion. In other words, Mr. Miner, who is delegated to administer the affairs of the W. P. A. in the State of Illinois, and who is paid by the Federal Government alone, as I see it, felt it necessary to interpret the action of Congress to the newspapers as cruel and heartless, because of taking aliens off the W. P. A. rolls. God knows, I have the utmost sympathy for those people, and I know personally of circumstances where grave injustices have been committed, but if Congress determines that aliens should not be kept on W. P. A. rolls while American citizens and war veterans in the State of Illinois are now being discriminated against—and I know whereof I speak—I insist that an interpretation of this action does not properly come within the functions of one appointed solely to administer the act.

When he gave out that press release he went beyond the authority given to him as administrator or as an executive officer administering W. P. A. in the State of Illinois.

This is just one instance of what has been done with respect to what the Senator from Colorado has been discussing. The Congress says that aliens must be discharged from W. P. A. rolls.

Mr. Miner, through his press release, says by implication that Congress made a great mistake and tells the aliens that as administrator he is for them.

Mr. ADAMS. Mr. President, to follow what the Senator from Illinois has said, I will make merely one suggestion as to something which has recently happened in my State and in the State of Wyoming. Word went out officially as to the number to be dropped from the relief rolls in each of those States and subsequently notice was issued reducing the number by one-half. In the State of Wyoming notification was given that something over 600 were to go off the rolls, while the last notice is that some 300 or so would go off. In Colorado it was stated that 5,000 must go off, even though Congress passed the $100,000,000 appropriation, when the tabulation furnished us by Colonel Harrington shows that only 2,400 are going off the relief rolls. The country has been flooded, Senators, with misleading statements as to the disaster that would come from the administration of this act under the appropriations we made. There has been a deliberate, determined effort to build up a false impression in the country as to what was being done in Congress so as to put pressure upon Senators and Members of the House.

Mr. MINTON. Mr. President——

Mr. ADAMS. I yield to the Senator from Indiana.

Mr. MINTON. I should like to ask the Senator from Colorado if the 76,000 or 78,000 who were put on the rolls in a few weeks during February were, to his knowledge, unworthy or ineligible for relief?

Mr. ADAMS. I am glad the Senator has asked that question because it has been stated at times that those of us who favored the lesser appropriation took the position that some on relief were unworthy. I have yet to hear a statement made by anybody on that ground. I have yet to say that. Of course, they were not unworthy, and I take it for granted that the administrators putting them on were not putting unworthy people on the rolls. I have no more personal information than has the Senator from Indiana.

Mr. MINTON. Then I should like to ask the Senator if that is not evidence of further need for greater appropriations than for a reduction in the appropriations?

Mr. ADAMS. Not necessarily, and I will tell the Senator why. The men who were laid off as aliens and as not in need were largely replaced by people who were being taken care of by the cities and counties. They simply unloaded the burden onto the Federal Government which prior to that time was being cared for by the localities.

Mr. MINTON. I was referring to the 78,000 who were put on the rolls.

Mr. ADAMS. I am talking about aliens and those who were not in need. Instead of reducing the rolls, as we asked, they really when they took one off put two on.

Mr. MINTON. As I understood the Senator's statement, the 78,000 did not have anything to do with the aliens who went off the rolls or the unworthy ones who went off the rolls, but there was a 78,000 increase.

Mr. ADAMS. That is correct.

Mr. MINTON. And the Senator says they were worthy and were eligible?

Mr. ADAMS. I have made no classification of them.

Mr. MINTON. The Senator has no reason to believe that they were unworthy or ineligible, and, therefore, it seems to me, if the administration found it necessary to put on the rolls, in a few days in February, 78,000 who were worthy and eligible in every respect, that is evidence that we need more money instead of less.

Mr. ADAMS. I call the Senator's attention to certain chronological facts. We passed the bill appropriating $725,000,000 on the 4th of February. Looking into the future, not knowing what might happen, we put into the bill a provision that if an emergency should arise the President could recommend an additional appropriation. On the 7th of February, 3 days after the bill was signed, a message came from the President insisting on an additional appropriation of $150,000,000. Then on the 11th of February, 1 week after the bill passed, an increase in the number of persons on the rolls commenced, in spite of the fact that 82,000 had gone off or were going off the rolls because of being aliens and not in need. There was a variation from the practice going back to October, November, December, and January. Most of the time there had been a decrease in the rolls. I have no way of challenging the eligibility of any of these men. I merely say to the Senator it suggests that this action was being taken in order to put pressure upon the Congress.

I want to make clear that I think the President has acted in absolute good faith in his messages. I think he believes the larger appropriation is necessary, but, to be perfectly frank, the President has relied upon the facts and statements of Colonel Harrington, and I do not think that Colonel Harrington's facts are to be relied upon to that extent.

Mr. GLASS and Mr. MINTON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield; and, if so, to whom?

Mr. ADAMS. I yield to the Senator from Virginia who has been standing for some time.

Mr. GLASS. Mr. President, if there were 105,000 people on the rolls who ought not to have been on the rolls and were not properly eligible to be on the rolls, what special reason have we to believe that the 78,000 that Colonel Harrington put on the rolls deserved to be put on the rolls?

Mr. ADAMS. I do not know of any special reason, I will say to the Senator from Virginia. I merely decline to classify them at all. I have merely recited the facts as they appear from Colonel Harrington's testimony.

Mr. GLASS. The outstanding fact is that 105,000 people were on the rolls who ought not to have been there, and God knows how long they had been on the rolls. That being so, what confidence can we place in the fact that the 78,000 who were put on the rolls between the 11th and 24th of February were eligible to be placed there? They were put on the rolls simply to influence the appropriation by Congress.

Mr. PEPPER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Florida?

Mr. ADAMS. I yield.

Mr. PEPPER. I wonder if the Senator, when he makes that statement, had in mind the testimony of Colonel Harrington which was given before the House Appropriations Committee at a hearing upon the resolution that is now before the Senate. On page 2, Colonel Harrington testified as follows:

> The Department of Labor report as to the number of people who lost their jobs between December 15 and January 15 showed 886,000 nonagricultural workers as having lost their jobs during that period, which is not remarkable, because the stores lay off many workers at the end of the Christmas season, and there is a slackening in outdoor operations during that period.
>
> It is estimated that in addition to the 886,000 nonagricultural workers, approximately 500,000 in agriculture lost their employment during that same period.
>
> Mr. CANNON. How many?
>
> Colonel HARRINGTON. Approximately half a million. The effect of this, which was predicted, and seasonal, on the number of persons certified to the W. P. A. as in need and awaiting assignment, was to increase the number to approximately 850,000.

So I wondered if the Senator from Colorado had in mind that it was just barely possible that Colonel Harrington was trying to be an honest and an efficient administrator and that the putting of additional people on the rolls to which he has referred is attributable to the fact that 886,000 people lost their jobs in nonagricultural enterprises and another half million lost their jobs in agricultural enterprises and increased the number of certified eligible workers who were pressing at the gates of W. P. A. to 886,000 workers?

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

Mr. ADAMS. I will yield in a second, after I have given some consideration to what has been said by the Senator from Florida.

The fact should be taken into consideration that there appears on page 4 of the same hearing a statement as to the number of accessions to and separations from the W. P. A. rolls at that time.

It appears that in July 163,000 persons were separated from the rolls and 311,000 were put on. I am giving the thousands and leaving out the hundreds.

In August 191,000 persons were separated and 308,000 were put on.

In September there were separations of 227,000 and accessions of 276,000.

In October there were 212,000 separations and 327,000 accessions.

In November the tide changed, and there were 237,000 separations and 164,000 accessions.

In December there were 294,000 separations and 97,000 accessions.

In January there were 214,000 separations and 109,000 accessions.

Mind you, in January, before the joint resolution passed, 214,000 persons were separated from the rolls and only 109,000 were put on.

In February, after the joint resolution had passed, 176,000 were separated from the rolls and 238,000 were put on.

That is, there is no substantial difference between January and February, both winter months; but the policy apparently changed contemporaneously with the passage of the relief measure in a form not entirely acceptable to the administration.

I now yield to the Senator from New Jersey.

Mr. SMATHERS. Mr. President, the Senator has stated that several thousand aliens and several thousand ineligibles were removed from the rolls. For my information and for the benefit of the RECORD, will the Senator tell me what is an ineligible? Why were those to whom he refers as ineligibles removed from the rolls?

Mr. ADAMS. They were removed, I assume, in accordance with the provisions of the statute passed by the Congress, which simply provided that there should be taken off the rolls those who were not in actual need. I think that is the phrasing of the measure.

Mr. SMATHERS. Does the Senator know whether that included single men without dependents?

Mr. ADAMS. I assume that if a single man was not in actual need, he should go off the rolls just the same as a married man. If there is to be any discrimination, I should think it would be the other way about. The term "actual need" was to be determined by the W. P. A. Administrator. That is, the very persons who put the man on the rolls were the persons who put him off, under our direction. We were told that there was a waiting list of persons who wanted to get on the

rolls, and the places of persons in need should not be taken by those who were not in need. The Senator certainly does not disagree with that statement.

Mr. SMATHERS. But I desire to know from the Senator if the number he says have been laid off as ineligibles comprise single men without dependents.

Mr. ADAMS. I assume that if a single man without dependents was not in need, he should be laid off.

Mr. SMATHERS. The reason why I ask the Senator that question is that quite a number of men were laid off in my home city of Atlantic City last week because they were single and had no dependents. Are they a part of the list of those to whom the Senator has referred as ineligibles?

Mr. ADAMS. I will say to the Senator from New Jersey that last week there were more persons on the rolls than on the day when the $725,000,000 measure passed. There has been no requirement other than the laying-off of aliens, and so forth, because the rolls had increased in number. There were 3,007,000 or 3,009,000 persons on the rolls last week, whereas there were 2,965,000 persons on the rolls on the 11th of February.

Mr. PEPPER. Mr. President——

Mr. ADAMS. I yield to the Senator from Florida.

Mr. PEPPER. I desire to be sure that I understand the position of the Senator from Colorado. I understand him to intimate, if not to say, that the administration has been responsible for adding new persons to the rolls in an effort to coerce the Congress into making a larger supplemental appropriation. I desire to ask the Senator——

Mr. ADAMS. Let me interrupt by saying that, of course, I do not know what was in the mind of the Administrator. I say that these are the facts, and I can see that a wayfaring man might draw that inference, in view of the controversy.

Mr. PEPPER. I desire to ask a question about the facts. Let me call the Senator's attention to the President's message of January 5, and ask the Senator if that message was delivered prior to the action of the Senate in passing the $725,000,000 appropriation measure.

Mr. ADAMS. Yes. We passed the joint resolution on the last of January, and the President signed it on the 4th of February.

Mr. PEPPER. So the message of the President to the Congress was prior to the passage of the $725,000,000 appropriation measure.

Mr. ADAMS. Yes; and his next message was 3 days afterward.

Mr. PEPPER. I want the Senator to remember that the message of the President on January 5 was prior to the passage by the Congress of the joint resolution providing the $725,000,000 appropriation.

I wonder if the Senator recalls that on page 2 of House Document 87, carrying the W. P. A. message of the President of January 5, the President said as follows:

> It is believed that sufficient funds should now be appropriated to the Works Progress Administration for the balance of the current fiscal year to employ an average of 3,000,000 workers in February and March, and a diminishing number beginning in April which would reach a figure of 2,700,000 in June.

I wonder if the Senator also recalls that the President sent to the Congress on the 7th of February another message; and in that message, subsequent to the January 5 message, and subsequent to the appropriation of $725,000,000, the President said, as shown on the first page of House Document No. 152:

> In my message to the Congress on January 5, 1939, I recommended a supplementary appropriation of $875,000,000. This was based on a program to give employment to 3,000,000 workers during February and March and to reduce this employment to an average of 2,700,000 workers in June.

Then I wonder if the Senator has had access to a letter dated April 7, from Administrator Harrington to the Senator from New York [Mr. MEAD], which reads as follows:

> So far as the matter of reducing the rolls after April 1, 1939, is concerned, the original program based upon the President's recommendation for an appropriation of $875,000,000, was to maintain an average employment of 3,000,000 persons during February and March, 2,900,000 in April, 2,800,000 in May, and 2,700,000 in June. The contemplated average of 3,000,000 persons was maintained through February and March.

Mr. President, if on the 5th of January the President said, in substance, "I have outlined a program that contemplates an average of 3,000,000 workers on the rolls in February and March," and if then the appropriation is made, and the President comes back on February 7 and says, "On January 5 I recommended a program which would carry 3,000,000 workers through February and March," and then if in April the Administrator comes back and says, "The contemplated average of 3,000,000 persons was maintained through February and March," I ask if the President's course has not been consistent, and if there has not been an absence of coercion of the Congress by putting additional persons on the rolls during the interim.

Mr. ADAMS. I will say to the Senator that maintaining the rolls has two interpretations. He did not go below that number, but he went well above it. He went up to 3,043,000 under an appropriation which he said would not be adequate for the other number.

Mr. PEPPER. He did not exceed it on the average, though; did he?

Mr. ADAMS. I cannot answer that question. I have not attempted to average the figures. I have taken the figures which Colonel Harrington gives us. He ran up on the 25th of February to 3,043,000; and he is now carrying, or he was carrying when we discussed the matter, over 3,000,000.

Here is the situation, however: The committee report is based upon the President's desire. We have not challenged the fact of his maintaining 3,000,000 persons on the rolls. The figures submitted by the committee contain a provision that the average of 3,000,000 shall be maintained, which the Senator states was maintained during those months, and that the reduction shall be in accordance with Colonel Harrington's figures. Our judgment is that $100,000,000, added to what is now available, will be more than adequate to continue employment at the President's figures, at Colonel Harrington's figures, and leave $55,000,000 over for expenditure after the end of the fiscal year, for labor and materials to be furnished and consumed after the 30th of June.

Mr. President, I have rather felt that there are certain principles on which we should be able to agree. First, that no American citizen, without fault on his own part, shall starve. I stand by that principle just as firmly as do those who ask for the larger amount. It is, as has been stated, a matter of arithmetic. That is what we are dealing with. The question is whether or not we wish to appropriate more than is needed or appropriate what is needed, whether we want to increase the power in the hands of those who obviously, visibly, have abused it, or whether we want to give them all they need to see that no man shall starve.

Second. I think we should provide—and we all ought to agree on this point—what is needed, and no more. I am sure Senators do not want to provide more than is needed.

Third. That there shall not be extravagance or waste. I think we all agree on that.

Fourth. That the absorption into private industry of the idle ten or eleven million is the primary problem of the United States.

Fifth. That business and industry should be stimulated and encouraged in order that this may be done.

Sixth. That, as stated by a gentleman who has recently moved to the State of Iowa, a former resident, we should now seek recovery rather than reform.

Mr. President, those are simple, categorical statements, with which I think there will be no disagreement, with the exception of the last.

The question, then, is, What amount is necessary to care for the deserving needy of this country?

Mr. PEPPER. Mr. President——

The PRESIDING OFFICER (Mr. SCHWARTZ in the chair). Does the Senator from Colorado yield to the Senator from Florida?

Mr. ADAMS. Certainly.

Mr. PEPPER. Does the Senator construe the diminution of this appropriation as in the direction of recovery?

Mr. ADAMS. I do. As I have stated, the most vital thing is the stimulation of industry in order that the unemployed may be absorbed by private industry, that they may be put to work in their regular vocations, producing things for consumption by other men also employed in their regular vocations; and industry is not going to absorb the unemployed if every time it looks to Congress it is discouraged and disappointed.

If we pursue the course we have pursued, with deficits of $4,000,000,000 a year, with the Federal debt over $40,000,000,000, with the distance between income and outgo increasing, we are discouraging industry. Men with capital which they have or which they can borrow will not invest; they will not go into manufacture; they will not go into industry until Congress gives the signal that investment in this land may be safe and may be profitable if intelligently conducted.

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

Mr. ADAMS. Certainly.

Mr. PEPPER. Let us suppose that a businessman had to view a horizon and decide which condition of affairs was the more conducive to his entering into business or expanding his business. Suppose he had on the one hand a budget no more out of balance than our Government's, and a national debt no larger than ours in relation to our national worth and income; and suppose he had on the other hand unemployment of ten or eleven million people, without any public effort being made to diminish the number of these unemployed. If the supposed businessman had to make a choice between a diminution of the debt and a diminution in the number of unemployed, which does the Senator think would be the more attractive to him?

Mr. ADAMS. That situation could not be presented, because, as a matter of fact, what I am interested in is public action by the Congress which will stimulate employment, not public action which will discourage employment; and I think increase of the debt, and increase and continuation of the deficit, is a definite discouragement to industry and to business.

I know what is said in the cloakrooms of this body as to the future, and as to what may happen; I know what is said upon the streets of this land. I know that apprehension and fear have gripped our people because of the apparently unrestrained expenditures of which we are guilty. What I am interested in is giving business a signal.

The Senator and other Senators have said that there is more involved in this matter than $50,000,000. There is indeed more involved in it. The question is whether or not we are going to stop in our present course toward national bankruptcy, and make a turn toward stability and soundness.

Mr. PEPPER. Mr. President, let me ask the Senator what he had in mind as an alternative or substitute for the aid to employment that is given by the Works Progress Administration, which will help general business conditions.

Mr. ADAMS. It is not a simple situation. The Senator having asked me, I will say to him that, of course, the first thing is to give evidence of consideration for industry. We have not given a sign of that. We have not given encouragement. We have sat by with a shotgun across our knees, and any time a man showed up with a profit, we wanted to shoot him and take it. That is, we have refused to stimulate. We have regarded building up a profitable industry as in some way a crime.

We have spent regardless, as I have said, on the W. P. A. Go through the land, gather up the opinions as to whether or not W. P. A. has been economicaly and efficiently administered. I have my own judgment as to the soundness of the plan, but I am not now arguing that question. I do not want to argue it here. That is not the issue. We are assuming the W. P. A. plan to exist. In other words, I am not going back into the philosophy of these things.

I have on my desk at home a volume some 70 years old entitled "Extraordinary Popular Delusions." I think that in the last 10 years we have furnished material for some new chapters.

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

Mr. ADAMS. I yield.

Mr. MINTON. The Senator stated that we had been sitting around with a shotgun across our knees.

Mr. ADAMS. It may have been a rifle.

Mr. MINTON. It may have been a rifle; it may have been a bludgeon of some kind or other; and that whenever anyone showed up with a profit, we immediately shot him, or applied the bludgeon, or whatever the weapon was, and took his profit away from him. Is it not a fact that in 1936 and 1937 business in this country enjoyed better profits than they had received in any year, except in 1929, in all the history of the country?

Mr. ADAMS. And what did we do?

Mr. MINTON. And we had spent a great deal of money helping to bring that condition about.

Mr. ADAMS. We put on the law books an undistributed-profits tax, and we said to the man who made a profit, "If you use your profits to pay your debts, if you use your profits to build a factory and employ more men, if you use your profits to replace a burned or destroyed factory, the Government will penalize you for doing so." And business went back into its shell. We did that.

Mr. PEPPER. Mr. President, I do not want to interrupt the Senator's statement——

Mr. ADAMS. I am glad to yield to the Senator.

Mr. PEPPER. Was the Senator one of those who thought that if we should merely remove from business the burden of the undistributed profits it would blossom like a rose, and that there would come beautiful prosperity to the country; and have those ideas been justified?

Mr. ADAMS. I hope the Senator does not really think I am quite as simple as that. I thought that the undistributed-profits tax was an impediment, that it tended to thwart business, to interfere with its progress, that something else than that was necessary to make it go.

While I appreciate the Senator's facetiousness——

Mr. PEPPER. Mr. President, the Senator from Florida certainly did not intend to be facetious, even if he looked that way. What I meant to ask the Senator was whether or not this is another one of those instances in which, by the alleviation of some burden business is supposed to bear, it may be expected that it will spring up like a rubber ball, as it were, when relieved from pressure, and be buoyant again, and I wondered whether the Senator had found that there had been the business improvement following in the wake of the partial elimination of the undistributed-profits tax which he and others anticipated there would be.

Mr. ADAMS. I think my views on that I have stated.

We were discussing Colonel Harrington. I wish to read a few quotations from the statement of Colonel Harrington before our committee to show the attitude the colonel takes toward the Congress and toward the problem now before us.

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

Mr. ADAMS. I yield.

Mr. BORAH. It may be that the Senator is now about to take up the subject which I have in mind; but the Senator stated a few moments ago that the sole question really was as to how much money is necessary in order to keep the unemployed from suffering.

Mr. ADAMS. I think that is perhaps a strong statement. I think it should go somewhat beyond that; but that is the primary question.

Mr. BORAH. That is the primary question.

Mr. ADAMS. Yes.

Mr. BORAH. Is the Senator about to give us the facts and figures upon which the committee reached the conclusion that the appropriation asked for is sufficient?

Mr. ADAMS. I shall do that as best I can. The Senator will have to bear with me, because when someone suggests a sidetrack for me to follow, I cannot resist.

Mr. BORAH. I will bear with the Senator, because what he is about to state is what I want to know.

Mr. ADAMS. I asked this question of Colonel Harrington:

Senator ADAMS. Then we have this situation—that approximately 45,500 were taken off the rolls because they were aliens?

Colonel HARRINGTON. Yes, sir.

Senator ADAMS. And 36,840 have already been taken off because they were not in need—not qualified to be on the rolls?

Colonel HARRINGTON. Yes, sir.

Senator ADAMS. In other words, 82,000 have gone off the rolls under these two categories?

But you have maintained the total rolls not only up to where they were, but I gathered from the House figures that between February 4 and February 25 the rolls increased 78,000.

I am sorry that this is a duplication, but I want to put in the RECORD the words of Colonel Harrington. I continue to read:

Senator ADAMS. Then take the figures for February 11. You had 2,965,000.

Colonel HARRINGTON. Yes, sir.

Senator ADAMS. So that between February 11 and February 25 you had an increase of 78,000 in your rolls?

Colonel HARRINGTON. Yes, sir.

Senator ADAMS. That in the face of the fact that Congress had indicated that it felt that the expenditures should be at a reduced rate?

Then later in the hearings Senator BYRNES asked:

Senator BYRNES. You construed Congress meant there would be no reduction?

Colonel HARRINGTON. No, Senator; I construed that Congress meant that it should not exceed 5 percent.

Senator BYRNES. Instead of reducing it 5 percent, you increased it?

Colonel HARRINGTON. Well, we held it at 3,000,000.

Senator BYRNES. Did you ever reduce it 1 percent?

Colonel HARRINGTON. No, sir.

Senator BYRNES. You did not reduce it 1 percent, much less 5 percent.

Colonel HARRINGTON. That is right.

Senator BYRNES. Colonel Harrington, when the President approved the bill a statement was issued and a message sent to the Congress asking for $150,000,000. That was not appropriated. That is correct?

Colonel HARRINGTON. Yes, sir.

Senator BYRNES. That was 3 days afterward.

Colonel HARRINGTON. On the 7th of February; yes, sir.

Senator BYRNES. And the bill was signed on the 4th?

Colonel HARRINGTON. That is right.

Senator BYRNES. And from that time, instead of reducing it even 5 percent, you increased it?

Colonel HARRINGTON. We held it at 3,000,000.

Senator BYRNES. Well, you did not make any deductions. I am looking at the dates. You had on January 28, about the time the bill was being considered, 2,985,000, and you go up to 3,043,000; 3,032,000; you have not reduced it 1 percent in that time.

Colonel HARRINGTON. That is right.

Senator BYRNES. Did you make any effort to reduce the rolls?

Colonel HARRINGTON. No, sir.

Senator BYRNES. You did not care what the Congress said?

Colonel HARRINGTON. We cared very much what the Congress said; but we made no effort.

Senator BYRNES. Well, you cared about it, but you were not going to do anything to reduce the rolls.

Colonel HARRINGTON. We did not reduce the rolls.

Then at a later period in the hearings:

Senator BYRNES. * * * the record shows on a table at the bottom of page 4, if I may call your attention to it, that you separated from the service during the month of January this year 214,492.

Colonel HARRINGTON. Yes, sir.

Senator BYRNES. And took on only 109,000, or only one-half. Therefore, you reduced by 100,000 during the month of January?

Colonel HARRINGTON. Yes, sir.

Senator BYRNES. After the bill was passed and signed on February 4?

Colonel HARRINGTON. Yes, sir.

Senator BYRNES. How many were separated from the service and how many accessions were there?

Colonel HARRINGTON. The last month that I have is February; total separations were 176,735. The total accessions were 238,707.

Senator BYRNES. So that while in the month of January, before Congress sought to try to reduce the appropriation, you separated 214,000 and only took on 100,000, or one-half as many?

Colonel HARRINGTON. Yes, sir.

Senator BYRNES. But after the appropriation was passed you took on 238,000 as against 176,000 who were separated?

Colonel HARRINGTON. That is correct; yes, sir.

Senator BYRNES. You decided that the evident intent of Congress in refusing to give you $150,000,000 was that instead of taking off any, you would take on 50,000 more than were separated?

Colonel HARRINGTON. Yes, sir.

Mr. PEPPER. Mr. President, the Senator is not——

Mr. ADAMS. May I proceed? I am not declining to yield——

Mr. PEPPER. I will just ask one question, Mr. President. Some of the Senators were not on the floor when attention was called to this matter. The Senator is not ignoring the statement of Colonel Harrington in his letter of April 7 to the Senator from New York [Mr. MEAD], a copy of which I have before me, in which he states that an average of 3,000,000 persons were maintained during the months of February and March, and that the average was not exceeded. And also the statement of Colonel Harrington that was referred to before the House Appropriations Committee pointing out that during the time between December 15 and January 15, 886,000 workers lost their jobs in nonagricultural occupations, and during the same time 500,000 workers lost their jobs in agricultural activities. So that the need that Congress was always trying to fill had become greater than before that time.

Mr. ADAMS. That is a repetition of what the Senator has said.

Mr. President, every month voluntary separations from the W. P. A. average about 150,000. The separations have run as high as 172,000. So that any program involves replacement of those retiring if there is sufficient money. In connection with the W. P. A.—and we have the tabulations here—there is the voluntary retirement and enforced retirement.

We are told that 750,000 or 850,000 persons have been certified. In the first place, these persons are not certified by the W. P. A. They have never been certified by the W. P. A. They are applicants to get on W. P. A. who have passed the scrutiny of the rather lenient and liberal local boards of one kind or another. But of those 750,000 or 850,000 there has been a continual shift since the original bill, the $725,000,000 bill, was passed. Over 360,000 were taken onto the W. P. A. rolls. In other words, it is not a standing army that is waiting. Persons get on and go off the list. A man gets a job. He goes off the list and another man comes on the list. So that practically on the list about which we hear so much today are only those who have been on it a short time.

As I have said to the Senate, the changes from voluntary withdrawals average 150,000 a month. So there is not an army of people starting out on the sidewalk. There is a continual shifting. Those 750,000 persons are the latest recruits into the army of the needy—that is, those who most recently lost their employment. They are continually going on that list and getting into employment.

Now to come back to the figures on this situation.

Mr. BORAH. May I ask a question there?

Mr. ADAMS. Yes, sir.

Mr. BORAH. The Senator says that Colonel Harrington put on 350,000 persons coming from those eight-hundred-odd-thousand persons which had been certified by the States, and so forth.

Mr. ADAMS. Yes; Mr. President. It depends on how far back you go. There is an average of better than 150,000 getting off this list every month.

Mr. BORAH. Is there any question raised about the justification of Colonel Harrington's putting these 350,000 on the rolls? Did they not need the work? Was the need justified in putting them on the rolls?

Mr. ADAMS. I cannot answer for any individual case, I will say to the Senator. I have merely pointed out the unusual circumstance that in a particular time the normal trend was departed from. There had been an increase in the departures as compared with the accessions. Then when the bill was passed on the 4th of February there was a change in the trend.

Colonel Harrington put on more than he took off. Between October and January he had taken off 350,000 more than he put on. Then the trend started the other way. I am not in a position to say that every one of the cases may not have been justified. I merely argue that it looks to me as if there were a lack of cooperation, and it is open

to the interpretation that when they take persons off the rolls and replace them with persons who were then being taken care of by the city of New York, or some other community, and they were not then actually in need, that pressure is sought to be put on Congress.

Mr. BORAH. If these men were in need, if Colonel Harrington was justified in putting them on, the mere fact that it occurred after the passage of the bill in the Senate would not be any justification for criticizing Colonel Harrington, would it?

Mr. ADAMS. In one sense, no; that is, assuming that it was done in the utmost good faith, and because of their need, and not that he had proceeded in an undertaking to coerce the Congress. I will say to the Senator that Colonel Harrington, or those acting for him, put out over the land statements of the number of dismissals that must follow the action of Congress. Those figures cannot be justified. They have not been carried out. They will not be carried out. In other words, that is not the only instance, the only evidence of the effort to coerce Congress and to defy Congress.

Mr. BORAH. In the play of coercing Congress or not coercing Congress, the real question was whether there were hungry men who ought to be taken care of.

Mr. ADAMS. I will say to the Senator that I think all of the hungry men entitled to be taken care of were taken care of. Adequate funds have been provided for them. And if the $100,000,000 be provided, that will continue to be the case down until the 30th of June.

Mr. GLASS. Let me repeat my inquiry to the Senator. If there were 45,000 aliens on the rolls who ought not to have been there, and if, according to Colonel Harrington's own figures, 61,000 persons were on the rolls who ought not to have been there because they were not in need, what evidence have we that they would not have stayed on the rolls indefinitely if Congress had not directed that they be taken off?

Mr. BORAH. What I am trying to find is evidence on the question of the good faith of Colonel Harrington.

Mr. GLASS. That is what I am trying to find. The 45,000 aliens ought not to have been on the rolls. They were on the rolls in direct contravention of the action of Congress. Apparently there had never been any investigation of the need of the 61,000 who were on the rolls who were not in need, who were not hungry, and who could have provided their own food and clothing. So why should we have such great confidence in the suggestion that the 78,000 who have been put on the rolls since the passage of the bill ought to be on the rolls?

Mr. BORAH. I give Colonel Harrington no more than I give to any public officer, and that is the presumption that he acted in good faith and discharged his duties accordingly, as he understood the law. What I think we need is some evidence that he did not act in good faith.

Mr. GLASS. We have no evidence which may be relied on as to the number of unemployed in this country.

Mr. BORAH. I know that.

Mr. GLASS. There has been no effort to find out. There is no desire to find out. The desire is to obtain all the money possible out of the Treasury.

Mr. BORAH. I venture to say that every Senator knows of numerous instances in which persons who have not been put on the rolls are suffering. The question is, Have those on the rolls been taken care of by Colonel Harrington in good faith and in the belief that they were in need?

Mr. ADAMS. The argument which comes from me and from most of the committee at this time concedes that every person on the rolls was put there through the good-faith action of Colonel Harrington. According to his own figures he intended to keep 3,000,000 on the rolls in February and March, 2,875,000 in April, 2,775,000 in May, and an average of 2,700,000 in June. Those were the figures which he said would be adequate to meet the situation. Conceding the correctness of Colonel Harrington's figures, the appropriation recommended by the committee will accommodate and adequately care for the entire number at the rate now being paid, and leave over between $45,000,000 and $55,000,000 to pay men employed and to pay for materials consumed after the 1st of July.

Colonel Harrington tells us that on the 20th of March the unexpended balance available for relief purposes was $588,000,000. At the same time the Treasury Department said the unexpended balance was $572,795,000. That does not include the $28,000,000 set aside to take care of W. P. A. workers assigned to Federal projects. So, adding that, the Federal figures for the unexpended balance would be $600,795,000.

Colonel Harrington told us on the 20th of March that the unobligated balance was $476,344,000; and that there had been obligated $111,695,000, at least half of which would go to pay for services rendered and material consumed after the 20th of March. In other words, there was $532,172,000 to take care of the group which the colonel says he wants to take care of.

The cost of taking care of the group is set out in the committee report. For taking care of 2,875,000 in April, the cost will be $175,375,000; for taking care of 2,775,000 in May, the cost will be $169,275,000; for taking care of 2,700,000 in June, the cost will be $164,700,000, or a total cost of $509,350,000. Then we add $61,000,000 to care for those between the 20th of March and the 1st of April, or a total cost of $570,000,000.

So, taking Colonel Harrington's figures to carry him to the 1st of July, he needs $38,177,000. That is what is needed, under his figures, to carry the program until that time. We have added to that $45,000,000, which he said he needed and should have to maintain the continuity of his program and to pay for materials consumed and labor furnished the first week of the fiscal year; and we have added, as a leeway, $17,000,000 above that figure.

In other words, in the honest judgment of the committee, the sums which have been appropriated, on the figures which the committee considered, and which were before us, are adequate to meet the situation without excluding any man who was intended to be included in the original program of Colonel Harrington.

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

Mr. ADAMS. I yield.

Mr. BYRNES. Would not the Senator say that the amount appropriated for this fiscal year, after the $100,000,000 is made available, will be greatly in excess of the amount made available in any previous year for a W. P. A. program?

Mr. ADAMS. I will say to the Senator that, as he knows, the expenditures for the fiscal year, with the $100,000,000, will be nearly two and a half billion dollars. In other words, we will have spent more than one-half the total income of the United States Government for the W. P. A.

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

Mr. ADAMS. I yield.

Mr. LUNDEEN. As I understand from the W. P. A. figures, there are certified 600,000, or thereabouts, who never got on the rolls. With respect to unemployment figures I have before me the latest figures on unemployment for February 1939, from the American Federation of Labor. Those figures show 11,470,000 unemployed. The Alexander Hamilton Institute of New York gives a figure of 12,882,000. Our own census, the Biggers census, gave a figure of nearly 11,000,000.

Mr. ADAMS. I am obliged to the Senator for calling my attention to that information and also for reminding me of a tabulation which the Senator put in the RECORD within the last day or two, with regard to unemployment in the world. The Senator put into the RECORD a tabulation of unemployment in all the important countries in the world. That tabulation showed that in the United States the percentage of unemployment is far greater than in any other land on this shining globe.

Mr. PEPPER. Mr. President——

Mr. ADAMS. That is the thing which bothers some of us. We have spent $11,000,000,000 on relief. We have spent other billions on a recovery program. We wonder whether

or not we may be in error somewhere along the line. I am concerned, as the Senator is. I want to put men back to work, whether the number be 10,000,000, 11,000,000, 12,000,000, or more. If we are on the wrong track, the Senator and I both want to get on the right track. All I am asking of the Senator or anyone else is that we sit down and discard our preconceived notions and try to work out a sound judgment for the benefit of our country. [Manifestations of applause from the galleries.]

Mr. PEPPER. Mr. President——

Mr. ADAMS. I yield.

Mr. PEPPER. I want to congratulate the Senator on the fervor he has aroused in the galleries.

Does the Senator think that the effort which the Government has made in the past 6 years to improve conditions in this country and the improvement which actually has been experienced are responsible for the present large number of unemployed.

Mr. ADAMS. I will say to the Senator that I do not intend to discuss my judgment as to the efficacy of the program. I hope the Senator will not ask me to do that. He and I sit on the same side of the Chamber. Generally speaking, we have been supporting the same measures. This is not the time to discuss my judgment of the efficacy of the program. I might say that one measure was good and another was bad. I think the Senator would probably agree with me that some things have worked well and some have not. I hope the Senator will spare me from going into a discussion as to my judgment about those things, because my judgment is fallible. However, I have the feeling that something is wrong. I am interested in trying to work out a solution. It seems to me that we ought to do a better job than we have done. Does not the Senator think so?

Mr. PEPPER. I am glad the Senator asked me that question. The other day I stated that one of the principal reasons which impelled me to offer the amendment and insist upon its consideration was the fact that I hoped it would provoke fundamental discussion on the floor of the Senate, where I thought fundamental discussion should be carried on, and where proposals which may lead us out of the wilderness in which we find ourselves wandering can be made by men of intelligence and integrity.

The difference between the point of view of my friend, the eminent Senator from Colorado, and that of myself and others who have the same view, is that I do not see the Senator from Colorado and the Appropriations Committee offering any alternative. All they offer is a reduction in what we are doing. However, I have not heard any affirmative suggestion. I am of the opinion that the Senator would do his country a vast service if he could find some way to solve the problem by some method entirely dissociated from the present method. But meanwhile I think that this method has accomplished good. I think it has given us the progress that we have been able to enjoy, and I am not willing to discard it. I am not even willing to hamstring it with limitations that should not be imposed until the Senator from Colorado and other men of ability and experience and perhaps genius have been able to offer an alternative that would provide a solution or at least a betterment of the situation.

Mr. ADAMS. The Senator knows that the Appropriations Committee is not a legislative committee; it is not a committee that formulates policies. I will say that, in my minor way, I have tried to put the brakes on what I thought were unjustified expenditures which were advocated and urged by men just as earnest as I, and I have felt that the floor of the Senate and the committee was the place to discuss these matters.

My judgment is sincerely that the extent of our expenditures is one of the things that are responsible for the great army of unemployed. I sincerely believe that if we will reduce Government expenditures we will increase private employment. I think that we are overlooking the 43,000,000 men and women employed in gainful occupations upon whose backs fall the expenditures which we make. We are thinking too much at times of our generosity and our liberality, and we are not thinking of those from whom we must take the money with which to pay the bill.

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

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Florida?

Mr. ADAMS. I yield.

Mr. PEPPER. The Senator made a statement that is capable of being construed in another way. Did the spending program which the present administration is now carrying on give us the 6,000,000 unemployed in 1932?

Mr. ADAMS. The Senator does not expect me, does he, to say that the Roosevelt administration is responsible for what was done under the Hoover administration? That is his question.

Mr. PEPPER. I understood the Senator to say that the spending program was responsible for that large number of unemployed.

Mr. ADAMS. I said it was a contributing factor. I do not like to go back and quote anybody but one of the most distinguished men in this country early in 1933 made a declaration which I think was absolutely sound on that question. The gentleman to whom I refer said:

> Upon the unimpaired credit of the United States Government rests the safety of deposits, the security of insurance policies, the activity of industrial enterprises, the value of our agricultural products, and the availability of employment. The credit of the United States Government definitely affects these fundamental human values. It, therefore, becomes our first concern to make secure the foundation. National recovery depends upon it.
>
> Too often in recent history liberal governments have been wrecked on rocks of loose fiscal policy. We must avoid this danger.

The gentleman who said that may have changed his views, but the statement he made then is eternally true.

Mr. PEPPER. Mr. President, I will ask the Senator if he thinks the credit of the United States or of the banks of the United States or of the insurance companies of the United States is in any worse condition now than it was in 1932?

Mr. ADAMS. I will say to the Senator that great credit will be written upon the pages of history for the present administration for what it did in weeding out unsound banking institutions and bringing sound banking conditions. There could not be a restoration of prosperity without sound banks; the present administration did that; and it is a great credit mark upon its record. So there is no question as to what I think about the efforts of the present administration in doing that.

Mr. PEPPER. Now, Mr. President, a last question. I wonder if in disparaging the achievements of the administration——

Mr. ADAMS. Wait a moment; I have not disparaged the achievements of the administration.

Mr. PEPPER. Let me complete the sentence.

Mr. ADAMS. Not with that premise.

Mr. PEPPER. Well, I withdraw that. I wonder if the Senator from Colorado, in thinking that the efforts of the present administration have not been successful in solving and eliminating the problem of unemployment, has given proper consideration to the fact that the statisticians tell us that about 600,000 new workers come every year into the worker's field in excess of the number that are retired from it; in addition to that, that approximately 500,000 workers are thrown into a state of unemployment every year because of technological improvements, and therefore during the last 6 years six times 1,100,000 people have come into and added their own weight to the number of unemployed in this country? So, if we have not diminished the number that we found in 1932, it cannot fairly be said that we have not made a tremendous contribution toward the alleviation of the problem.

Mr. ADAMS. The Senator overlooks a very obvious thing. It is true that 600,000 new workers come into the field every year, but there are three times that many new consumers every year; every new worker is a consumer, and then there are others who are not workers who are consumers. In

other words, there is not merely an accumulation of idle people but there is an accumulation of work for them to do; mouths to feed, bodies to clothe, houses to build. I have no doubt that in this great, rich land, if we somehow can use our minds intelligently, we will solve the problem so that no longer on the streets of America will the barefooted boy walk alongside the idle shoemaker.

Mr. BORAH. Mr. President——

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

Mr. ADAMS. I yield.

Mr. BORAH. Pardon me for saying it, but I think we are talking over the heads of those whom we are here to serve; that is, those who are out of jobs would be delighted to have this question solved so that they could have jobs instead of living on charity. However, the question which confronts us here is, Is this money necessary to take care of the people who are without jobs and who will be hungry and unclothed if they do not have help? That is all there is to it.

It is probable that Mr. Hoover's administration made mistakes, because when the Roosevelt administration came into power a large degree of unemployment was upon us, and it is probable that the present administration has made mistakes; but the man who is now out of a job was not the man who authorized those mistakes to be made; he had no opportunity to offer anything in their place. These systems were adopted, these schemes were put forward and carried out, and here he is in need. We may talk about the basis of security, security for the banks and of our republican system, but the basis of that security is the citizen, and, if we do not take care of him, then we may have little hope for the other things about which we have talked.

Mr. ADAMS. The Senator is entirely correct in saying that the basis is the citizen. When we, without warrant, increase our expenditures, increase our taxes, increase our debts, and increase our deficits, we are damaging the citizen. The Hoover administration appropriated no money for direct relief; it appropriated a relatively small sum to go to the States. We are now, on the first of this month, taking care of 3,009,000 citizens who each represents three or four other individuals. We are being liberal beyond anything in the history of any country that has ever existed.

My judgment, after studying it, concurs with that of the other House. I grant to every other Member of the Senate and of the House an equal desire to further the ends which animate the question and the statement of the Senator from Idaho, that a man should not be penalized for things which are not his own fault. If he is hungry, without his own fault, we have taken on and should take on the obligation to see that he should not starve.

The Appropriations Committee of the House of Representatives studied this matter. They decided, after extensive hearings, that $100,000,000 was more than adequate, and the House of Representatives, after consideration, confirmed that judgment. The Appropriations Committee of the Senate agreed with the House. It is not their purpose that any man should be hungry or cold or lack shelter but that adequate funds should be provided, yet that there should not be, so far as they could prevent it, unnecessary appropriations, unnecessary debt, unnecessary deficits, waste, or extravagance

Mr. BORAH. We all agree with that. However, we come back to the question, the sole, simple question, of whether or not $100,000,000 would take care of those who are in need.

Mr. ADAMS. In my judgment, that amount is entirely adequate.

Mr. BORAH. Very well; I have profound respect for the judgment of the Senator from Colorado and for that of the committee; but, for what it is worth, in my opinion hundreds of thousands of people are hungry and will go hungry until the 1st of July; it does not make any difference if we do appropriate the $100,000,000.

Mr. ADAMS. If people shall go hungry, it will be the fault of the administration of the fund.

Mr. BORAH. That may be; it may be that it is being administered crookedly.

Mr. ADAMS. No; I did not say that.

Mr. BORAH. I do not know what the Senator calls it, but I call it "crooked," because if a man willfully wastes public funds which are intended for those who are in need he is guilty of about the lowest crime of which a public servant can be guilty. However, I have not seen as yet any evidence that Colonel Harrington has wasted any money.

Mr. ADAMS. If the Senator pins me down to the point, I will have to say to him that in the House hearings there is shown considerable liberality. The Works Progress Administration spent in 1 year $1,800,000 for communications, consisting of telegrams and telephone calls; they spent $6,000,000 for travel. In other words, they must have had the whole Administration on the rolls. I did not want to discuss such things.

Mr. BORAH. I want the Senator to do so.

Mr. ADAMS. But I think there has been a disregard of economy. They have had so many excess employees that they loaned 96 salaried employees to another Government organization.

These things are in Colonel Harrington's testimony. They are not figments of anybody's imagination. The W. P. A. has built at the New York Fair a building to cost $250,000 or $300,000 in which to exhibit their wares at a time when the Senator says men are hungry. I am sorry the Senator asked me that question. I did not want to say those things; but when the Senator said there was no evidence of waste, while I do not say that it is waste, the Senator knows that in the matter of communications they have the privilege of the frank, and yet $1,800,000 in a year was required to pay for their long-distance telephone and telegraph messages and communications and $6,000,000 for travel expense.

Mr. BORAH. Was there any investigation as to the necessity for these things?

Mr. ADAMS. When we asked Colonel Harrington about the matter of communications, he said, "My face is very red about that."

Mr. BORAH. And the committee stopped at that?

Mr. ADAMS. I thought that was enough. I should add that Colonel Harrington said:

> We are setting about the adoption of machinery in order that that shall not be continued.

Mr. SCHWELLENBACH. Mr. President——

Mr. ADAMS. I yield to the Senator from Washington.

Mr. SCHWELLENBACH. The Senator will remember that before various interruptions occurred, he was giving an analysis of the effect of the appropriation of $100,000,000. The Senator also will remember that one day last week, as a result of a colloquy between the Senator from Colorado and the Senator from Florida [Mr. PEPPER], I construed the remarks of the Senator from Colorado to mean that under the $100,000,000 appropriation there would be a sufficient amount so that we might be assured that every person now on the rolls who is in need, and who cannot secure work in private employment, will stay on the rolls during the remainder of this fiscal year; and I then read to the Senator two little amendments.

After our remarks, I concluded that I had misconstrued the remarks of the Senator. Listening to the Senator again this afternoon, I came back to the former conclusion that the Senator does contend that $100,000,000 is sufficient——

Mr. ADAMS. I do.

Mr. SCHWELLENBACH. And that no one in need will be taken off the rolls. If I have correctly construed the Senator's remarks——

Mr. ADAMS. The Senator has.

Mr. SCHWELLENBACH. In view of that fact, why would there be any objection to putting into the joint resolution a provision that no person in need who cannot secure work in private employment will be removed from the rolls between now and the end of the fiscal year—the amendment which I read the other day?

Mr. ADAMS. I have not studied the Senator's amendment; but, in the first place, the Senator will concede that if I am correct, the amendment is not necessary. In the next place, some of us have been eager to get this money out. We have been anxious to have the joint resolution passed and not have to go to conference, so that the $100,000,000 will be immediately available. Any amendment involves going to conference and involves delay.

Mr. SCHWELLENBACH. But if the Senator's conclusion in reference to the figures is correct, the inclusion of this amendment, which the Senator says is unnecessary, would give to the persons who are on the rolls a feeling that they are not going to be kicked off next week or next month. I think one of the most serious mistakes of the W. P. A.—and I am just as critical of W. P. A. as anybody is—is this business of laying off persons and then taking on a great number of others. I think we owe to the persons who are entitled to the assistance of the W. P. A. at least 2 or 3 months of feeling that if they cannot get work in private employment, they will get this small amount of money from W. P. A. for their work. I see a real value in that.

Mr. ADAMS. The Senator realizes that the passage of the joint resolution in the form he suggests will not increase the amount of money available.

Mr. SCHWELLENBACH. I realize that.

Mr. ADAMS. The result is that if we assume that the Administration is going to do the best it can, the Senator will not add anything to the measure by adding the amendment. He will not appropriate any additional amount of money.

Mr. SCHWELLENBACH. But it would be an assurance to those who are on the rolls, and who cannot secure work in private employment, that they will not be removed from the rolls between now and the end of the fiscal year.

Mr. ADAMS. I do not know about that. We found 105,000 persons who were on the rolls contrary to law, and who had been on the rolls contrary to law for we do not know how long.

Mr. SCHWELLENBACH. This amendment does not include anyone who is illegally or improperly on the rolls.

Mr. ADAMS. I am talking about administration.

Mr. SCHWELLENBACH. But, to get back, may I now assume that the Senator is not quite sure that the figures Colonel Harrington has presented, and upon which the Senator is basing his argument, are correct?

Mr. ADAMS. Not at all. I think the figures will do just what the Senator says they will do. Any amendment merely involves delay, and merely adds to the problem without helping its solution.

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

Mr. ADAMS. I yield to the Senator from South Carolina.

Mr. BYRNES. I suggest to the Senator that on page 4 of the hearings in the House, Colonel Harrington inserted a table which I think will give to the Senator from Washington the assurance which he desires.

In this table Colonel Harrington shows that there were separated from the service by voluntary separations and discharges in the month of January 214,000 persons; in December 294,000; in November 237,000. If we may assume that there will be the same number of separations in April, May, and June that have occurred in every month as far back as this table goes, there will be approximately 700,000 separations between now and June 30. Of those separations Colonel Harrington showed that voluntary separations during the past 3 months amounted to three hundred and fifty-some thousands. It is said that 400,000 will be removed. The answer to that statement is that if no more are put on, the voluntary separations during the past 3 months amounted to more than 350,000, and the discharges amounted also to more than 300,000. That does not mean administrative discharges, but men were discharged for various reasons—misconduct on the part of some individuals, incompetency, or many other reasons. But if no more eligibles are certified to the rolls, judging from the record of the past 6 months, there will be a reduction of more than 600,000 between now and June 30.

The difficulty in our following this subject always is that we do not take into consideration the number who are certified to take the places of others. It depends entirely upon that, because without it we now have a prospective reduction of more than 600,000.

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

Mr. ADAMS. If the Senator will pardon me, I have just one more word to say. As I said before, in corroboration, I have taken more time than I should. I know that figures are dull. We cannot expect those who have not lived with these matters to have the same grasp of the figures as those who have lived with them. We cannot put in their minds the tabulations we have studied over. I simply want the Senate to know how earnest and how sincere the Appropriations Committee were; that their report represents a desire on their part to let petty differences go, to abandon politics, to be good citizens, to be safe Senators, and not to count the cost to themselves. Anyone who is interested just in votes, or in popularity, may well be warned to avoid efforts to reduce expenditures. That is not the way to votes or to popularity. I repeat just one statement: More is involved in this problem than $50,000,000.

Mr. LUNDEEN. Mr. President, I ask permission to insert in the RECORD some figures on unemployment furnished by the American Federation of Labor and another organization, and part of a letter on the same subject.

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

[From the Washington (D. C.) Times-Herald of April 11, 1939]

$150,000,000 IS ESSENTIAL, SENATE TOLD—PRESIDENT SENDS LETTER TO PEPPER AS VOTE NEARS ON $100,000,000 COMPROMISE

President Roosevelt today asserted that Senate failure to vote $150,000,000 for relief during the remaining 2½ months of the fiscal year would cause the dismissal of approximately 400,000 W. P. A. workers.

The Senate was expected to vote during the afternoon on a proposal to raise the pending $100,000,000 to $150,000,000.

QUESTION OF ARITHMETIC

In a letter to Senator CLAUDE PEPPER (Democrat, Florida), who took up the fight for $150,000,000 after administration Senate leaders agreed to compromise on the lower figure, Mr. Roosevelt said the question "is one of arithmetic."

"In reply to your inquiry," the President wrote, "I think there is nothing for me to add or subtract from what I have made so clear on so many occasions since last January.

"The sole question of continuing relief to July 1 is one of arithmetic.

WORK FOR FEWER PEOPLE

"If $100,000,000 is voted, between 300,000 and 400,000 fewer people can be given work relief than if $150,000,000 is voted—and in addition practically none of the 700,000 or 800,000 people on the waiting list can be given employment.

"It seems to me," the President concluded, "that that is the long and short of it."

WORKERS' ALLIANCE OF AMERICA,
April 11, 1939.

DEAR MR. SENATOR: We are appealing to you in these last hours before the vote on the W. P. A. deficiency appropriation, to do everything in your power to avert the discharge of 760,000 W. P. A. workers. This tremendous number of layoffs is scheduled for April, May, and June if only $100,000,000 is voted by the Congress.

We believe that every Member of the Senate has the responsibility to see that these three-quarters of a million families do not suffer as a result of your vote.

We are aware that many Senators feel themselves committed to vote for only $100,000,000. If you are one of those, and you vote for merely this amount, you are giving your sanction and approval to depriving 760,000 wage earners and their families of their daily bread.

It is our conviction that the amendment of Senator PEPPER for $150,000,000 should be supported by you.

If this amendment fails, we believe you have the responsibility to vote for the Schwellenbach amendment, which would give the Works Progress Administrator the power to so adjust the employment and the disposition of funds that no needy employable worker who cannot find employment in private industry shall be discharged, except for cause.

This would mean that the funds would be exhausted on June 20 instead of June 30. Congress could then, in the 1940 appropriation bill, include sufficient funds to carry on the program during the final 10 days.

Will you, for the sake of this 10-day period, make 760,000 of your needy fellow citizens jobless? The proposal of Senator SCHWELLENBACH is such that it should be acceptable should the $150,000,000 amendment fail, to Senators of all parties and all

economic beliefs. May we count upon you to cast your vote to keep these needy employable people at work?

Sincerely yours,

DAVID LASSER, *National President.*

American Federation of Labor total unemployed estimates

1930:	
January	3,216,000
February	3,565,000
March	3,543,000
April	3,188,000
May	3,090,000
June	3,250,000
July	3,714,000
August	4,101,000
September	4,150,000
October	4,639,000
November	5,364,000
December	5,541,000
1931:	
January	7,160,000
February	7,345,000
March	7,098,000
April	6,739,000
May	6,750,000
June	6,841,000
July	7,198,000
August	7,357,000
September	7,303,000
October	7,778,000
November	8,699,000
December	8,908,000
1932:	
January	10,197,000
February	10,486,000
March	10,739,000
April	10,990,000
May	11,470,000
June	11,853,000
July	12,300,000
August	12,344,000
September	11,767,000
October	11,586,000
November	12,008,000
December	12,124,000
1933:	
January	13,100,000
February	13,294,000
March	13,689,000
April	13,256,000
May	12,896,000
June	12,204,000
July	11,793,000
August	10,960,000
September	10,108,000
October	10,122,000
November	10,651,000
December	10,769,000
1934:	
January	11,755,000
February	11,443,000
March	10,849,000
April	10,551,000
May	10,248,000
June	10,310,000
July	10,793,000
August	10,821,000
September	10,950,000
October	10,706,000
November	11,102,000
December	11,018,000
1935:	
January	11,695,200
February	11,419,393
March	11,233,026
April	10,876,134
May	10,819,936
June	10,758,179
July	10,758,989
August	10,492,224
September	10,030,667
October	9,774,869
November	9,960,775
December	10,007,418
1936:	
January	10,952,121
February	10,861,772
March	10,482,496
April	9,818,975
May	9,555,797
June	9,419,336
July	9,381,353
August	9,027,383
September	8,498,401
October	8,176,360
November	8,286,686
December	8,273,962

American Federation of Labor total unemployed estimates—Con.

1937:	
January	9,240,877
February	8,960,023
March	8,603,894
April	8,312,828
May	7,909,381
June	7,823,512
July	7,782,486
August	7,745,883
September	7,513,054
October	7,706,206
November	8,478,623
December	9,355,205
1938:	
January	10,926,000
February	11,123,000
March	11,226,000
April	11,065,000
May	11,404,000
June	11,400,000
July	11,274,000
August	11,087,000
September	10,465,000
October	10,371,000
November	10,515,000
December	10,335,000
1939:	
January	11,590,000
February (preliminary)	11,470,000

Total unemployment calculation

[Alexander Hamilton Institute, New York City]

1929:	
January	5,223,000
February	5,050,000
March	4,514,000
April	3,947,000
May	3,476,000
June	3,089,000
July	2,942,000
August	2,624,000
September	2,539,000
October	2,485,000
November	3,319,000
December	4,034,000
1930:	
January	5,450,000
February	5,689,000
March	5,803,000
April	5,552,000
May	5,719,000
June	6,197,000
July	6,848,000
August	7,430,000
September	7,507,000
October	7,730,000
November	8,474,000
December	8,982,000
1931:	
January	10,273,000
February	10,387,000
March	10,318,000
April	9,992,000
May	10,083,000
June	10,314,000
July	10,902,000
August	11,286,000
September	11,323,000
October	11,657,000
November	12,254,000
December	12,519,000
1932:	
January	13,760,000
February	13,879,000
March	14,053,000
April	14,314,000
May	14,734,000
June	15,137,000
July	15,663,000
August	15,650,000
September	15,047,000
October	14,879,000
November	15,294,000
December	15,423,000
1933:	
January	16,358,000
February	16,393,000
March	16,814,000
April	16,391,000
May	16,037,000
June	15,291,000
July	14,727,000
August	13,707,000
September	12,913,000
October	12,810,000
November	13,235,000
December	13,352,000

Total unemployment calculation—Continued

1934:	
January	14,154,000
February	13,621,000
March	13,044,000
April	12,668,000
May	12,398,000
June	12,469,000
July	13,161,000
August	13,281,000
September	13,506,000
October	13,244,000
November	13,430,000
December	13,012,000
1935:	
January	13,720,000
February	13,335,000
March	13,108,000
April	12,768,000
May	12,838,000
June	12,939,000
July	13,240,000
August	13,005,000
September	12,537,000
October	11,639,000
November	12,414,000
December	12,032,000
1936:	
January	12,286,000
February	12,220,000
March	12,714,000
April	12,263,000
May	12,116,000
June	12,053,000
July	11,718,000
August	11,427,000
September	10,306,000
October	10,020,000
November	9,985,000
December	9,313,000
1937:	
January	10,348,000
February	10,084,000
March	9,609,000
April	9,391,000
May	9,102,000
June	9,083,000
July	9,133,000
August	9,014,000
September	8,981,000
October	9,203,000
November	10,111,000
December	10,901,000
1938:	
January	12,791,000
February	13,222,000
March	13,327,000
April	13,287,000
May	13,785,000
June	13,928,000
July	13,955,000
August	13,478,000
September	12,876,000
October	12,619,000
November	12,441,000
December	11,735,000
1939: January	12,882,000

Mr. PITTMAN. Mr. President, I never have been able to see how borrowing money by our Government, and its expenditure for work-relief labor, could ever raise commodity prices in this country to the level of 1926, which we seek. In fact, it has not done so. I think the time should very quickly come when this policy should cease; but I do not believe it ever will cease unless some action is taken by Congress to restore the price level of commodities in this country.

If one cannot make a profit on his business, there will be no income from it. We cannot increase income without increasing profits, or at least assuring some profits to the producers of commodities and to those engaged in industry.

Again, we find that a certain amount of national income is essential to prosperity. We now face, on our national income, the maximum amount that we can afford to pay in the form of taxation. What disturbs me is that we are constantly arguing about these enormous expenditures of borrowed money, and the only intimation we give out that our action is going to affect commodity prices is that if we stop the spending, private industry will spend. I do not think that naturally follows by any means. Private capital will not invest, no matter what the taxes are, during deflation or threat of deflation. It always invests during inflation. I can understand, of course, that the five or six billion dollars we might spend of the Government's borrowed money would be only a drop in the bucket if private industry did not join in with its capital and its money; but I do not know what Congress has done or is doing to retard deflation and to increase commodity prices.

We certainly have some control over our monetary agents in this country. It would seem that we should have some control over the Federal Reserve Board, and some control over the Treasury Department. If we have not, we should have. It is perfectly evident that the Federal Reserve Board, in connection with the Secretary of the Treasury, in the latter part of 1936 and the early part of 1937 caused the recession of 1938, as it is called, and did it deliberately.

In the latter part of 1936 and the early part of 1937 commodity prices in this country had reached nearly the parity of 1926. As a matter of fact, farm commodity prices had reached 96, as compared with 100, which meant that the purchasing power of the dollar was down to 101.

Within a few months after that commodity prices were driven down 24 percent, and they are down at that point now. The general prices of agricultural products were driven down more than 24 percent, and they are there now.

We have tried every kind of scheme to save agriculture. We have paid the farmers to reduce their production; we have paid them bonuses in the form of loans. Yet it has not affected their commodity prices at all, and unless something is done to affect commodity prices, the present condition is bound to last forever.

Let us look at what Mr. Eccles, the great genius in charge of the Federal Reserve Board, said in his report at the end of 1936. This is a splendid report. In 1936 it looked as though we were not going to have any unemployment in 1937 and 1938; it looked as though the prices of all commodities would reach 100.

I want Senators to listen to this report for just a moment. On page 3 of the Annual Report of the Board of Governors of the Federal Reserve Board for 1936 we find the following:

> Progress in industry and trade was substantial in 1936. Production of durable goods increased considerably, and output of nondurable products also showed growth, particularly in the latter half of the year.

I am reading from a great monetary and economic genius, and I hope to conclude in a moment:

> The increase in durable-goods production reflected purchases of equipment both by industry and by individuals, as well as further expansion in construction. There was a general rise in employment, and income in both urban and rural areas was considerably larger than in other recent years. Capital values increased during the year, and in the latter part of the year there was a general advance in commodity prices. Total national income rose to $63,800,000,000 for the year, as compared with $55,000,000,000 in 1935 and a low of $39,500,000,000 in 1932.

That was a splendid showing. On page 2 of the report we find the following:

> During 1936, however, business drew upon the banks and upon investors' funds to a considerably larger extent. Commercial loans to bank customers, after 3 years of little change, increased by $1,000,000,000, and securities issued by corporations to obtain new capital (as distinct from refunding issues) amounted to $1,200,000,000 or more than the aggregate for the previous 4 years combined.

The same story of prosperity proceeds. On page 1 of the report for the year 1937 we find the following:

> At the opening of 1937 economic activity was increasing rapidly. The output of mines and factories, after a steady rise for 2 years, had reached the average level of 1929. Increased activity was manifested both in the industries producing goods for immediate consumption and in those producing durable goods. Capital expenditures by manufacturing industries were increasing rapidly, in line with output and profits. There was some revival in residential construction, which had dwindled to a very low level during the depression and was still far from normal. Employment was expanding and wage payments were rising even more rapidly as the result both of reduction in part-time employment and of increases in hourly wage rates. Increased farm income, a large volume of dividend disbursements, and larger wage payments resulted in an increase in retail and wholesale distributions. Prices of securities were at the highest level since the early part of the depression; yields on bonds, both Government and corporate, had reached exceptionally low levels, and capital issues of corporations were in the largest volume of the recovery years. Many commodity prices were

rising rapidly. Advances were particularly pronounced in agricultural and other raw materials; prices of finished goods were also rising. Increased domestic demand, together with a considerable volume of foreign demand, contributed to the advance. A wave of buying was in progress. * * *

Relative to bank loans and the expansion of deposit currency, the Board reports as follows from page 2: "The total volume of bank deposits and currency continued to grow and at the beginning of 1937 was at the highest level in the country's history. Bank loans to trade and industry had increased considerably and were growing. New York City banks were reducing their holdings of Government securities, but total investments of banks had changed little in the last half of 1936. Idle funds in the hands of institutions and individual investors continued large, and long-term money rates were exceptionally low."

On page 3 of the 1937 report we find the following assertion:

Currency outside of banks had increased by about $2,000,000,000 between 1930 and 1937.

That is where currency must be to have any effect.

Now comes the report of the destruction of that prosperity, an admission on the part of Mr. Eccles that the Board deliberately destroyed that prosperity.

Yet I have never heard anything said in Congress against it. I have heard of no effort in Congress to control a situation of that kind. We are concerning ourselves with a feared waste of $50,000,000, when the act of the Federal Reserve Board struck down billions of dollars worth of capital in this country with one blow. We are talking now about saving the taxpayers' money, and in my opinion, there is not a thing that we are talking about which has anything whatever to do with the restoration of the price level.

This is what the Federal Reserve Board did in conspiracy with the Treasury Department. On page 2 of the 1937 report we find the following:

The rate of advance in business activity was, in fact, so fast that there were evidences of unsound developments.

There is the whole secret. There were evidences of unsound development. Prosperity was moving forward too rapidly to suit them, and there was threat of a boom. Yet there were 8,000,000 unemployed in this country at the time of that so-called threat of a boom. I read further:

There was a large increase in forward orders in anticipation of further price and wage increases, together with uncertainties regarding deliveries, partly due to labor disputes, and shortages were developing in plant and equipment and in some classes of skilled labor. Notwithstanding the fact that recovery was far from complete and that there was still a large amount of unemployment, boom conditions were developing in particular industries and boom psychology began to be manifested.

Then what happened? On page 1 of the report of 1936 we find that the Board took action to check the upswing. This is what it reported:

In July 1936 and again in January 1937 the Board of Governors took action to increase reserve requirements and thereby to eliminate a large part of the excess reserves that had accumulated. The combined effect of these two actions of the Board was to double the reserve requirements of member banks. Thus the power conferred upon the Board by the Banking Act of 1935 to increase reserve requirements for the purpose of preventing injurious credit expansion was fully utilized.

In December 1936 the United States Treasury inaugurated a policy of setting aside in an inactive stock all gold purchased subsequent to December 23, 1936, and thereby preventing the further acquisition of gold from increasing bank reserves. The Treasury and Federal Reserve measures taken together largely eliminated the basis of a potential credit expansion arising from the large movement of gold to this country which had begun in 1934 and had greatly expanded the credit base of the country.

Again, on page 2 of the 1937 report the Board reported that the Treasury Department joined in the program which had the effect of curtailing and checking the return of prosperity. I read:

In December the United States Treasury, after consultation with the Board, adopted a policy of placing new gold acquisitions in an inactive account, thus preventing further gold imports from adding to the reserves of member banks.

On page 3 of the 1937 report we find the following:

In August 1936 the Board of Governors had raised reserve requirements for member banks by 50 percent in order to absorb a part of the $3,000,000,000 of reserves in excess of requirements held by member banks. Under the law the Board has the responsibility of changing reserve requirements in order to prevent injurious credit expansion or contraction, and the Board had acted to eliminate from the credit base a part of the redundant reserves accumulated through a large volume of gold imports. The Board's action was in the nature of a precautionary measure to prevent an uncontrollable expansion of credit in the future. The policy of maintaining easy money and credit conditions pursued by the System since the beginning of the depression continued to be in effect.

On page 3 of the 1936 report we find the following:

The Board, therefore, in January and March 1936, took action to increase the margin requirements applicable to security loans made by brokers and dealers in securities and in March also made these requirements, as increased, applicable to loans made by banks on stocks for the purpose of purchasing or carrying stocks registered on national securities exchanges. By these measures the Board undertook to check the growing use of borrowed funds for speculation in securities, without limiting the supply or raising the cost of credit available for commercial, industrial, or agricultural purposes.

Senators, watch the development and see what happens. See what happens with this control of our monetary system. I continue to read from the 1937 report, page 8:

About the middle of March prices of stocks and of lower-grade corporate bonds began to decline from the high levels to which they had risen. Advance buying by industry and trade slackened, and early in April prices of commodities traded on organized exchanges began to decline. During the summer increases in crop production contributed to the declines in prices of cotton and grains, while livestock prices advanced. Industrial output continued large, however, reflecting to a considerable extent the filling of orders previously received. In the spring months there was a decline in offerings of securities for refunding purposes which had been in record volume in the early part of 1936 when business organizations, particularly the public utilities, were taking advantage of the prevailing low level of money rates to reduce the cost of their indebtedness.

Here is the end of the story on page 10 of the 1937 report:

As a consequence of these developments industrial production declined at an exceptionally rapid rate, and the Board's index, which had averaged 116 in the first 8 months of the year, fell to 84 in December. There were also sharp declines in factory employment and pay rolls. Movement of goods over the railroads was reduced and, with costs at a higher level, the earning prospects and financial positions of many railroads were impaired. In the commodity markets prices of raw materials and semifinished products showed widespread rapid declines, and prices of finished goods, which had risen somewhat further during the summer, also decreased. In December prices of some raw materials continued to decline but others, including steel scrap and cotton, advanced. Reductions in incomes were reflected toward the end of the year in reduced consumer buying of automobiles, furniture, and other durable goods. Residential building, which earlier in the year had decreased as a consequence primarily of higher building costs, declined further in the autumn, as uncertainties arose regarding income prospects. At this time there were some reduction in building costs, but with business activity declining people were reluctant to build new houses or buy old ones.

There is the history of the rise in 1936 and 1937, and there is the history of the decline down to the present time.

The Federal Reserve Board, which has extraordinary control over the monetary affairs of the United States, conceived in 1936, at a time when there were 8,000,000 unemployed persons in this country, at a time when the price levels had not yet reached those of 1926, that there was a boom, and that conditions were unsound, and the Board took every step in its power to stop the boom, and it did stop the boom, and put conditions where they are now, and since the conditions were brought to that point the Board has taken no action to overcome the wrong and the destruction it did. Instead of that, we have Mr. Eccles, in a very confused and pitiful way, writing a letter to the Committee on Banking and Currency, saying there have been very many disagreements on both sides, and that they would be very happy to have the Committee on Banking and Currency suggest to the Board what they should do.

Mr. President, there is no question what they should do. They cannot control the credit of this country, because a depositor in a bank will not use his money to buy anything so long as he thinks there is a deflationary movement under way and prices are going down. A bank for the same reason will not lend money so long as it believes there is a deflationary movement and prices are going down. Let the depositor think that prices are going up and he will buy, and the bank will join him in lending. The Board has no control over the bank's credit. It has control over the currency in

this country. Every time the suggestion is made that the Government use its function in issuing currency, business and banking institutions have been taught to be afraid and they are afraid that something will happen to our currency similar to what happened to the German mark. Therefore, the Board does not know what to do. It will say that there is just as much currency in this country now as there was in 1929. That is true. But where is it? In 1929 it was in the hands of the people. At the present time it is hoarded by the banks on one hand and hoarded by the depositors on the other.

Mr. Eccles tells us that in 1936 not only were deposits moving freely but currency in circulation out of the banks increased. I say "in circulation." I do not mean in circulation as the Treasury considers it to be when it is merely outside of the Treasury. I mean in circulation out of the Treasury and outside the banks.

The deposits at the present time are hoarded. It would make no difference if there were $20,000,000,000 in currency registered in the Treasury reports as being in circulation, which would simply mean that it was outside the Treasury, if all of it were hoarded in banks, both by the banks and the depositors. But there is no doubt that when the Thomas amendment to the agricultural bill was agreed to, authorizing the United States Treasury to issue and spend $3,000,000,000 in Treasury notes, it had an inflationary effect. Why? Because, as Jimmie Warburg said, there had never before been such an inflationary movement in this country as that. In addition, it provided another $3,000,000,000 which the Government might use to take up its current accounts. That made a total of $6,000,000,000. It was Jimmie Warburg who suggested that if such a bill were passed everyone who had a deposit would run out and buy something solid—buy commodities and real estate—and there would be the greatest inflation in commodity values that the United States ever saw. That was exactly what we wanted to the point of reflation.

But, Mr. President, none of that power was ever utilized by the President of the United States. He did not utilize the $3,000,000,000. And to make matters worse, as the inflationary period was coming, and the course of prosperity and commodity prices moved up, to July 1933, the Treasury Department again became frightened of boom, and deliberately issued a statement that there would be no inflation, and then prices dropped.

We have six-billion-and-some-odd dollars in currency in this country. Three-fourths of it at this time is hoarded. We have the privilege, if we want to do so, of issuing $750,000,000 of gold currency. Unfortunately, that is all the gold of the fifteen billion that is unallocated. We have the power today to issue $3,000,000,000 in silver currency. That total would not make the five billion minimum we should have. There would be no power of currency inflation based on metallic reserves. The Federal Reserve Board can retire Federal Reserve notes. So the Federal Reserve Board has absolute control over currency inflation and deflation. There can be no danger of currency inflation. Why not reflate?

I quote from the recent hearing before the special committee of the Senate upon the silver investigation:

The CHAIRMAN. What do you call "currency inflation"? Describe "currency inflation." I have heard the expression used quite a lot. I would like to know distinctly what it is.

Mr. ECCLES. To me it would mean where the supply of money, bank deposits and currency, in the hands of those that spend that money, is greater than a country's ability to produce the goods for the market. It would be a condition of overemployment, a condition of inability to produce the goods, so that the supply of money in the hands of those who spend it is in excess of a country's ability to supply the demands.

The CHAIRMAN. What would be the effect, then?

Mr. ECCLES. The effect would be the rapidly rising price level. It would be a diminution of the purchasing power of the dollar.

The CHAIRMAN. Has not the Government been striving apparently for 6 years to lower the purchasing power of the dollar and to raise the price level of commodities? That has certainly been the effort of our Government for 6 years.

Mr. ECCLES. Of course you speak of "the Government." It is difficult for me to say. There are different views with reference to it. There are some people in the Government, and I think practically everybody, felt that the prices should go up, it would be desirable to have higher prices certainly than they were in 1932, that the prices should bear certainly some relationship to fixed charges and debt structure. If it is possible to create that condition, I would think that was desirable.

The CHAIRMAN. As I understand you now, and I hope I do, the effect of currency inflation would be to raise rapidly price levels, isn't that true?

Mr. ECCLES. That is right.

The CHAIRMAN. Then by "currency inflation" you could bring the price levels up to what the Department of Labor fixes as parity. That is true, isn't it?

Mr. ECCLES. You may get a great variation in prices. You may have some prices very low, and you may have other prices higher. Taking an average price level, I think that is true.

Yet we should always have $5,000,000,000; a nonreducible minimum of nonretirable circulating currency. The trouble is that the authorities are so frightened of inflation such as took place in Germany that they will not overcome a deflation. They are not concerned with deflation. It is just as though one lacked 5 pounds of pressure in an automobile tire which required 29 pounds, and was afraid to have the 5 pounds put in for fear the man at the station would put in 100 pounds and blow it up. If 5 pounds were put in the tire, it would be reflation, but if 100 pounds were pumped in the tire, it would be inflation.

There is no question that the agents of the Government controlling our monetary system could do what Governor Strong did when he was Governor of the Federal Reserve Bank in New York, when he held the 1926 levels, on an average, all the time he was there. When the purchasing power of the dollar went above the line and the commodity price went below the line, he was not afraid to add to the currency to bring the dollar to the proper level; and he did it constantly.

In charge of our finances today we have men who know how to create a deflation, but apparently they have not the slightest idea about creating reflation. They can start a conflagration but they cannot put out the fire. Yet they were granted the power to do both.

I think money has been uselessly spent. It will always be so. However, until our Government takes some steps to cheapen the purchasing power of the dollar, which means raising the selling price of commodities, there will never be profits from industry in this country; and if there are no profits from industry in this country, there will be no income. If there be no income there will be no return from taxes. Yet we stand and fight intensely over $50,000,000, while the acts of the Federal Reserve Board and the Treasury Department cause losses of billions to industry and to the people of the country. The fight seems absurd.

To demonstrate the economy of the thing, in 1937 the Government was taking only 40 percent of the silver produced by the miners. That was thought to be too little. That really meant, in effect, a price of 77.57 cents an ounce to the miner. Just before 1938 the President threatened to cut the price from 77.57 cents to 64.64 cents. The Governors of every Western State, every mine operators' association, and every miners' association, wrote and wired to the President of the United States that owing to the lower price of lead, zinc, and copper, with which silver is associated in the ore, if he cut the price 13 cents an ounce, from 77.57 cents to 64.64 cents, many mines would have to close down, many others would have to come down to mere maintenance operation, and great unemployment in the mining section of the country would result.

However, the President was advised otherwise by someone else. What happened? The Director of the Bureau of Mines testified before our committee the other day, and he submitted tables to show that, by reason of the reduction, the production of silver in 1938 had dropped off 15 percent, and that labor in the mines had dropped off 25 percent. He testified that counting the number of outside employees, based upon every mine worker—and he is a Director of the Bureau of Mines, whose business it is to know—200,000 persons had been thrown on the relief rolls. What did that cost the Government? It cost the Government $900 per man, or a total of $180,000,000.

What did the Government win? It won $2,215,143. We can see the actual loss from throwing men out of employment. The Government did what it did to increase its seigniorage $2,000,000.

That is not all. A producing mine—lead, silver, copper, or zinc—pays a bullion tax in most of the States. That source of revenue is one of the biggest incomes to the State in Utah, Nevada, and many Western States. Every producing mine pays a corporation income tax to the Federal Government. The Government not only has charged itself $180,000,000 for these 200,000 men, but it has lost the taxes, all to win a measly $2,000,000 in seigniorage. That is the situation today.

So when we stand here and talk about $50,000,000, I am not so deeply interested. I wish to say that while I do not think spending by means of Government borrowing will ever accomplish a return to prosperity, and while I think much money may be wasted, I am wholly unwilling to take a chance on human suffering. I am unwilling to take a chance when there is dispute as to the facts and the effects of throwing men and women out of work in this country by reason of something with which they had nothing to do. In my opinion the administrators of a powerful monetary system in our own Government are wholly responsible for most of the unemployment of 1939.

Mr. President, I ask to have printed at this point in my remarks certain extracts from the testimony before the Senate Special Silver Committee.

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

MARCH 27, 1939.

Hon. MARRINER S. ECCLES,
Chairman, Board of Governors of the Federal Reserve System, Washington, D. C.

MY DEAR MR. CHAIRMAN: In your letter to Hon. ROBERT F. WAGNER, chairman of the Banking and Currency Committee of the Senate of March 9, 1939, opposing Senate bill 31, introduced by Hon. M. M. LOGAN, of Kentucky, proposing a legislative mandate to restore the predepression price level and maintain it, you enclosed a memorandum which on March 13 was given to the public press. This memorandum, in effect, denies the quantitative theory of money and denies that Congress, or the Board of Governors and the Federal Reserve banks as the agency of Congress, could regulate the value of money by regulating its volume.

A number of Congressmen invited my views on this memorandum. I enclose for your inspection my comments, not in the hope of a reply but in the hope that the memorandum might possibly be of service to your administration, or to the public. I request you to bring it to the attention of the Board of Governors. If there be any errors of fact in it, I ask that you point them out so that I may correct them before the matter goes further. If my inferences and conclusions seem erroneous to you, I should be glad to have you explain why, as my first desire is to be on the side of right and truth. My wish is to be of service in perfecting the management and development of the Federal Reserve System.

Yours respectfully,

ROBERT L. OWEN.

The CHAIRMAN. Now, you have this memorandum here.

Mr. OWEN. Yes.

The CHAIRMAN. Suppose we place that in the record at this point following your letter.

Mr. OWEN. All right, sir.

"MEMORANDUM ON STATEMENT OF THE BOARD OF GOVERNORS ON PROPOSALS TO MAINTAIN PRICES AT FIXED LEVELS, MARCH 13

"On January 10, 1939, Hon. ROBERT F. WAGNER, chairman of the Senate Committee on Banking and Currency, sent to the Board of Governors of the Federal Reserve System a bill introduced by Hon. M. M. LOGAN, of Kentucky (S. 31), proposing to use the powers of the Federal Reserve System to restore the predepression price level, or purchasing power of the dollar, and maintain it at a fixed level.

"On March 9, 1939, 2 months later, Chairman Eccles replied:

"'* * * you are advised that the Board of Governors of the Federal Reserve System does not favor the enactment of Senate bill No. 31, a bill to amend the Federal Reserve Act, to restore and maintain a stable price level, and for other purposes, or any other legislation of this general character.

"'A statement of the reasons for this view is contained in the enclosed memorandum.'

"The Board of Governors in the memorandum opposes any bill which proposes a stable price level on the ground—

"'* * * that prices do not depend primarily on the volume or the cost of money; that the Board's control over the volume of money is not and cannot be made complete; and that steady average prices, even if obtainable by official action, would not assure lasting prosperity' (p. 1).

"'The Board declares that those who propose a stable price level do so under the impression—

"'* * * that prices can be raised by increasing the supply of money, that prices can be lowered by reducing the supply of money, and that prices can be kept fairly steady by changing the supply of money in the right direction at the right time' (p. 1).

"In other words, the Board, in a public statement, denies the quantitative theory of money; and denies that it is possible to either establish or to maintain a dollar of uniform, permanent, debt-paying, purchasing power.

"The Board also denies what has already been accomplished by other leading nations and substantially contradicts the testimony of the Chairman of the Board heretofore given by him on various occasions.

"Let us consider what he said on February 24, 1933, before the Committee on Finance of the Senate, under Chairman Reed Smoot, of Utah:

"'* * * it must be recognized that the break-down of our present economic system is due to the failure of our political and financial leadership to intelligently deal with the money problem. In the real world there is no cause nor reason for the unemployment with its resultant destitution and suffering of fully one-third of our entire population. We have all and more of the material wealth which we had at the peak of our prosperity in the year 1929. Our people need and want everything which our abundant facilities and resources are able to provide for them. The problem of production has been solved, and we need no further capital accumulation for the present, which could only be utilized in further increasing our productive facilities or extending further foreign credits. We have a complete economic plant able to supply a superabundance of not only all of the necessities of our people, but the comforts and luxuries as well. Our problem, then, becomes one purely of distribution. This can only be brought about by providing purchasing power sufficiently adequate to enable the people to obtain the consumption of goods which we, as a nation, are able to produce. The economic system can serve no other purpose and expect to survive.

"'If our problem is, then, the result of the failure of our money system to properly function, which today is generally recognized, we then must turn to the consideration of the necessary corrective measures to be brought about in that field' (p. 705).

"'The Government controls the gold reserve, the power to issue money and credit, thus largely regulating the price structure' (p. 707).

"Certainly Mr. Eccles was correct in this statement, but it is substantially in contradiction of the present position of the Board. He says now that it cannot be done; that relief cannot be given by the Government, nor by the Federal Reserve System as an agency of the Government. He has conceded many times that the Government can expand and contract money and that no other power has the legal authority under the Constitution. He said as much in his appearance before the Banking and Currency Committee of the House when the Banking Act of 1935 was under consideration. He said:

"'Open-market operations are the most important single instrument of control over the volume and the cost of credit in this country. When I say "credit" in this connection I mean money, because by far the largest part of money in use by the people of this country is in the form of bank credit, or bank deposits. When the Federal Reserve banks buy bills or securities in the open market, they increase the volume of the people's money and lower its cost; and when they sell in the open market, they decrease the volume of money and increase its cost. Authority over these operations, which affect the welfare of the people as a whole, must be vested in a body representing the national interest' (p. 181).

"The Federal Reserve Board was given the power over open-market operations through which it could expand or contract the money supply, it if chose to do so.

"It did choose to do this even when its powers were less than under the Banking Act of 1935. On May 18, 1920, in a secret meeting with the class A directors, representing exclusively the banks, and ignoring class B directors, representing industry, commerce, and agriculture, and class C directors, representing the Government, the Board agreed upon a drastic contraction of credit and currency and used its powers over the member banks to put this policy into effect. It declared various important articles of industry nonessential and undeserving of credit, such as, for instance, automobiles. As the result of such drastic action by the Board, the price level fell from 167 in May 1920 to 93 in June 1921. The purchasing power of money rose from 60 to 107.

"By the exercise of its powers to extend credit, and to permit credit to be expanded, in the security exchanges, the price of securities rose necessarily beyond the power of the securities to pay dividends on the purchase price. The result of this mismanagement was a violent reaction beginning October 23, 1929, which caused the average of preferred and common stocks listed on the New York Stock Exchange to fall from $81.73 a share to $11.89 a share. This caused universal bankruptcy and caused the dollar to rise from an index of 105 in 1929 to 167 by February 1933.

"The powers through which it accomplished this are abundantly set forth in the letter of the Federal Reserve Board of May 25, 1920. An abstract of these powers was made by the Committee on Agriculture of the Senate as follows:

"'1. Discount rates should be raised.

"'2. Member banks should call loans on agricultural products, thus forcing the sale of such products.

"'3. Member-bank credits should be restricted.

"'4. Existing loans should be liquidated.

"'5. Expansion of loans should be checked.

"'6. That member banks should use their power to limit the volume and character of loans.

"'7. The Federal Reserve banks should establish normal discount or credit lines for each member bank and should impose graduated discount rates on loans in excess of the normal line.

"'8. Served notice that the Federal Reserve banks have power to refuse to discount any form or class of paper.

"'9. Suggested notice to the public that the Federal Reserve banks have the power to control and regulate credit.

"'10. Served notice to the public that they must economize, must limit demands for banking credit, and must begin to pay existing debts.

"'11. Suggested that the member banks educate and impress the country with notice of the Federal Reserve's announced policy' (S. Rept. 1328, 75th Cong., 3d sess.).

"Chairman Eccles himself recognizes the powers of the Federal Reserve System, for he said in his memorandum to the Committee on Agriculture and Forestry of the Senate when considering S. 1990, Seventy-fifth Congress, first session: 'The Federal Reserve System can regulate within limits the supply of money * * *' (p. 12).

"But he insisted that there were other factors that might influence prices, which of course has a minor element of truth in it. But the Federal Reserve System is not responsible for the remedies for these conditions. The effect of unfair practices in commerce and the effect of monopolies must be left to regulation through other branches of the Government for which the Federal Reserve System is not responsible.

"There can be no reasonable doubt whatever that the Federal Reserve System can do exactly what the honorable chairman himself has testified to in the hearings on the Banking Act of 1935, when he said:

"'Mr. HANCOCK. In effect, Governor, does not this bill undertake to bring back home the sovereign power vested in the Congress to coin money and to regulate the value of it?

"'Mr. ECCLES. Well, it brings to the Federal Reserve Board the power, and, of course——

"'Mr. HANCOCK. And through that Board back to Congress?

"'Mr. ECCLES. That is right * * *' (p. 207).

"'Mr. CROSS. Governor, you agree with the proposition that it is the duty of Congress to regulate the value of money, don't you; that is, Congress, acting through its agency which it sets up, shall do it? Of course, Congress itself does not do it.

"'Governor ECCLES. I think that is a sovereign power given to Congress.

"'Mr. CROSS. In the Constitution.

"'Governor ECCLES. In the Constitution' (p. 233).

"But now when bills are pending in the Senate and House proposing to exercise the constitutional power, we find the Board of Governors, under the leadership of the chairman, attempting to defeat, through this release to the public press, the reasonable efforts of Senators and Members of Congress to regulate the value of money.

"It is perfectly obvious to students of monetary science where the trouble lies with Chairman Eccles. He has made several serious errors: (1) That the banks are full of money. (2) That the price level is not controlled by the volume of money; which is a denial of the quantitative theory. (3) That stability of prices is not so important as economic stability in industry, commerce, and agriculture. Let us examine these statements.

"THE BANKS ARE FULL OF MONEY

"The argument submitted by the Board is that in 1929 there were $23,000,000,000 of demand bank deposits and the price level was 95, while in 1938 the demand bank deposits were $26,000,000,000 and the price level only 77, and therefore the volume of the demand deposits did not regulate or greatly influence the price level.

"Let us correct the figures. On June 30, 1929, the demand deposits were 22.4 billion dollars for corporations and individuals, excluding interbank deposits and governmental deposits.

"On June 30, 1929, they were 22.8 billion dollars, excluding governmental deposits and interbank deposits, the governmental deposits amounting to over 3.2 billion dollars.

"In 1929 the amount of demand deposits not in circulation was comparatively small, inactive accounts being represented by about $10,000,000,000 of time deposits, of which the Federal Reserve Board has taken no notice. During this year the actual use of these 22.4 billion dollars of demand deposits was $1,227,000,000,000. But in 1938, over half of the demand deposits were hoarded and not in circulation. The total amount of checks drawn against the demand deposits which were in circulation amounted to $530,000,000,000, less than half of the money employed in 1929, although we had had an increase in population of approximately 10,000,000 people.

"The fatal defect in the argument of the Board is that it failed to perceive that demand deposits in hoarding, which are unemployed and not used to pay wages and salaries and carry inventories, but held for future investment cannot be classified as money in circulation. Such demand deposits have no more effect upon the transaction of business, upon the employment of labor, and the production of goods than if they were gold bars hoarded in the vaults of the United States Government, where we have $15,000,000,000 of idle gold unemployed.

"Let it be remembered that money is 'anything employed in conventional use as a medium of exchange and measure of value.' When currency or demand deposits are not employed as medium of exchange, but are buried by the miser in the ground or hoarded by those who merchandise in money, it is not money and does not qualify when considering the quantitative theory of money.

"It is for this reason that Mr. Eccles denies the quantitative theory of money. It is because his mind has not grasped the true meaning of money as employed in the quantitative theory. The quantitative theory deals with money in circulation, not with money hoarded, locked up in vaults and unemployed. Such hoards may be converted into money but they do not comprise money in the quantitative theory.

"Therefore, to say that the banks are full of money is grossly misleading.

"No one knows the substantial facts of the concentration of our money supply in the financial centers better than does the chairman, because in his testimony of February 24, 1933, before the Senate Committee on Finance, he said:

"'I repeat there is plenty of money today to bring about a restoration of prices, but the chief trouble is that it is in the wrong place; it is concentrated in the larger financial centers of the country, the creditor sections, leaving a great portion of the back country, or the debtor sections, drained dry and making it appear that there is a great shortage of money and that it is, therefore, necessary for the Government to print more (p. 711).

"'The maladjustment referred to must be corrected before there can be the necessary velocity of money. I see no way of correcting this situation except through Government action' (p. 712).

"The chairman knows that the concentration of unemployed money in the cities gives the Government an extremely low rate of interest on its bonds; but what he does not appear to know is that the scarcity of money throughout the country can be easily corrected by the powers of the Government without adding to the debt of the United States. He has forgotten the method employed by the Bank of England for over 90 years, to wit, the immediate expansion of the money supply by the purchase of sound bankable assets, thus converting nonliquid securities into liquid money and correcting the effects of hoarding and correcting the fear which induces hoarding, and inviting those who hoard to invest their money by creating a rising market through the expansion of the money supply.

"The Bank of England did this in 1847, 1857, 1866, and 1890.

"At present, and for 6 years, the banks of Great Britain, under the direction in policy of the British Government through the Chancelor of the Exchequer, have created the money supply required to restore employment. Under this management the businessmen of Great Britain have for 6 years enjoyed an unbroken interest rate of 2 percent and a comparatively stable price level.

"THE PRICE LEVEL IS NOT CONTROLLED BY THE VOLUME OF MONEY

"This blunder resulted in a most serious injury to the American people in 1937, because, when a monopoly raised the price of copper from 9 cents to 17 cents a pound and other monopoly prices were engineered, an attempt was made by the Federal Reserve System to control monopoly prices by contracting the money supply upon which the country had been led to depend through deficit spending and the issuance of bonds. The Federal Reserve System proposed to balance the Budget, stop expenditures, and prevent monopoly prices without the alternative of expanding the money supply through the creative powers of the Government and the open-market operations. Certainly they stopped monopoly prices. Copper fell promptly to the bottom. Prices of all kinds were reduced with the result of ruin to the country through a third depression in 16 years created by the mismanagement of the Federal Reserve System. What took place demonstrates that the price level was controlled by the volume of money. Let us remember, however, that by volume of money Mr. Eccles erroneously means demand deposits not in circulation as well as demand deposits in circulation. He blends together demand deposits having zero velocity and demand deposits having a turn-over of 50 times per annum. When the demand deposits in circulation are kept clearly in sight and the volume of checks drawn against such demand deposits is compared one year with another, it will be found that the so-called price level follows the contraction of the check money of the country based upon demand deposits in circulation.

"It is quite clear that the management of the Federal Reserve System does not understand that the all-commodity index, frequently called the price level, is merely a mathematical basis upon which to determine the index of the purchasing power of money, comparing one year with another. In 1926, when President Coolidge established the standard of 100 for the index of the purchasing power of money, it was done in the following manner: First, quantities of 784 commodities were taken as a basis, each quantity being established on the mean average of the years 1923–25 for each commodity. This fixed quantity of each commodity was then multiplied by the average weekly wholesale primary market price of each commodity. The result in dollars was set down, and the total value of the 784 commodities was added up. It made a total of $54,700,000,000. This was set down as the average purchasing power of money in terms of fixed quantities of 784 commodities for the year 1926. The dollar index was, therefore, put at 100 and the all-commodity index was put at 100.

"In 1938, when the same mathematical calculations were made, the total price paid for the 784 commodities amounted to 77 percent of the 54.7 billion dollars. And the dollar index, being in inverse ratio to the all-commodity index, was 130. In other words, the index of the purchasing power of the dollar had increased in the wholesale commodity markets in terms of the necessities of life 30 percent in value, thus forcing the debtors to actually pay the creditors 30 percent more in value than they had agreed to pay in principal and interest.

"When the Board speaks about the price level, it is in effect necessarily speaking of the dollar index, or the purchasing power of money and the debt-paying power of money. Certainly this important fact has escaped its attention. In its release of March 13, 1939, it said:

"'* * * (1) prices cannot be controlled by changes in the amount and cost of money; (2) the Board's control of the amount of money is not complete and cannot be made complete' (p. 1).

"'The Board believes that an order by Congress to the Board or to any other agency of Congress to bring about and maintain a given average of prices would not assist but would hinder efforts to stabilize business conditions' (p. 9).

"The Board thus asserts that a stable dollar of uniform, debt-paying, purchasing power would do more harm than good. This attitude is taken because the Board does not understand that a stable price level is a stable dollar, upon which necessarily the stability of the entire economic system depends.

"The point is that the Board does not realize that to restore the so-called price level to 100 would be restoring the dollar index to 100 from 130. It treats the price level as if it were something quite different from the dollar index, of which it is the mathematical base. It does not treat the price level as a unit. It treats it as a conglomerate and talks about the disequilibrium of prices and about some prices going up rapidly and others going down rapidly, which, while true, is entirely misleading because we are speaking of a price level which means a unit of 54.7 billion dollars for a fixed volume of commodities.

"STABILITY OF PRICES IS NOT SO IMPORTANT AS ECONOMIC STABILITY IN INDUSTRY, COMMERCE, AND AGRICULTURE

"The argument that the stability of prices is not so important as the stability of economic conditions is a final evidence of the misconception of the Board of what the price level is.

"The price level is the basis upon which the purchasing, debt-paying power of the dollar is founded; and, therefore, it should be perfectly obvious that it is impossible to have a stable economic condition in any field when the dollar has its debt-paying, purchasing power violently changed by the contraction of its supply through fear or hope of profit.

"Finally, it might be pointed out that this public release of the Board of Governors ignores established principles of modern monetary science demonstrated by nearly all the countries of the world, including our own. It ignores the party declarations of the Democratic, Republican, Progressive, and Farmer-Labor Parties.

"It ignores the act of the House of Representatives of May 2, 1932, when that body passed the Goldsborough bill to restore the purchasing power of the dollar to the predepression level and maintain it.

"The Board ignores the action of Congress in the Thomas amendment which authorized an expansion of $6,000,000,000 for the purpose of correcting the contraction which had taken place. It has defeated the execution of that authority and is now justifying it in a release to the public press.

"The Board ignores also the opinions expressed by the leaders of the organized farm groups of the United States (the National Grange, the National Farmers Union, the National Cooperative Council, and the American Farm Bureau Federation) and the testimony they have given.

"It ignores the opinions of a great number of professors of political economy who have studied modern monetary science and expressed the opinion that the Congress of the United States should regulate the value of money and exclusively create it through governmental action.

"It ignores the famous cable of President Roosevelt to the London Economic Conference.

"Let it be remembered that when President Roosevelt came in 6 years ago the outstanding currency on March 15, 1933, was 7.2 billion dollars; then it was contracted by the Federal Reserve System and only expanded by the purchase of silver certificates so as to now reach a maximum of 6.7 billion dollars. During the first year of Roosevelt's administration the Federal Reserve banks contracted the currency nearly $2,000,000,000. The outstanding credits of the Federal Reserve banks on March 15, 1933, were 3.5 billion dollars, which were contracted the first year following by about a billion dollars. At present they are $1,000,000,000 less than they were when Roosevelt came in.

"Under the influence and direction of the Federal Reserve System, 16,000 banks have failed in 16 years through mismanagement of the system. The loss in production in the last 10 years has reached nearly $200,000,000,000 in products and services which might have been enjoyed under a wiser management, leaving the country free from debt or relief charges. These facts appear in the records of the Board of Governors.

"The Federal Reserve System with its enormous power, with its large bureau of research, with every opportunity in the world to know the facts, and with every opportunity to digest the facts, up to this time has not given the country relief nor has it pointed out to Congress any means by which it can be affirmatively done. The Board seems to be content with setting itself firmly as an obstacle to the regulation of the value of money by Congress.

"It seems necessary, therefore, that Congress must exercise its power, through a legislative mandate, to instruct the Board and the Federal Reserve banks and to give any additional powers necessary to achieve the restoration of maximum production and employment through monetary means. If there be obstacles in the way, Congress should remove them at once.

"In stating the importance of a legislative mandate I do not concede that the Board and the Reserve banks have not the power immediately to end this depression. It could be done by the Board instructing the Reserve banks to buy bonds and notes of the United States on account of the United States at the rate of $50,000,000 a day until such nonliquid securities converted into liquid money should correct the deficit of liquid money produced by the hoarding of demand deposits, and until those who are hoarding demand deposits for fear or for profit or for security would either restore such money to circulation or until the new money thus created should make the hoarding harmless to the general public, now suffering from pernicious monetary anemia.

"It should be conceded that the Federal Reserve System cannot in itself be held responsible for punitive or obstructive taxes, or for the executive management of money appropriated in public relief and agricultural relief, or for the policies of the Departments of the Treasury, Commerce, and Agriculture. The insistence of the Board of Governors that the proper management of these Departments is a necessary part of the correct management of our economic system is conceded, but the Federal Reserve System is not held responsible for any other department except its own and should confine itself to perfecting its own opportunities of giving the country relief.

"Students of monetary science know that nearly all of our economic dislocations, the distress of agriculture, of home owners, of the railroads, and of the small-business man, is due directly and immediately to the unwise management of the Federal Reserve System. When Congress reassumes its powers of directing the powers of the Federal Reserve System through a legislative mandate, the stability of our economic conditions will be restored in so great a measure that the complaints of the Board of Governors as to other departments of the Government will be comparatively easy to correct.

"The manner in which the stability of our economic life has been impaired by the mismanagement of the Federal Reserve System and the remedies therefor, with the statistical evidence upon which they are based, has been clearly set forth in Senate Document 23 of the Seventy-sixth Congress, first session. In this document will be found a discussion of the principles of modern monetary science in relation to our national economy and banking structure. The statistics are furnished by the Board of Governors.

"The members of the Board of Governors should not be bankers. This does not reflect in any way on the patriotism or intelligence of bankers. An Irish jury favors home rule, and a banker by his lifelong training favors the control of the expansion and contraction of money by the banks. In their subconscious mind they have firmly set an unconquerable aversion to the idea of a political body like Congress exercising the power to control, create, and regulate the value of money. For many years they have filled the public press with the danger of Congress wrecking the country by unwise tinkering with the currency. Nearly all bankers agree that Congress should not be allowed to tinker with the currency. The bankers have frequently defeated a Member of Congress who favored governmental control by the power of the bankers' local influence. The bankers frequently have intimidated Congress through their powerful influence.

"Mr. Eccles, in his testimony of February 24, 1933, said:

"'I happen to be * * * president of First Security Corporation, owning and operating 26 banks and 1 trust company * * * Total resources of approximately $50,000,000' (p. 704).

"And said:

"'I am a capitalist'" (p. 730).

"He truly described himself as a generous, intelligent capitalist who did not believe in refusing deficit spending to prevent starvation or distress to one-third of our Nation. He was so generous in his attitude toward the distressed parts of the country that he became recognized as a New Dealer in the matter of relief.

"When we were improving our conditions by the processes of time in early 1937, he collaborated with Mr. Morgenthau in advocating contraction through the immediate balancing of the Budget and the cessation of deficit financing without offering any other alternative whatever to present reaction.

"Let us concede his sincerity, but let us also remember that by his training and habit of thought and fixed convictions that he is not qualified to be a safe monetary guide for the Roosevelt administration, or for the ending of unemployment, or for the termination of the distress which compels deficit spending because of humane considerations.

"A wise management of the Federal Reserve System would restore employment to a maximum, would end any need for deficit spending, and would not raise the issue of a $45,000,000,000 maximum debt, but would immediately begin to cut the debt down and justify an immediate lowering of the tax rates by increasing the income of corporations and individuals who pay taxes.

"When the leaders lack vision the people perish."

Mr. SCHWELLENBACH. Mr. President, I wish to speak briefly with reference to the amendment of the Senator from Florida [Mr. PEPPER]. When we consider the presentation of the Senator from Colorado [Mr. ADAMS], in which he very carefully attempted to analyze the figures and the results which would be obtained by the appropriation of $100,000,000 or the appropriation of $150,000,000, I think we must conclude that there is a very serious question in everybody's mind as to the exact result which will be attained.

We know that more than 800,000 persons are certified as being eligible for W. P. A., and in need of W. P. A. Even if $150,000,000 were appropriated, a very large number of them would not have an opportunity to obtain W. P. A. employment. So, regardless of the figure, we find a situation in which a large number of persons will not have an opportunity to work on W. P. A.

I do not think anyone on the other side will seriously argue that the addition of $50,000,000 to the appropriation would seriously affect the credit of the United States. I do not think anyone will seriously argue that $50,000,000 in itself is of very great importance so far as the total financial program of the Government is concerned. We know that a certain number of persons—I do not try to estimate the number—will receive employment if the $50,000,000 is added and will not receive it if we appropriate only $100,000,000. A certain number of thousands of persons in this country have been declared by the regularly constituted agencies to be eligible for relief, to be eligible for W. P. A.; and they will obtain employment if we appropriate $150,000,000. They will not obtain employment if we appropriate only $100,000,000.

What, then, is the argument behind the reduction of $50,000,000 under the amount recommended by the President? I know that many Members of this body and many persons in this country have had the feeling that if the Government would stop spending money and balance the Budget, or that if we could do this, or do that, then private industry would take up all the slack of unemployment and our problems would be solved. We were told that in 1937, and we tried to make severe reductions in expenditures. After that we went into a tailspin to a greater degree than we have done at any time. The actual decline in business activities in the fall of 1937 and the spring of 1938 was even more rapid than it was in the fall of 1929.

We were told that if the undistributed-profits tax could be repealed, business would receive a stimulus. We practically repealed the undistributed-profits tax, but business did not obtain any stimulus from that action.

We were told that if Mr. Harry Hopkins would make a speech in Iowa somewhere and let business know that the administration wanted to be friendly with industry, that would help. Still business indices have gone down, and there has been no improvement.

It will be remembered that when the question came up in the month of January, there was a very decided feeling upon the part of many Members of this body, and the argument was made, that if a demonstration could be made to business that Congress had once again taken control of Federal funds, there would be a rapid increase in business, and that business would rapidly recover.

I do not contend, as the Senator from New Mexico seemed to infer that I contended the other day, that the fact that the $150,000,000 was deducted from the $875,000,000, caused business not to increase, as was anticipated in January. At that time I argued rather at length, and I am sure very dully, because I attempted to present the question purely from the standpoint of the economic studies which had been made, that we could not expect during this spring the increase in business which was predicted by those who advocated the reduction of $150,000,000. We have not had such an increase. Business has not increased.

I wish to read very briefly from a statement in yesterday morning's newspaper by a man who certainly cannot be accused of being an ardent advocate of the administration, a man who has some reputation as an economist. I refer to Roger Babson. He says:

Does the failure of business to rise since January mean that the encouraging predictions I made for the entire year should be revised downward? Definitely not. The improvement has simply been postponed by one war scare after another. Three out of every four investors, bankers, businessmen, and merchants whom I see say, "I'm not doing anything until I see what Hitler does next." Those who seem least worried of all are Mr. and Mrs. John Q. Consumer. They keep right on with their retail shopping despite war hysteria. They are showing more sense than most "businessmen."

RETAIL TRADE BETTER

We should be thankful that they are. By continuing to buy they force stores to reorder merchandise, force manufacturers to buy raw materials, and force workers to keep employed. If they were as chicken-hearted as those who are scared stiff by sensational radio and news dispatches, trade would be as low as a year ago. As it is, retail sales are relatively good. Prices are well below last Easter season, yet profit margins in many lines are better than they were even in 1937. Those businesses that are lagging are being held back by fear, and fear alone.

It is not fear of government; and the fact that the Government itself made available through appropriations provided by Congress the money which was used by Mr. and Mrs. John Q. Consumer has made it possible for our retail business to sustain itself during this year.

I am not one who agrees with the theory that we can permanently spend ourselves into prosperity. I know that the junior Senator from Virginia [Mr. BYRD] will probably be surprised when I say that I am not one who adopts the views of the gentleman with whom the Senator from Virginia argues so frequently, Mr. Eccles, on the question of spending ourselves into prosperity. However, we are confronted with a situation——

Mr. PEPPER. Mr. President, before the Senator passes from the subject of fear, I wonder if he has seen any figures as to the diminution in the value of securities on the stock exchange growing out of the fear of war in Europe in the last few days?

Mr. SCHWELLENBACH. I have seen the figures. There was a very sharp decline, as I remember, from two to six dollars last week, although yesterday there was a rise of from one to four dollars, as I remember reading the figures.

Mr. PEPPER. The total loss was several billion dollars in the last few days.

Mr. HUGHES. There was a fall in the price of shares of stock of from two to three dollars a day.

Mr. SCHWELLENBACH. Mr. President, we are faced with a situation now, and we must recognize that within the next few months we are probably going to see the most serious and dangerous condition, so far as business is concerned, that we have seen in this country for many years.

I wish to present the basis of that statement. It is an argument made not by any New Dealer, not by anybody who supports the administration, but in the United States News by Mr. David Lawrence. I wish to read very briefly from a statement in the last issue of the United States News.

"All that business needs to recover is a chance."

"If only Government will get out of the way business will recover."

"Recovery has followed every other depression; it will follow this one if the Government will stop interfering."

"If the Government will balance its Budget and will stop pampering workers and will let commodity markets go free, there will be recovery."

Those ideas, the highest officials in Washington readily admit, are strongly held today by businessmen and by a growing proportion of the people of the Nation.

That raises the question:

Has anything happened in the world to make today's recovery problem different than the recovery problem of past periods? In a word: Has anything fundamental happened to interfere with the once automatic controls of laissez-faire capitalism?

This is written not in any Daily Worker, but in the United States News, the editor of which is Mr. David Lawrence.

Vital importance attaches to this question right now when it appears that one more incipient recovery movement is at a critical stage.

Search for an answer to the question calls for an understanding of the controls of the economic system. All economists are agreed that the operation of a free market, where forces of supply and demand determine price, is the controlling feature of the capitalistic system. Stable money is a vital factor in the operation of that system. Its effective functioning took place under a world gold standard, with Great Britain as a banker, with the banker permitting free trade in his market and with backward nations of the world accepting surplus capital and surplus goods for development.

At this stage, the Government's appraisers of the economy as it functions at home and abroad are pointing to break-downs readily apparent in the system of controls that formerly operated to produce recovery after past depressions.

And what do they show?

Then he proceeds to set forth what they show. I am not going to take the time to read anything except the headlines of some of the various factors which he points out.

A look abroad.

Market break-down: The entire, once-controlling, world-market system of exchange is in a state of collapse.

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Monetary system of world in collapse.

Currency break-down: The money system that in the past permitted the operation of the free world market now is gone.

* * * * * * *

War requirements now control trade.

Trade break-down: War requirements, not price—or quality or ability to produce—more and more is controlling world trade.

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Surpluses of capital find no investment.

Investment contraction: Always in the past, surplus capital has found an outlet for investment in the upbuilding of backward nations or in the financing of industrial expansion in nations that lack sufficient capital.

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"Controls" extinguish free world markets.

War: In the world today, war, and the threat of war, is dominating trade.

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A survey at home.

Slowing population growth: The recovery that came from the depression of 1920–21 came with the greatest population increase in the Nation's history. This increase amounted to 16,000,000 in a decade. The decade of the 1930's has seen that increase slow by 50 percent, with barely 8,000,000 being added.

I point out just a few of the number of things which David Lawrence, or his newspaper, says are causing the conditions which exist in this country today.

In January when we had a relief appropriation bill before us the President asked for $875,000,000. The Appropriations Committee and the Congress decided to reduce that by $150,000,000. They extended to the President an invitation—we extended it in the language of the act which we passed—if he thought an emergency existed to come back and ask for more. Criticism is made of him that he came back too soon; he came back in 5 days or a week or whatever the period was, but the President at that time foresaw precisely what was going to happen during the period of a few months and appreciated the fact that it was necessary, if we were to have the use of W. P. A. funds to hold up—I do not say stimulate, but "to hold up"—business in this country that work upon the appropriation bill be started as quickly as possible.

We have appropriated much money this year for armaments. I am not critical about that at all; I am not in position to be critical, for I have voted for them and I have voted for them without opposition. There have been many here who have an entirely different attitude toward the question of appropriating billions of dollars for armaments, to build battleships, and things of that kind; and the question of appropriating money in order to provide employment for those of our country who need work, and who, because of an economic condition which they did not create, cannot find work. We are told that the reason for the difference of attitude upon the two questions is that in the one case it is a question of a local situation while in the other it is a question of defense. I think that adequate relief is a question of defense. It is a question of defense of our American system of government, a question of whether or not our Government shall recognize and carry forward its responsibility to the people of this country and not force them into such a situation that they may be willing to accept the teachings and the doctrines of those who believe that we should embrace communism or fascism or nazi-ism.

Last Sunday, when he made his first really important utterance, there was delivered from Rome, by the Pope, a speech upon the question of peace. From the context of his entire discussion there can be no doubt that he had in mind the situation which has existed and is existing in the countries of the world with reference to the danger of propaganda from those who would destroy democratic institutions and substitute dictatorial institutions. He said:

Who can fail to see that in this way enormous masses are being formed whom impoverishment and misery—so much more exasperating because in strident contrast with the luxury and excessive comforts of those privileged ones who do not feel the duty of helping suffering—render easy prey to deceptive mirages insidiously proposed by shrewd propagandists of fatal theories?

That statement by the Pope in Rome on last Sunday directly describes the situation in this country. The Members of this body who will say, with an air of complete indifference, "I am perfectly willing to vote $100,000,000 or $200,000,000 for a battleship; I am willing to vote billions for a program of national defense, because that is national defense," and who are not willing to vote for appropriations of this kind, do not appreciate where the real possibilities of attack upon our American Government lie.

For that reason, since there can be no question that the general problem of our fiscal situation cannot be affected by appropriating the additional $50,000,000, and since there can be no question that several thousand persons who need employment will receive employment if that amount is appropriated, I intend to vote for the amendment of the Senator from Florida.

Mr. AUSTIN obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator from Vermont yield to me?

Mr. AUSTIN. I yield to the Senator from Kentucky.

Mr. BARKLEY. When the Senate adjourned on Saturday we had an understanding that we would vote at 2:30 o'clock on yesterday on the amendment of the Senator from Florida, and all amendments thereto. That agreement lapsed; and when we met today I did not desire to renew it, because I felt that the whole day might be devoted to the discussion.

I am very anxious that we shall conclude the consideration of this measure today. We cannot hold a legislative session tomorrow; and if the consideration of the joint resolution is not concluded today it will have to go over until Thursday. It is very important that the measure pass at the earliest possible moment, because much depends upon it. Therefore, I ask unanimous consent that at not later than 5 o'clock today the Senate proceed to vote on the pending amendment and all amendments thereto.

Mr. BILBO. I object.

Mr. BARKLEY. I ask unanimous consent that at an hour not later than 5:30 o'clock today the Senate proceed to vote on the pending amendment and all amendments thereto.

The PRESIDING OFFICER. Is there objection?

Mr. PEPPER. Mr. President, will the Senator withhold that request for a moment?

Mr. BARKLEY. I will say to the Senator from Florida that I think if we can conclude the consideration of the joint resolution today, we can afford to remain a little later than our usual adjourning time in order not to carry the measure over until Thursday. I have no desire to cut off anybody from debate; but if we had met yesterday under normal conditions there would have been only two hours and a half of debate to be equally divided, and we have had pretty liberal debate today, all of which during the whole discussion, with the exception of one speech today by the Senator from Colorado [Mr. ADAMS], has been by the proponents of the amendment. Certainly nobody can contend that the proponents of the amendment have in any way been unfairly dealt with as to the time of debate. I have no desire now to cut them off; but I am sure the Senator will appreciate the desirability of having this matter disposed of. I have no objection to withholding the request for a brief period; but if we withhold it much longer it will be 5 o'clock, and then it will be practically impossible to get an agreement to vote today.

Mr. PEPPER. Mr. President, the reason why I asked the Senator to withhold his request at this time was because all of us have a desire to vote today on this measure. There is no disposition on the part of the proponents of the amendment to carry the vote over beyond today. I do not know how long the Senator from Vermont proposes to address the Senate.

Mr. BARKLEY. The Senator from Vermont, as I understand, is not going to speak on the joint resolution or the amendment, but is going to call attention to the fact that

this is the seventy-seventh anniversary of the birth of the Chief Justice of the United States, and that, I suppose, will not take much time. So far as I am concerned, I am willing to stay here until 6 o'clock, and I myself think it would be better for us to do it rather than to put the joint resolution over to next Thursday, and come back under similar conditions and take all day Thursday, as we have taken all day today, in discussing the measure.

Mr. PEPPER. I am in hearty accord with the Senator. I wish to say, however, that the Senator from West Virginia [Mr. NEELY] proposes to make some remarks, and the Senator from Mississippi [Mr. BILBO] wishes to make some brief remarks, as does the Senator from Pennsylvania [Mr. GUFFEY]. All of us are looking forward to the completion of consideration of the joint resolution today.

Mr. BARKLEY. Will the Senator agree now to conclude the consideration of the pending amendment, and all amendments thereto, at an hour not later than 6 o'clock?

Mr. PEPPER. I will.

Mr. BARKLEY. Mr. President, I modify my request, that at an hour not later than 6 o'clock today the Senate proceed to vote on the pending amendment and all amendments thereto.

The PRESIDING OFFICER. Is there objection?

Mr. VANDENBERG. Mr. President, will the Senator from Vermont yield?

Mr. AUSTIN. I yield.

Mr. VANDENBERG. I suggest to the Senator from Kentucky that in connection with his plan he bear in mind the fact that I have had a substitute pending for several days, and that after the consideration of the Pepper amendment is concluded it will be necessary to give at least a reasonable hearing to the substitute. If the consideration of the pending amendment is not concluded until 6 o'clock, I am wondering if the Senator thinks he could still hold the Senate to conclude the matter afterward, or whether he would not better accommodate the Senate and his own program if we had an early agreement to vote on Thursday upon the pending amendment, so that the matter then could take its regular course.

Mr. BARKLEY. Of course, if the joint resolution has to go over until Thursday, it does not matter whether we vote at 2 o'clock or at 5 o'clock. If it has to go over until Thursday, I see no virtue in trying to vote early on that day. What I am hoping to do is to conclude the consideration of the joint resolution today. I am sure the Senator from Michigan could present his substitute amendment today and I can guarantee him that it will receive reasonable consideration, though I hope it will be brief consideration.

Mr. VANDENBERG. I am simply notifying the Senator of what lies ahead.

Mr. BARKLEY. I am willing to stay beyond 6 o'clock if we can conclude the consideration of the joint resolution today.

Mr. ASHURST. Mr. President, will the Senator from Vermont yield?

Mr. AUSTIN. I yield to the Senator from Arizona.

Mr. BARKLEY. I have propounded a unanimous-consent request.

Mr. ASHURST. Mr. President, my desire is to be helpful in securing a vote; but I believe the Senator from Kentucky at this juncture would make no progress in attempting to set a particular hour for a vote. In view of the substitute, let me suggest that the Senator ask unanimous consent that all speeches from this time on be limited, say, to 15 or 20 minutes, and that no Senator shall speak more than once, and that the Senate shall remain in session until a vote is taken.

I can well understand that if we set the time to vote at 6 o'clock, it might shut off any argument on the substitute, and I do not even know what the substitute is. Many Senators object to setting a time to vote who would not object to a limit of time on speeches; and I know that when Senators wish to do so they easily compress into 15 minutes all that may be said on any subject. Senators rarely use that power, but I am proud to say that it is within the literary qualifications of every Senator here to say in 15 minutes all that he wishes to say upon any subject. [Laughter.]

Mr. BARKLEY. Mr. President, I am not going to dispute the profound asseveration of the able and distinguished and always courteous, if not always consistent, Senator from Arizona. I will say frankly that I should have no objection to a limitation of debate, but I should not be frank if I did not also say that I hope to make a few remarks on the amendment before the vote is taken.

Mr. ASHURST. I think it is the Senator's duty to do so.

Mr. BARKLEY. I think I am entitled to do so, because I am going to vote against the amendment, and I think I ought to be allowed to express not only my view but the view of those who think as I do on the subject. I do not know whether or not I can do that in 10 or 15 minutes. Probably I could if I would; but I may not have the power of intellectual and linguistic concentration which is so ably possessed by my colleague and friend from Arizona.

Mr. ASHURST. Mr. President, will the Senator from Vermont yield to me for a moment?

Mr. AUSTIN. I yield to the Senator from Arizona.

Mr. ASHURST. I was reserving my judgment on the amendment until I could hear the Senator from Kentucky. The Senator says he desires to speak on the amendment. I go further, and say that, in my opinion, it is his duty to speak on the amendment.

Mr. BARKLEY. Of course, the Senator's remarks now make it obligatory upon me to speak upon the subject. If the Senate is willing to stay here until we can vote, without fixing a time for a vote, I am perfectly willing to stay here tonight until we can vote; but I have no way of taking a census of the Senate on the subject.

I withdraw the request for the moment, because the Senator from Vermont desires to speak on another subject.

SEVENTY-SEVENTH ANNIVERSARY OF BIRTH OF CHIEF JUSTICE HUGHES

Mr. GILLETTE. Mr. President, will the Senator from Vermont yield?

Mr. AUSTIN. I yield to the Senator from Iowa.

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

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

Mr. AUSTIN. Mr. President, I suggest to the Senator from Iowa that I appreciate the mark of respect to the Chief Justice which is implied in the suggestion of the absence of a quorum, to which I assented a short time ago when the Senator from Iowa and I were conversing; but I suggest to him that since that time many Senators have entered the Chamber, and we now have a pretty full attendance. In the interest of expedition, is not the Senator willing to withdraw his suggestion of the absence of a quorum?

Mr. GILLETTE. Mr. President, in view of the statement of the Senator from Vermont, I gladly withdraw the suggestion of the absence of a quorum.

Mr. AUSTIN. Mr. President, Charles Evans Hughes, Chief Justice of the United States, enjoys the felicitations and good wishes of the American people on this his seventy-seventh birthday.

His remarkably constructive service to humanity is permanently established in international law and American jurisprudence, by him expounded and applied during his distinguished term as Secretary of State and as the eleventh Chief Justice.

The height and depth and wide horizons of his sentiments and his thoughts have comprehended the significance of the venerable voice of history and the meaning of the present changing scene.

The variety and scope of his experience as college professor, practicing lawyer, prosecutor, special ambassador to many international conferences, author, Governor of New York, candidate for President, Secretary of State, and Chief Justice have made him a powerful champion of that constitutionalism which, to use his own eloquent words, keeps

"democratic government from destroying itself by the excesses of its own power."

Great as is the dignity of the Chief Justice, the simplicity, affability, and friendliness of Charles Evans Hughes the man impress all who meet him.

Long life, service, and happiness to Charles Evans Hughes, our beloved Chief Justice!

ADDITIONAL APPROPRIATION FOR WORK RELIEF AND RELIEF

The Senate resumed the consideration of the joint resolution (H. J. Res. 246) making a further additional appropriation for work relief and relief for the fiscal year ending June 30, 1939.

Mr. MEAD. Mr. President, I wish to take merely a moment to read into the RECORD several letters which I have received recently bearing upon the W. P. A. appropriation. First is a letter from Millard W. Rice, legislative representative of the Veterans of Foreign Wars, as follows:

I have just received a telegram from Mr. Edward Dunne, commander, Brooklyn Council, Kings County, of the Veterans of Foreign Wars of the United States, Brooklyn, N. Y., dated April 6, 1939, stating as follows:

"We vigorously protest the dismissal of veterans from W. P. A. employment. This we understand is due to lack of appropriation for W. P. A. continuance. Request Administrator Harrington and our Federal legislators be notified of this condition through you. Independent veteran groups springing up rapidly to take similar action."

It would appear that the provisions of Public Resolution No. 122, approved June 21, 1938, and of Public Resolution No. 1, approved February 4, 1939, specifically providing that preference of W. P. A. employment shall be extended to war, campaign, and expedition veterans who are in need thereof, are being violated, if it is true that veterans are being discontinued from W. P. A. employment, allegedly because of lack of appropriations to permit the W. P. A. to furnish employment to all war veterans and American citizens in need thereof.

Moreover, if any such policy is actually going into effect in New York City and elsewhere, then it would appear that the policy enunciated in your letter to me under date of March 9, 1939, is not adhered to. In such letter you stated as follows:

"In accordance with the provisions of section 11 of the Emergency Relief Appropriation Act of 1938, as amended, preference in employment on projects of this Administration is extended to veterans who are in need, as evidenced by certification from the certifying agency, provided the veterans are American citizens and are qualified to perform the duties required.

"In effecting reductions in employment, this Administration takes into consideration the statutory provisions of the Emergency Relief Appropriation Act of 1938, as amended, providing that from among those certified as in need of relief, preference in continuation of employment on the Works Program shall be given to veterans of the World War and veterans of the Spanish-American War who are citizens of the United States."

May I be advised as to whether or not there has been any change in policy as to the preference to be extended to war, campaign, and expedition veterans in need for W. P. A. employment, and for preferred retention in W. P. A. employment, as provided for by law, and as repeatedly enunciated in policies expressed by you?

Very sincerely yours,

MILLARD W. RICE,
Legislative Representative.

The next letter is from John J. Crim, chairman of the national legislative committee of the Army and Navy Union. It is as follows:

The Senate has the opportunity of proving to the millions of underprivileged citizens that the program set forth by the administration in the giving of work relief will continue and the necessary funds of $150,000,000 will be appropriated to carry out this great work.

As great numbers of our members would be laid off under a curtailed appropriation, we are asking the opportunity of expressing, through you, our views to the Members of the Senate, and will appreciate their support in adding the $50,000,000 that was cut by the House of Representatives from the President's request.

Thanking you and the other Members for their cooperation, I remain,

Sincerely yours,

JOHN J. CRIM, *Chairman.*

In connection with what is stated in the letter last read, I have just received a message that 800 W. P. A. workers were laid off in Buffalo, N. Y., and that comparative numbers have been laid off in every community in the United States.

A few days ago, in order to keep the record straight, I directed a communication to Colonel Harrington as to the effect of the amendment now pending, and he wrote me as follows:

WORKS PROGRESS ADMINISTRATION,
Washington, D. C., April 7, 1939.

The Hon. JAMES M. MEAD,
United States Senate.

MY DEAR SENATOR MEAD: The following is in response to your inquiries as to the effect of a supplemental appropriation of $100,000,000 upon the Works Progress Administration program for the balance of the current fiscal year.

So far as the matter of reducing the rolls after April 1, 1939, is concerned, the original program based upon the President's recommendation for an appropriation of $875,000,000 was to maintain an average employment of 3,000,000 persons through February and March, 2,900,000 in April, 2,800,000 in May, and 2,700,000 in June.

The contemplated average of 3,000,000 persons was maintained through February and March. The situation which faced me in April 1, was that the Congress had taken no action upon the President's request for an additional $150,000,000 to bring the appropriation for the Works Progress Administration to the amount originally recommended. I therefore ordered a reduction of the rolls to 2,800,000 to be completed in the week ending tomorrow. There certainly can be no question as to the actuality of this reduction. Furthermore, these persons will not be replaced if an additional $100,000,000 is appropriated.

Pending action on House Joint Resolution No. 246, I have not made a final decision as to the course to pursue in the months of May and June. I can, however, definitely state that further reductions will be necessary, as the funds at my disposal, if $100,000,000 is appropriated, will permit an average employment of only 2,366,000 persons in those 2 months.

In the matter of the number of certified people who are not now employed on the Works Progress Administration program, this number as of the end of February was 869,000, which has now undoubtedly been increased due to the lay-off which is being made this week.

Your second inquiry concerned the amount of the supplemental appropriation which I recommended to the Appropriations Committees. I wish to state that my recommendation to both the Senate and House committees was for the sum of $150,000,000. So far as the House committee is concerned, this is definitely shown on pages 2 and 79 of the printed record of the hearings.

Sincerely yours,

F. C. HARRINGTON,
Administrator.

Mr. President, the letter from Colonel Harrington and the messages from the President, without exception, are marked by their persistent consistency, and that consistency is woefully lacking in the ever-changing attitude of the subcommittee of the Committee on Appropriations. Only a few weeks ago they told us that $725,000,000 was sufficient. Today they assure us that $100,000,000 additional will just about be sufficient. Insofar as I am concerned, I am going to vote for sufficient appropriations to keep the veterans at work; I am going to vote for sufficient funds to make opportunity for our own workers to find employment, rather than take my stand with a committee which makes one report one week and changes it by $100,000,000 the following week.

Mr. NEELY. Mr. President, if the Senator will yield, in his time I wish to read into the RECORD the leading editorial in the Fairmont Times, of Fairmont, W. Va., for April 8, a short editorial, which refers to the very matter the Senator has been discussing in his statement. The editorial is entitled "Economy Comes Home," and is as follows:

[From the Fairmont Times of April 8, 1939]

"ECONOMY" COMES HOME

Effective today, 958 W. P. A. workers must be cut off the pay roll in the Second District, headquarters for which are in Fairmont.

So far as is known, none of those 958 have any possibilities of finding new work or new sources of income, unless they turn to the West Virginia department of public assistance for direct relief. It is possible that many of them will qualify for direct relief.

That's how the anti-New Dealers in Congress are "economizing"—by throwing men out of gainful employment and leaving them on the hands of State relief administrations that will have to give them food and shelter without receiving anything in return.

Mr. BILBO obtained the floor.

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

Mr. BILBO. I yield.

Mr. BARKLEY. I have tried to canvass the situation in the Senate, and it is obvious that we cannot conclude the consideration of the pending joint resolution today without remaining in session longer than most Senators desire to stay. I ask unanimous consent that at not later than 2 o'clock on Thursday the Senate proceed to vote on the amendment now pending and all amendments thereto, and

that thereafter, until the conclusion of the consideration of the joint resolution, no Senator shall speak more than once nor longer than 10 minutes on the joint resolution or any amendment thereto.

Mr. McNARY. Mr. President, I think the Senator will have to amend the request. I am sure the Senator from Kentucky and I are in accord. What he desires is a limitation of debate after 2 o'clock on Thursday.

Mr. BARKLEY. That is correct.

Mr. McNARY. And that the limitation of debate shall follow the disposal of the pending amendment.

Mr. BARKLEY. That is correct.

Mr. McNARY. The able Senator from Michigan [Mr. VANDENBERG] has an amendment in the nature of a substitute, which must be considered after 2 o'clock.

Mr. BARKLEY. That is true, and I understood from the Senator from Michigan that he would be willing to abide by a limitation of 10 minutes.

Mr. McNARY. Exactly; but from the Senator's statement it would not be inferred that he would have an opportunity to present his amendment, because the Senator refers to the pending amendment and all amendments thereto.

Mr. BARKLEY. That is not an amendment to the pending amendment.

Mr. McNARY. It would be an amendment in the nature of a substitute.

Mr. BARKLEY. I amend the request, then, and ask that after 2 o'clock on Thursday no Senator shall speak more than once nor longer than 10 minutes on the joint resolution or any amendment thereto or any substitute for the joint resolution.

Mr. McNARY. That is all right.

The PRESIDING OFFICER. Will not the Senator from Kentucky state his request?

Mr. BARKLEY. The request is that at not later than 2 o'clock on Thursday the Senate vote on the pending amendment and all amendments thereto, and that thereafter no Senator shall speak more than once nor longer than 10 minutes on the joint resolution, or on any amendment thereto or substitute therefor.

The PRESIDING OFFICER. Is there objection?

Mr. NEELY. Mr. President, will not the Senator from Kentucky amend his request by providing that half the time on Thursday may be controlled by the proponents of the amendment and half by the opponents? Otherwise, one Senator may take the floor and consume the entire 2 hours, and cut off debate.

Mr. BARKLEY. I do not wish to be unfair, but practically all the time so far has been consumed by proponents of the amendment. Nine-tenths of the time has been consumed by the proponents. I do not know of anyone who could possibly talk for 2 hours, or who would desire to talk for even an hour.

Mr. SMITH. I thought the Senator limited the time to 10 minutes.

Mr. BARKLEY. Not before 2 o'clock.

Mr. SMITH. After 2 o'clock the limitation would be 10 minutes.

Mr. BARKLEY. Yes; but the pending amendment will be disposed of by that time. I do not have any objection to a division of time on Thursday, but to make it a condition to agreeing to the unanimous-consent request puts the debate upon the status that the time up to now has been equally divided, whereas everyone knows that it has been almost entirely consumed by the proponents of the amendment, and if they did not have any time at all on Thursday they still would be far ahead in the consumption of time in the debate.

I assure the Senator that, so far as I am concerned, I will do my best to see that no one Senator gets the floor and keeps it during the 2 hours.

Mr. NEELY. Mr. President, unless the proponents of the amendment are assured of at least 1 hour of time on Thursday, I shall object.

Mr. BARKLEY. We will proceed, then, without any further request on my part to get an agreement to vote on Thursday.

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

Mr. BILBO. I yield.

Mr. BONE. I wish to introduce into the RECORD a telegram I received from Charles F. Ernest, head of the welfare operations in my State, which points out that—

> Total certified and awaiting W. P. A. assignment as of latest available date, March 15, 13,258. In addition 3,508 have applied and their certifications are pending.

This telegram was sent from Olympia, Wash., on April 3, 1939.

> These two groups with their dependents represent 46,944 persons. The need for continuing a substantial work quota is further intensified by the fact that revenue-producing conditions in the State are such that it has become impossible to continue direct relief to able-bodied as of April 1.

The telegram goes on to point out that—

> The number to whom direct relief was being given as of March 15 was 15,159 family heads who together with their dependents number 42,445 human beings.

And Mr. Ernest winds up his appeal in his telegram with the statement:

> Any satisfactory degree of care for able-bodied persons in need will require continuation of present W. P. A. quota.

Mr. President, there was one other little matter to which I desire to direct the attention of my brethren. This is both an interesting and a pathetic showing, and very challenging as well.

The National Emergency Council representative in my State made some studies of illness frequency by relief status or annual family income in the great State of Washington.

The figures show that out of 1,000 persons—families on relief—234 were ill, and 71 out of the 234 had chronic illnesses.

In the nonrelief status, with incomes from zero up to $999 per family per year, there were 174 persons ill, and 54 of them were chronic.

In families with incomes ranging from $1,000 to $1,999 there were 155 person ill, and of these 39 cases were chronic.

In cases of incomes of $2,000 to $2,999 per family there were 150 persons ill, and 37 of those cases were chronic.

In cases of families with incomes over $3,000 there were 149 persons ill, and 39 of those persons had chronic illness.

That, Mr. President, indicates that as the family income increases illness decreases. Disease has become a tragic and inevitable concomitant of poverty. Thus illness goes hand in hand with poverty, and the health of America is being slowly but inexorably dragged down under the impact of the conditions of poverty in which so many people are compelled to live.

Mr. WAGNER. Is any medical care given to these unfortunate impoverished families?

Mr. BONE. They have to wrestle with the problem of illness as best they can. The scanty family income is given over wholly to the purchase of bare necessities. So the impact of this thing has dreadful possibilities.

Mr. REYNOLDS. Mr. President, will the Senator from Mississippi yield to me?

Mr. BILBO. I yield to the Senator from North Carolina to correct a mistake made in the RECORD.

Mr. REYNOLDS. Mr. President, on April 6, 1939, I took occasion to bring to the attention of the Senator from Florida an article from the Washington Times-Herald, and I want to read that into the RECORD in order that I shall not do injustice to the young lady who addressed a communication to me with respect to that article. It has to do with the W. P. A. I see the Senator from Florida on the floor of the Senate now. He was very courteous to allow me to bring it to the attention of the Senate the other day when I directed an inquiry to him in regard to it. The article I clipped from the Washington Times-Herald reads as follows:

NEW Y. W. C. A. COURSE TELLS HOW TO TRAVEL IN EUROPE—W. P. A. RESEARCH AIDE WHO COVERED 25,000 MILES LAST YEAR WILL GIVE CLASS HER SECRETS ON GETTING BY ON ONE LANGUAGE

How to travel in Europe without languages, money, time, or war scares will be taught at the Y. W. C. A. in a 6 weeks' course opening Tuesday.

The professor in charge will be Frances Fox, Works Progress Administration research assistant, who last year did just what she will impart to her class. She traveled 25,000 miles, speaking only English.

Her course will include tips on what souvenirs to bring home and what to do if seasick, homesick, lovesick, or just sick.

Central and southern European travel will be stressed, along with the British Isles and Scandinavia and Finland.

Subjects will be the titles to a book Miss Fox is planning on "Travel and How To Do It." Some of them are: "Are You an Unadulterated Patriot?" "Guides and How To Prevent Them," "A Word to Wives on Packing for Men," "Mercenary in Money Matters," "Customs Is a Custom," "Tips on Tips, and Also on Gyps," and "Enigmatic Menus."

Mr. President, after I had read that clipping from the Washington Times-Herald into the RECORD, I received a letter from Miss Fox, which occasions my requesting permission at this time to make the statement I am making. I asked the Senator from Mississippi to yield to me for that purpose. The letter is as follows:

Washington, D. C., April 7, 1939.

The Honorable ROBERT R. REYNOLDS,
United States Senate.

MY DEAR SENATOR REYNOLDS: Several statements made by you yesterday on the floor of the Senate, and quoted subsequently by at least two radio commentators, were completely untrue, and I wish to inform you of the facts in the hope you will be compelled, as a matter of simple justice, to correct the RECORD.

During my travels abroad I had no connection with the Works Progress Administration. These travels were concluded over a year ago and I did not begin work for the W. P. A. until about 8 months ago. My present series of talks likewise has no connection with the W. P. A. They are delivered in the evening, under the sponsorship of the Y. W. C. A. Moreover, there was nothing in the newspaper clipping you read to your colleagues to justify your assumptions that either the travels or the lectures were in any way connected with or financed by the W. P. A.

In view of your own extended travels, I wonder if you could have any objection of any kind to one traveling where and when she chose, so long as it was on her own savings and her own time. And I am definitely eager to know whether you are sufficiently interested in truth and justice, regardless of your immunity, to get up and withdraw your false statements in the same manner that you made them.

Very truly,

FRANCES FOX.

Mr. President, immediately upon receiving Miss Fox's letter I addressed to her a communication—the date after her letter was written. It is as follows:

APRIL 8, 1939.

MY DEAR MISS FOX: Thank you sincerely for your letter of April 7, which I found on my desk this afternoon when I came from the Senate. I have noted the contents of your letter very carefully.

In view of your statement I shall be very happy indeed to insert your letter in the RECORD next Monday if the opportunity is provided, together with the newspaper clipping which I utilized on the floor of the Senate in making reference to the W. P. A. matter now under discussion in the Chamber of the Senate.

I am asking Miss Basinger, who takes this letter, to secure for me the RECORD carrying the newspaper clipping mentioned, so that your letter may follow that clipping. I would not have anyone think that I would do you an injustice, or anybody else for that matter, including the W. P. A.

With assurances of my highest respect, I beg to be,

Very sincerely yours,

ROBERT R. REYNOLDS.

I thank the Senator from Mississippi for permitting me the opportunity to make this correction in the RECORD. I want to assure the President of the Senate and my colleagues that I have never attempted to or shall I ever misquote anyone for that matter, and whenever I make a mistake I shall be very happy if I may be provided the opportunity to correct it.

Mr. BILBO. Mr. President, I believe in governmental economy, but I do not belong to the so-called economic bloc which is attempting to cut to the bone every appropriation which has a tendency to relieve suffering humanity and contribute to the social uplift of the people of our Nation.

I know that many persons have been disturbed over the fact that our national debt has reached the neighborhood of $40,000,000,000. However, we are in much better condition financially than is the great British Empire. I am told by those who are in a position to know that if the Government should continue assuming obligations until we reached the present status of the British Government, we could go to $129,000,000,000 instead of $40,000,000,000. So after all we are not in such bad shape when we compare our condition with that of some of the other great nations of the world.

We boast of the fact that we have the greatest nation on earth, the most powerful nation on earth, the wealthiest nation on earth, and that our resources are unlimited, very few of them having been thoroughly developed. So this is no time to get economic hysteria and defeat an appropriation which is very essential to the welfare of 700,000 or 800,000 American citizens. I understand they are bona fide citizens, since we have eliminated the aliens who have been on our rolls.

I should be untrue to my duty and my responsibility to my constituents if I did not favor the $50,000,000 increase. This morning I obtained from the records in the W. P. A. office the fact that from the 1st of April to the 15th of April 3,840 of my constituents who had been certified as being in need of a job, in need of relief from the Government, will be discharged from the rolls.

I was further informed that if only $100,000,000 were appropriated today, 4,000 would be dismissed from the rolls each month in my State. That means that if the $50,000,000 should not be added to the appropriation, about 12,000 of the good people of my State would be thrown out into the cold without a job, on starvation, in need, in poverty.

That situation does not take into consideration the thousands in my State who have been certified as eligible for relief, and who have not yet been put on the rolls. Some of them have been waiting for 2 or 3 years, certified by the authorities of the Government upon examination. They have no work, they have no means of support, and they are fit subjects for relief. They have not been on the rolls.

For these reasons, speaking strictly as a representative of my State, I am compelled to support the amendment offered by the Senator from Florida [Mr. PEPPER].

I appreciate the rule that some of my colleagues are following, to vote with the committee recommendation. Since I have been in the Senate, and in recent months, I have read much in the press, and I have heard talk on the floor of the Senate, especially by our friends on the other side of the Chamber, to the effect that this is a "rubber stamp" Congress. I agree with our friends. To a very large extent this is a "rubber stamp" Congress. It is not a "rubber stamp" Congress in the sense in which that term is used by our friends on the opposite side of the Chamber, but it is a "rubber stamp" Congress for this reason: I care not what kind of a bill may be introduced; the minute the bill reaches the committee, the secretary instantly sends it down to one of the bureaus or departments for investigation and report. When the bill reaches the Department of Agriculture, the Department of State, the Department of Commerce, or the Treasury, as Senators know, it is not passed upon by the head of the department or bureau. It is passed on down to some "small fry" in the Department, some specialist, some so-called expert, some pseudo "brain truster"; and he, in his private office, decides what the policy of the Government shall be, and what the law shall be. Then the bill is sent on up to the head of the department, and in a perfunctory way in many cases the recommendation of the subordinate is accepted, the head of the department signs the letter, and it is sent to the committee.

When the committee assembles to consider an important piece of legislation which is vital to a particular State or to a great section of the country, the minute the clerk says to the committee that the report from the department or bureau or commission is adverse, every one folds his arms and the bill is dead; the legislation is neglected. So the Congress has surrendered to the departments and bureaus of the Government its right to pass upon legislation which the country needs. When the commiteee reports adversely, the great

majority of my colleagues say, "The committee is against it, so I will follow the committee."

I think every Senator has his own responsibility. He has his duty to his constituents. While I am always happy to follow the lead of the committee, I cannot give my consent always to follow the committee, because a small majority in the committee could be just as mistaken as a majority on the floor of the Senate in the passage of legislation. So I think we should give careful consideration to all these questions, regardless of the action of the committee.

The thing I do not like about the report from the Appropriations Committee is the fact that the chairman stated on the floor that the testimony and the figures given by Colonel Harrington were such that the committee took issue with him, and reached the conclusion that the W. P. A. did not need the money, and that it could go on until July without the additional appropriation; whereas Colonel Harrington, with all his earnestness and his great desire to make a good job of the W. P. A., insisted that his figures justified the appropriation of the full $150,000,000.

I am certain that since January the President has insisted that the $150,000,000 is needed. Even since the committee of the Senate made its report he has insisted that it is needed, and he is still insisting that the Senate should vote the $150,000,000.

I am not disturbed about the House. Members of the House have their own responsibilities and duties to their constituents to discharge. We should do our duty, and then put the matter up to the House. If the House cannot, or will not agree, then the question will go to conference. That is the proper way to fight out the question.

Some one says, "We cannot get the amendment through the House." I do not know. Many times I have seen the House surrender to the will of the majority of the Senate; and it may be that in this important question, involving the welfare of 700,000 or 800,000 persons, the House will bow to the will of the Senate.

If the newspapers tomorrow morning should publish a story to the effect that a great cyclone or hurricane had stricken one part of the Nation, and had thrown out of employment and put on charity 700,000 or 800,000 of its citizens, the entire Congress would be ready to send money to the stricken area in order to give the people relief. In this case we are being called upon to send relief to 700,000 or 800,000—almost a million—who are in just as distressful a condition as any one would be after a storm or a hurricane, because these people have been certified by the proper authorities. The authorities have said by their certification that those certified are in need. They are without jobs. They are faced with starvation. They must have clothes and food; and yet we hesitate to do our duty.

The underlying force behind the campaign against the appropriation is the voice of big business, which is speaking in its silent, forceful way on the banks of the Potomac. We are contending with an invisible government whose influence is largely directing the economy campaign. The cry has been, "If we will only appease big business, we shall have a new era of prosperity in this country." The attempts to appease big business with tax relaxations, and the relaxation of rules and regulations governing monopolies, will be just about as successful in bringing about prosperity as Mr. Chamberlain's Munich agreement was in bringing peace to the people of Europe.

The Senator from Washington a while ago read the words of Mr. Babson, and said that the reason why the moneyed power of this country would not release the funds necessary to start the wheels of progress of the country was because they are waiting to see what Hitler is going to do. No; it is not Hitler they are watching and waiting for. They have been watching and waiting to see what Franklin D. Roosevelt and this administration will do toward releasing the bans and regulations on the monopolistic control of the affairs and economic life of the country. They have been waiting to see what the Senate Finance Committee and the House Ways and Means Committee will do toward relieving them of taxes that they do not want to pay. That is what they are waiting to see about. They do not give a hurrah for Hitler.

Let us appropriate this $150,000,000. Let us say to big business, "When you get ready to play ball and unloose the multiplied billions that are now in the banks of the country, that are now in hiding in the richest nation on earth, with boundless resources to be developed, with numberless opportunities to be furnished, we will give you a square deal; but if you do not turn loose these billions and play ball, we have the power and we are going to feed and clothe the American people at the expense of the big taxpayers of the country until you do so." That is all those engaged in big business have been waiting for; and right now they are waiting until 1940, in the hope that they can put at the other end of Pennsylvania Avenue a Republican President who will carry out their wish and will, with a House of Representatives that will cooperate.

It strikes me that the people sometimes are easily fooled. We saw big business trying to run this Government for 12 years under Harding, Coolidge, and Hoover, and we remember the hell of a fix it was in when the Democrats took charge in 1932. That was an example of big business trying to operate the Government, because God knows they had charge of it for 12 years; and yet we find a great many good people who want to turn around and try them again. If so, in the end we shall get the same dose that we got before.

I make reference to my own section of the country. We need this relief in Mississippi. All the Southern States need this relief. We are poor and yet we are wealthy. The South, along with the West, has the majority of the resources of this country today. They are not developed; but the South is rich in the great resources of the Nation. I just want to give you some figures.

Take oil, that great, essential material in our present-day civilization. The South and West produce 95.79 percent of all the oil of the United States.

Take lumber. The South and the West produce 90.18 percent of all the lumber that is used in building the houses of this country.

Take the 64 leading farm crops. Sixty-three and sixty-seven one hundredths percent of them are produced by those great sections which are in need today, the South and the West.

All the gold that is mined in this country comes from the West, thirty-five to forty million dollars' worth a year.

All the silver that is mined in this country comes from the South and the West, twenty-five or thirty million dollars' worth a year.

Notwithstanding these facts, however, we are today poor because we have been mistreated by the moneyed powers of the financial centers of the Nation; and I am ready to prove that statement.

One of the greatest industries of the country today is the paper industry. Did you know that 70 percent of all the paper and wood pulp made and used by the American people comes from Canada and from England? At the same time, one-tenth of the acreage of the South today would grow enough pine to produce enough pulp for all time to come, not only for the United States but for the entire world; just one-tenth of it. Recently, those of the South who had a vision of its development, and the utilization of its great wealth in natural resources in order to develop our own country, went to the bankers of New York, of Wall Street, and asked them to put money into building a paper mill in the South to develop this great industry. The bankers turned thumbs down on it, and instead invested $400,000,000 in Canada and in Europe, in the paper mills of those countries, to supply the United States with paper.

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

Mr. BILBO. Yes.

Mr. LUNDEEN. International finance knows no flag, no country, no loyalty, and worships but one god, and that is the god of gold.

Mr. BILBO. And not much conscience, and no scruples at all. In other words, if the New York bankers and the other bankers of this country in whose vaults all these billions are hoarded would spend just $500,000,000 in the development of the paper industry in the South, erecting 100 mills and taking the products from 200,000,000 acres of the Southland, producing paper for the United States and for the world, it would give labor to 1,000,000 American citizens in the South today who are on the relief rolls. If the bankers do not want to pay the bill for taking care of the unfortunate idle of this country, let them open up their vaults and turn loose the money; and if they will spend $500,000,000 in the development of the paper industry of the South alone, we will take 1,000,000 persons off the relief rolls of the South.

Take the question of old-age pensions. I want to discuss that question at length when the measure comes before the Senate. What has happened? This silent, invisible government here on the banks of the Potomac, in the passage of the present social-security old-age-assistance law, passed a law in the interest of the rich States of the Union to the discrimination of the poor Commonwealths which make up this Republic. As a result, today the State of Mississippi—the State I have the honor in part to represent here—is paying on the average to her old people $4.79 per month, when in the richer States, in the concentrated-wealth sections of the country, the old people are receiving $30 a month. Practically all of the Southern States, although they are just teeming with undeveloped resources—and I make the prophecy that some day they will constitute the richest section of the United States—are not able today to pay over $4, $5, $8, or $10 per month to their old people.

I want to make another prophecy, and then I shall be through.

Mr. LUNDEEN. Mr. President, will the Senator yield at that point, before he goes into the next subject?

Mr. BILBO. Yes.

Mr. LUNDEEN. I wonder if it would not be a good idea to prevent the export of this capital that goes by the billions into foreign countries. This capital was produced by American farmers, workingmen, and businessmen. Why permit its export? We should keep it here in the United States. There are nations which forbid the export of capital and so far as we can see they seem in that way to conserve their resources for their own people. I can see no sense in allowing our own capital to build factories in foreign countries with our own money just because they can employ cheap labor there. These products then come back here to the United States to plague us. We need an American policy.

Mr. BILBO. Yes; and the Senator's suggestion is a very happy one; but unfortunately the nations which pursue the course to which he has referred are the very nations which are now giving the rest of the world a great deal of trouble.

I wish to make a prophecy. The Democrats are in control at the other end of Pennsylvania Avenue, the White House, they are in control of the House of Representatives and of the Senate; we are on the job, and unless we give some response to the rising tide of the old people of this country, who demand a fair, and decent, and equitable, and just, and righteous compensation in their old age—unless we do that, we might just as well pack up our grips and get ready to move out of Washington, because the Republicans will outpromise the devil in their next national convention. Our promises may be greater, but they will not be believed, because we are on the job now and we can take action, and if we are on the job and will not give the assistance needed, the people will have no right to believe that we would do it if given another chance.

I hope there will be a sufficient number of Senators who have the humanity and a regard for the interests of the people of this country to lead them to vote this $150,000,000. I should be glad to speak 10 hours, but my time has been cut short, and I will finish at some other time.

Mr. NEELY. Mr. President, the inquiring student of government will search in vain from the beginning of Adam Smith's Wealth of Nations, through all the related dreary dissertations which followed it, to the end of the Fabian essays by George Bernard Shaw for a more fantastic political philosophy, or a less appealing economic fallacy, than the opponents of the Pepper amendment have enunciated in attempting to justify their opposition to this important measure.

Regardless of the language of the argumentation against the amendment, it may all be reduced to the unequivocal contention that the Congress can, by the simple expedient of adding approximately a half a million needy men and women to our vast army of unemployed, initiate a movement that will eventually balance the Budget, increase the prosperity of the taxpayers, and promote the general welfare of the country.

The naked, unblushing, manifest truth of the matter is that the remedy proposed by the opposition is as inappropriate for the healing of our economic afflictions as gasoline is for the extinguishment of a forest fire. Many Members of the Senate not only find it impossible to have a scintilla of faith in the efficacy of this extraordinary formula, but are impelled to the conclusion that its translation into reality would reduce consumption, diminish distribution, impoverish business, delay recovery, and increase the suffering of untold thousands of the unfortunate whom the Works Progress Administration has so far saved from starvation.

For the last 10 years the Government's paramount problem has been that of unemployment and the evils which flow directly from it. The insufficiency of jobs for the industrious, sober, and deserving manual laborers of the United States since the beginning of the Hoover panic in 1929 has made millions homeless; it has made millions ragged; it has made millions beg their bread; it has started innumerable throngs of discouraged men, destitute women, and famished little children over the hill to the poorhouse to eke out their existence in humiliation, die in agony, and sleep in the potter's field until the resurrection.

That a great increase in national prosperity is earnestly desired no one will venture to doubt or dare to deny. Only the means of obtaining it are involved in the debate.

The opponents of the amendment believe that prosperity can be achieved in the realm of increased unemployment. Those who are wholeheartedly supporting the amendment believe that employment and prosperity habitually go hand in hand. Throughout our history they have risen to the heights together. In the descent to the valley they have been as inseparable as the Siamese twins. The constant interdependence of these two vital factors in the great equation of national economic life is so self-evident and irresistible that legislators seldom ignore it and never intentionally do violence to it.

If every able-bodied, willing worker in the Nation should be lucratively employed at once, the toilers, with their wages, would promptly launch a buying campaign which, before the adjournment of this session of the Congress, would tax to capacity every facility of production and distribution in the land. And millions who have long been insufficiently housed and clothed and fed would soon create a profitable market for everything the farmers produce, for every commodity the railroads carry, for everything the coal operators, the manufacturers, and the merchants have to sell, and the people long to buy.

According to the latest reliable statistics, there are more than 11,000,000 jobless men and women in the United States. Just as long as this deplorable situation continues it will constitute an impassable barrier between the people and the promised land of prosperity into which they yearn to go. Unfortunately, the opponents of the Pepper amendment will, if their present efforts succeed, aggravate the chronic unemployment affliction and postpone complete recovery to a more distant day by robbing a half a million works-progress employees of their jobs and depriving them of the meager wages with which they are saving the Government the expense of supporting them in idleness and the burden of burying them if they should starve to death.

The action of the Congress in slashing $150,000,000 from the appropriation which the President originally requested

for the Works Progress Administration has already deprived more than 205,000 toilers of their jobs.

Those who are intensely solicitous about financial affairs, only mildly interested in human values, and not visibly distressed by widespread misery are courteously urged to consider the fact that every time a works-progress employee is stricken from the roll, the loss of his wages injuriously affects everyone in his community who has supplied him the necessaries of life. And a little later the farmers who raise wheat in the north, cotton in the South, and hogs and cattle on the western plains suffer in some degree because of the annihilation of the purchasing power which the former job holder enjoyed.

If the Senate fails to grant the additional $50,000,000 which the supporters of the amendment seek to obtain, approximately 500,000 additional works-progress employees will be eliminated from the pay roll between now and the 30th day of June. Such a disheartening increase in unemployment might conceivably start a general business recession as great as that which plagued the country during the latter part of 1937 and the first half of 1938.

Let no one be deceived by the insinuations that the credit of the Nation is in danger and that if relief spending is not drastically reduced the Government will be face to face with insolvency or repudiation. The financial structure of the United States is the soundest on earth. Our credit is today better than that of any other nation that has ever existed in the entire history of the world.

And let us not be unduly alarmed by anything that may be heard from the wailing walls of the reactionaries concerning the amount of the national debt. A few weeks ago the eminent majority leader, Mr. BARKLEY, said in the course of an able address which he delivered in Ocala, Fla., that the sum total of the National, State, county, municipal, and private debts of the United States is now approximately $5,000,000,000 less than it was on the day of President Franklin D. Roosevelt's first inauguration.

Although the Government's own debt has increased, the money which has been spent for the employment of the idle on public works of permanent value has been used to liquidate local and private obligations to such an extent that our total indebtedness is now less than it was before the New Deal employment policy was established.

The industrial and economic problems with which this country is confronted were not caused by our having spent too much for the employment of the 15,000,000 destitute who were inherited from the Hoover administration, but because we have not spent enough for this praiseworthy purpose.

The opponents of the amendment say that the Government cannot afford to spend $50,000,000 to prevent a half a million deserving, needy men and women from being robbed of their jobs. They forget that this is still the richest country in the world. The American people constitute only 7 percent of the world's population but own 32 percent of its railroads, 33 percent of its radio broadcasting stations, 36 percent of its developed water power, 44 percent of its radio receiving sets, 58 percent of its telephone and telegraph facilities, and 76 percent of its automobiles. Because of the high standard of living among the fortunate, the United States consumes a third of the world's coal, half of its coffee, half of its rubber, half of its sugar, two-thirds of its petroleum, and three-fourths of its satin and silk.

During the past week we have learned that just one of our hundred thirty million people—a director of a prominent moving-picture concern—last year received salaries aggregating more than a million two hundred ninety-five thousand dollars—much more than the salaries of all the Members of the United States Senate combined. Multitudes of officials of American corporations are known to have received salaries last year that averaged more than a thousand dollars a day.

In the circumstances, we cannot justify the sacrifice of a half a million employees to the curse of enforced idleness on the ground that the Government cannot afford to lend them its aid.

Three choices are available to us concerning those whom the amendment is designed to save. First, if we are sufficiently heartless, we can let them starve. But it would cost the Government more to bury them than it would cost to employ them until the 1st of July. Second, we can provide them works-progress employment, in return for which they will give us construction of highways, bridges, schoolhouses, airplane landing fields, swimming pools, and many other public improvements of permanent utility and lasting value. Third, we can provide them a dole and thereby make them the unwilling and unhappy victims of enforced idleness and uselessness, and the Government will receive nothing in return. The supporters of the amendment believe that conscience decrees, prudence dictates and justice demands that we choose the works-progress employment which the requested additional appropriation of $50,000,000 would provide.

It may be difficult for those who were born with silver spoons in their mouths, or for those who since their earliest recollection have been clothed in purple and fine linen and have fared sumptuously every day to visualize the distress of a poor man who is charged with the responsibility of supporting a wife and four or five dependent children, and who has nothing in the world but $52.50 a month in wages from the Works Progress Administration between himself, his wife, and his children on the one hand, and immediate inescapable grinding want for food and shelter and clothing on the other.

But honorable and distinguished statesmen, with $10,000-a-year salaries with which to supply the wants of your families, will you not endeavor this afternoon to put yourselves in the places of the W. P. A. employees who are about to lose their jobs, who are about to become destitute, who are about to become homeless and hungry and cold?

The defeat of the amendment would cause many tragedies as agonizing as that described in the following story:

A workingman, a widower with five children, the oldest of whom was a girl 14 years of age, lived with his family in a rented cabin. The father was accidentally killed while unloading a truck. The little girl, in an effort to provide for a younger sister and her three little brothers, sought and found work—scrubbing neighbors' floors and washing their windows. But her compensation was so scant that she was compelled to work long hours in order to save the little family from dissolution. As a result of her overexertion she suffered an attack of influenza, which rapidly developed into pneumonia. The generous-hearted Christian doctor who had volunteered to treat her without pay, at last told her that she had only a few more hours to live, but he endeavored to encourage her by describing the joy she would experience in knowing Jesus in the better land. The doctor was called from the sickroom for a few minutes, and in his absence a neighbor girl came to see her dying friend. The little martyr with her hands as rough as sandpaper meekly folded across her breast, stated that she expected to see Jesus in a little while, but lamented: "I am so poor and so ignorant that when I meet Him I won't know what to say." Her little friend instantly replied: "You won't need to know—just show Him your hands."

Senators, when we finally stand trial before the only one who ever gave His absolute all, including His life on the cross, to the service of the poor, the needy, and the sick, let us at least be sure when we show the Saviour our hands that they will be free from the blood of the poverty-stricken and distressed, and let us hope that the Master will say to all of us concerning our vote today, "Well done, thou good and faithful servants."

Countless transgressions may be charged against me, but it will not be charged that I ever cast a vote in the Senate or elsewhere, the obvious, inevitable result of which was to augment the destitution, increase the suffering, and intensify the humiliation of those of whom Edwin Markham said:

Out of the roads they have gathered a hundred thousand men,
To ask for a hold on life as sure as the wolf in his den.
Their need lies close to the quick of life as the earth lies close to the stone,
It is as meat to the slender rib, as marrow to the bone.
They ask but leave to labor for a taste of life's delight,
For a little salt to savor their bread, for houses watertight.

They ask but the right to labor and to live by the strength of their hands,
They who have bodies like knotted oaks and patience like the sea sands.
And the right of a man to labor, and his right to labor in joy,
Not all your laws can strangle that right nor the gates of hell destroy,
For it came with the making of man and was kneaded into his bones,
And it will stand at the last of things on the dust of crumbled thrones.

Mr. GUFFEY. Mr. President, I favor the adoption of the Pepper amendment, and hope it will prevail.

When the original relief-appropriation measure was before the Senate in January last I voted for the full amount recommended by the President. Everyone in my State knows whose vote decided the cut from $875,000,000 to $725,000,000 by a vote of 47 to 46.

Recently, my colleague and I had the privilege of addressing a joint meeting of the Pennsylvania Legislature, which privilege was extended to us by a resolution of the lower house. At that meeting my colleague stated that he would vote to restore the full amount of $150,000,000, provided a committee were appointed to investigate the W. P. A. I now wish to remind him that since that date the House of Representatives has appointed a committee for that purpose.

Once more, I desire to say that I hope the Pepper amendment will prevail.

Mr. BARKLEY. Mr. President, at this hour I would not detain the Senate on this amendment or any other amendment unless I thought it my duty to do so. I shall try to be brief.

I am not concerned with the politics of this situation. During the discussion of the $875,000,000 proposition two months ago, charges were made that politics had been injected into relief; and one of the political parties in this Chamber injected politics in relief by caucusing as a political organization on how it would vote on it.

I am not going to take time to discuss the philosophy of spending or of economizing as it applies to this particular amendment. I think my record during the past 6 years shows that I have not been averse to spending for relief, and I am not now averse to such spending; and I am not at all frightened over the size of the public debt of the United States.

If I had it within my power by the issue of a word to decide whether this emergency relief appropriation measure would carry $100,000,000 or $150,000,000, I would order it to carry the $150,000,000 recommended by the President. I voted for $875,000,000 2 months ago; and with my colleagues here, the Senator from Tennessee [Mr. McKELLAR], the Senator from Louisiana [Mr. OVERTON], the Senator from Arizona [Mr. HAYDEN], the Senators from New Mexico [Mr. HATCH and Mr. CHAVEZ], and other Senators on the Appropriation Committee and on this floor, we lost by one vote. That is past history. It could be charged that any individual Senator here who voted against $875,000,000 at that time was responsible for its defeat, because the change of one vote would have carried the amendment.

But, Mr. President, we are confronted here with a condition and not a theory, as Grover Cleveland once said on another occasion, in dealing with another subject. The President, in his message to Congress at the beginning of this session, asked for $875,000,000. The House of Representatives passed a joint resolution providing for $725,000,000. We fought out the matter here on the floor and in committee. If we had obtained the $875,000,000 appropriation in the Senate, and the joint resolution had gone back to the House with a difference of $150,000,000 between the House and the Senate, and the joint resolution had gone to conference, as it would have gone, we could not well have hoped to get out of that conference with more than $100,000,000 of the $150,000,000 representing the difference between the two Houses. If we had carried the $875,000,000 then, and the matter had gone to conference, and the conferees had brought back $825,000,000, which is about what they would have brought back, we should have been then just where we are now, and this joint resolution would not be here today.

When the President requested the additional $150,000,000, and the matter was under consideration in the House, it soon became obvious that the House would not pass a bill carrying more than $100,000,000 in addition to previous appropriations. That is what the House passed. However much I or other Senators may regret the reduction, however unsatisfactory it may be and is to the President of the United States and to us, there are 531 Members of the Congress of the United States, and 530 of them besides myself have a right to pass on this question.

I have no control over a single one of those 530 Members in the House and in the Senate. Further, I desire to say that so far as this amendment is concerned I have not attempted to exercise any control over or to influence the vote of a single Senator. I thought it unwise to precipitate this fight here, and I still think so, because if the Pepper amendment should be adopted, and we should pass the joint resolution with $150,000,000, it would go back to the House of Representatives and go to conference, and they would be wrangling over the difference between $100,000,000 and $150,000,000 for the next 10 days or two weeks, and at the end of that time they would come back here with $100,000,000, just what is carried in the joint resolution today.

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

Mr. BARKLEY. I yield to the Senator from Texas.

Mr. CONNALLY. Is it not true that if we should adopt the $100,000,000, Congress will likely be in session continuously from now until July 1, and if any really critical situation should arise it could be corrected at that time?

Mr. BARKLEY. I am going to discuss that question in a moment. I thank the Senator from Texas for reminding me of it.

A great deal has been said inside the Chamber and outside—more outside than inside—to the effect that some sort of nefarious and obnoxious agreement was entered into by which the votes of Members here are bound on this amendment.

Mr. President, I am speaking today not only as an individual Senator from Kentucky, but I am going to assume the responsibility of speaking as the majority leader of the United States Senate. If I have not the common sense and the frankness and the courage to take my share of responsibility on an issue of this sort, the Democratic conference ought to meet day after tomorrow and select somebody who has the courage to do it.

When I became advised of the situation in the Committee on Appropriations with respect to this measure, I think it was my duty to consider the circumstances which prevailed in the committee and in this Chamber.

It is well known that some of the members of the Appropriations Committee were opposed to any additional appropriation whatever and any member of the committee will confirm that statement. Just how many there were I do not undertake to say but there were several.

There were other members of the committee who were willing to appropriate $50,000,000 additional and others $75,000,000 additional, and the amount ranged all the way up to $150,000,000, which is the subject of the present controversy.

I think I am not divulging any secret when I say that if in the Committee on Appropriations each individual member had voted his own individual sentiments on the subject we would not have a joint resolution before us providing $100,000,000, but we would have one providing a maximum of not more than $83,000,000 and it might have been $75,000,000; and if that had occurred we would now be fighting here to restore the amount to $100,000,000 instead of trying to obtain $150,000,000, which is the subject of the amendment pending.

When I was advised by members of the committee of that situation and it came to me in my capacity here, I said to them what I am saying now that while I, myself, would like

to see the appropriation made $150,000,000, while I favored $150,000,000, I think common sense dictates to us that we act here in the light of the conditions which prevail and not as we might like them to be.

When Senators like the Senator from Tennessee [Mr. McKELLAR], who led the fight on this floor and in the committee 2 months ago to get the entire amount asked for by the President; when a Senator like the Senator from Louisiana [Mr. OVERTON], for whose sincerity and whose ability and frankness and integrity I have the highest regard, as we all do; when the Senator from Arizona [Mr. HAYDEN], who 2 months ago helped to make the fight to get the entire amount; and other Senators on the committee, regardless of their views as to the size of the appropriation, came to me and advised me of the situation, I did what I think any man of common sense and frankness would have done. I recommended to them that they do the best they could, and it was my opinion then as it is now that in the light of these circumstances if they could obtain a unanimous report for $100,000,000 as the joint resolution was passed by the House the wise course to pursue was to accept that and bring the joint resolution out on the floor and pass it without amendment and get it to the President so that he might sign it without delay.

I was not willing, however, to take the responsibility alone of pursuing that course. Late one afternoon I called into conference 15 or 20 Senators, those who were on the floor and as many as I could get in touch with at that hour, to advise about the situation. Among those were the three members of the Committee on Appropriations to whom I have referred. After discussing the situation for nearly 2 hours, it was the almost unanimous judgment of those present, every one of whom had voted for the $875,000,000 2 months ago, that the wisest course to pursue was the course which has been pursued by the Committee on Appropriations and which I am recommending now.

No one has been bound as to his vote on the amendment. No effort has been made to bind anyone and I have not myself talked around among my friends and colleagues on this side of the Chamber and electioneered with them or buttonholed them as to how they would vote on the amendment when it is voted on; and I do not propose to do that. Although I disagree with him as to the wisdom of offering his amendment, I did not ask the Senator from Florida not to offer it; and the Senator will say so in the presence of the Senate.

So, Mr. President, if the course I have pursued and the vote I am going to cast here today subjects me to criticism I accept it without flinching, from whatever source it may come, inside or outside this Chamber.

If I have made an error in judgment in trying to be frank with my colleagues and with the country, because I am not willing to kid the people of the United States, or my colleagues here in the Senate by holding out a hope for them that they can get something which I know they cannot get, however desirable it may be in their estimation, the responsibility is mine.

Mr. President, what is the situation? I will recount the amounts appropriated for this purpose during the past 3 or 4 years, because I think we are entitled to compare them in order to assess the real importance of the particular $50,000,000 in dispute in relation to the amount which has been appropriated by the Congress for previous years and for this year.

In the act of 1935, for the Emergency Relief Administration, Congress appropriated $1,357,000,000. The Relief Administration appropriation for fiscal year 1937 was $1,817,000,000. For the fiscal year 1938 it was $1,476,000,000. For the fiscal year 1939 we have appropriated to date for Works Progress Administration a total of $2,063,000,000.

If the $150,000,000 asked for by the President were added to this, the total amount would be $2,213,000,000. With the hundred million dollars carried in the joint resolution the total appropriation for this year will be $2,163,000,000.

I am authorized by the President to say that while he wants the $150,000,000, while he thinks it is necessary, while the $100,000,000 is not satisfactory, he will sign the bill for $100,000,000 if and when it comes to him.

I am authorized further to say that within the next few days the President will send to the Congress a message asking for an appropriation of $1,500,000,000 for the Works Progress Administration for the fiscal year beginning July 1, 1939.

I have conferred with some of the members of the Committee on Appropriations about the wisdom and propriety of an appropriation of a billion and a half dollars for next year, and it is my sincere hope that we may enact that appropriation without a serious contest in either House of the Congress. But when we have reduced the appropriation for W. P. A. next year, according to the request of the President, when it comes in within a few days, we will have reduced the amount available for W. P. A. from $2,163,000,000 for 1939 to $1,500,000,000 for 1940, which will be a reduction of $613,000,000 in the W. P. A. appropriation for next year below the amount appropriated for this year.

When you compare the $2,163,000,000 for this year, with $1,500,000,000 for next year to begin on the first day of July, representing a reduction of $613,000,000, I contend in all sincerity, that in view of the situation existing in the House of Representatives and in the Senate, $50,000,000, after all, is not such a stupendous amount as to justify all the delay and controversy involved in this amendment.

Mr. President, we will have an appropriation bill for 1940, with the recommendation of the President for $1,500,000,000—we will have it here in the Senate sometime during June. There is no way to predict how much of a contest may arise over that amount. But, Mr. President, it has been my view and is my view now that in view of the approach of June, when we have to fight out this entire question of relief, and the amount, that it was unwise to have a fight here over the amount involved in this amendment, within 2 months of the time when we have to consider and determine the entire question of how much money we will have available for 1940.

I have some Irish blood in my veins, and I like to fight as much as anyone whenever something is accomplished by it. But my daily prayer is not "Lord, show me a fight in order that I may get into it." And my daily prayer is not "Lord, show me a spot in order that I may put some Democrat on it, or Republican either." I am not in the business of trying to put Members on the spot. I go on the assumption that men who occupy responsible positions in the Senate of the United States will vote on a roll call as they will vote in any other way in the United States Senate. And if there is any Senator here on the Republican or Democratic side, or with any other political affiliation, who would be afraid to vote on a roll call in any way he would not vote in secret, to use the language of my friend from South Carolina, we ought to search our consciences and our hearts to see whether we are frank with ourselves and with our constituents.

Mr. President, I have conferred and I think I am guilty of no impropriety in making this statement—I have conferred with responsible leaders of the House of Representatives upon this situation as it exists, and I think I know as certainly as I know anything, that $100,000,000 is all we are going to get out of this appropriation, and knowing that as I think I do, and feeling that way about it, I am unwilling to delay for 10 days or for 5 days the final adoption of this joint resolution, because when we come to consider the appropriation for 1940, as it will be presented to us within a few days by the President of the United States, and as we must in order to make it available by the first day of July, if the situation that then exists requires any additional appropriation to be made available for the remainder of 1939 we can add it onto that bill and make it available for expenditure prior to the first day of July—the end of this fiscal year.

These facts, Mr. President, constitutes one of the reasons why I feel that this amendment and the controversy around it is a futile gesture. I say that not in criticism of any

Senator. I say it not in criticism of my dear friend from Florida, who is the author of this amendment. I say it not in criticism of any Senator who will vote for the amendment, but I say it because I desire to be frank with the Senate and frank with the country—most of all to be frank with the unfortunate men and women of this Nation who rely on this sort of employment for their daily bread.

I do not deem that there is any fundamental principle involved in the difference between $100,000,000 and $150,000,000 for if we owe any obligation as a matter of principle we owe it to all the unemployed, and not a few of them or only a portion of them. We have to deal with these problems as they arise here. We have to exercise our own conscience and our own better judgment in the light of facts that we know exist.

In the light of those facts, for the reasons I have assigned, I shall vote against the amendment offered by the Senator from Florida, and I trust that the joint resolution will be adopted without amendment of any sort, so that we may send it to the President for his signature and make this money available without further delay in order that the situation to which our attention has been called repeatedly may not grow worse.

I appreciate the President's attitude. I would not have wanted him to change it, Mr. President, and if he had indicated to me himself a willingness to have retreated from the figure which he originally sent us, I would have advised him not to do so.

The President has his responsibility. No man has ever borne his responsibilities more nobly or more faithfully than has Franklin D. Roosevelt. I have my responsibility likewise, and so have other Senators.

Acting upon my responsibility, in the light of the situation which I believe to exist, regretting as I do that I cannot vote for the amendment, I feel that it is my duty to vote against the amendment. Other Senators will be governed by their own sense of duty; but it is my settled conviction that the joint resolution should be agreed to without amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida.

Mr. McNARY. On that question I ask for the yeas and nays.

The yeas and nays were ordered.

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

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Danaher	Johnson, Colo.	Radcliffe
Andrews	Davis	King	Reed
Ashurst	Downey	La Follette	Reynolds
Austin	Ellender	Lee	Russell
Bailey	George	Lodge	Schwartz
Bankhead	Gerry	Lucas	Schwellenbach
Barbour	Gibson	Lundeen	Shipstead
Barkley	Gillette	McCarran	Smathers
Bilbo	Green	McKellar	Smith
Bone	Guffey	McNary	Stewart
Bridges	Gurney	Maloney	Taft
Brown	Harrison	Mead	Thomas, Okla.
Bulow	Hatch	Minton	Thomas, Utah
Burke	Hayden	Murray	Townsend
Byrd	Herring	Neely	Truman
Byrnes	Hill	Norris	Vandenberg
Capper	Holman	Nye	Wagner
Clark, Idaho	Holt	Overton	Walsh
Clark, Mo.	Hughes	Pepper	Wheeler
Connally	Johnson, Calif.	Pittman	White

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

The question is on agreeing to the amendment offered by the Senator from Florida [Mr. PEPPER]. On that question the yeas and nays have been demanded and ordered. The clerk will call the roll. Those in favor of the Pepper amendment will answer "yea"; those opposed "nay."

The Chief Clerk proceeded to call the roll.

Mr. BILBO (when his name was called). On this question I have a pair with the Senator from Wisconsin [Mr. WILEY], who has been called out of the city. If he were present, he would vote "nay." If I were at liberty to vote, I should vote "yea." I withhold my vote.

Mr. ELLENDER (when his name was called). On this question I have a pair with the senior Senator from Maryland [Mr. TYDINGS]. If he were present, he would vote "nay." If I were at liberty to vote, I should vote "yea." I withhold my vote.

Mr. WHITE (when Mr. HALE's name was called). On this question my colleague [Mr. HALE] has a pair with the Senator from North Dakota [Mr. FRAZIER]. If my colleague were present he would vote "nay." I am informed that if the Senator from North Dakota were present he would vote "yea."

Mr. HILL (when his name was called). On this question I have a pair with the senior Senator from Indiana [Mr. VAN NUYS], and withhold my vote. If the Senator from Indiana were present, he would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. BARKLEY (when Mr. LOGAN's name was called). My colleague [Mr. LOGAN] is unavoidably detained. If he were present, he would vote "nay."

The roll call was concluded.

Mr. HATCH. My colleague [Mr. CHAVEZ] is unavoidably detained from the Senate on very important business. I am not authorized to state how he would vote if he were present.

Mr. SHIPSTEAD (after having voted in the negative). I have a pair with the senior Senator from Virginia [Mr. GLASS]. I am informed that if he were present and voting he would vote as I have voted, so I allow my vote to stand.

Mr. DAVIS (after having voted in the negative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if he were present he would vote as I have voted. Therefore, I allow my vote to stand.

Mr. BRIDGES. My colleague [Mr. TOBEY] is necessarily absent from the Senate, due to illness. I understand that he has a general pair with the Senator from Ohio [Mr. DONAHEY]. If my colleague were present and at liberty to vote, he would vote "nay." I understand that the Senator from Ohio [Mr. DONAHEY], if present, would vote "yea."

Mr. CONNALLY. The senior Senator from Texas [Mr. SHEPPARD] is unavoidably detained from the Senate. I am not authorized to state how he would vote if present.

Mr. MINTON. I announce that the Senator from Arkansas [Mr. MILLER] is detained from the Senate because of illness in his family.

The Senator from Indiana [Mr. VAN NUYS] is unavoidably detained.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from Virginia [Mr. GLASS], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Ohio [Mr. DONAHEY], and the Senator from Maryland [Mr. TYDINGS] are absent on important public business.

The result was announced—yeas 28, nays 49, as follows:

YEAS—28

Andrews	Hughes	Minton	Schwellenbach
Bone	Johnson, Colo.	Murray	Smathers
Clark, Idaho	La Follette	Neely	Thomas, Okla.
Danaher	Lee	Norris	Thomas, Utah
Downey	Lundeen	Pepper	Wagner
Green	Maloney	Pittman	Walsh
Guffey	Mead	Schwartz	Wheeler

NAYS—49

Adams	Capper	Holman	Reynolds
Ashurst	Clark, Mo.	Holt	Russell
Austin	Connally	Johnson, Calif.	Shipstead
Bailey	Davis	King	Smith
Bankhead	George	Lodge	Stewart
Barbour	Gerry	Lucas	Taft
Barkley	Gibson	McCarran	Townsend
Bridges	Gillette	McKellar	Truman
Brown	Gurney	McNary	Vandenberg
Bulow	Harrison	Nye	White
Burke	Hatch	Overton	
Byrd	Hayden	Radcliffe	
Byrnes	Herring	Reed	

NOT VOTING—18

Bilbo	Ellender	Logan	Tydings
Borah	Frazier	Miller	Van Nuys
Caraway	Glass	O'Mahoney	Wiley
Chavez	Hale	Sheppard	
Donahey	Hill	Tobey	

So Mr. PEPPER's amendment was rejected.

Mr. SCHWELLENBACH. Mr. President, I offer the following amendment, to be inserted at the conclusion of the joint resolution:

Provided, That the Works Progress Administration shall so administer the funds allotted to it for the balance of the fiscal year, and so regulate the employment, that no project worker who is in need and employable, and 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 and experience, shall be discharged from the Works Progress Administration rolls, except for cause.

The VICE PRESIDENT. The amendment offered by the Senator from Washington will be stated.

The LEGISLATIVE CLERK. At the end of the joint resolution it is proposed to insert the following proviso:

Provided, That the Works Progress Administration shall so administer the funds allotted to it for the balance of the fiscal year, and so regulate the employment, that no project worker who is in need and employable, and 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 and experience, shall be discharged from the Works Progress Administration rolls, except for cause.

Mr. SCHWELLENBACH. Mr. President, very briefly I desire to state that we have discussed this matter here two or three times. If the position of the committee is correct that no one will be discharged, then certainly the committee cannot with consistency object to the amendment. It simply gives assurance to those who are on the rolls that there will be some continuity of employment between now and the first of July.

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

Mr. SCHWELLENBACH. I yield to the Senator from Arizona.

Mr. HAYDEN. I desire to make a suggestion. If any amendment is adopted to the joint resolution, it will have to go back to the House and to conference. We cannot tell how long that will take. To my mind, it is very important that the appropriation be made and become available immediately. The effect of the Senator's proposal, therefore, would be to delay the matter.

Mr. BILBO. Mr. President, will the Senator yield to me?

Mr. SCHWELLENBACH. I yield to the Senator from Mississippi.

Mr. BILBO. Will the Senator from Washington agree to an amendment to his amendment, striking from it the word "discharged" and inserting in lieu thereof the word "refused", so as to read "no project worker * * * shall be refused employment"?

Mr. SCHWELLENBACH. That would completely change the meaning of the amendment. The amendment is intended only to protect those who are now employed on the rolls, and to provide for them some degree of security in their employment between now and July 1.

Mr. BILBO. My contention is that the seven or eight hundred thousand persons who are certified as now off relief have not heretofore been enjoying any of the compensation of the program, and that if they meet the requirements set up by the amendment offered by the Senator from Washington that class of persons should not be refused employment. I am trying to take care of those who are on the outside as well as those who have been enjoying the fruits of this program.

Mr. SCHWELLENBACH. I will say to the Senator that I tried for 2 years to get that sort of a measure adopted; and I am satisfied that if such an amendment were accepted, the joint resolution never would get through conference. For that reason I am not willing to accept the amendment.

Mr. OVERTON. Mr. President, will the Senator yield for a question?

Mr. SCHWELLENBACH. I yield to the Senator from Louisiana.

Mr. OVERTON. If I correctly understand the Senator's amendment, if it is adopted there will be no limitation upon the W. P. A. Administrator insofar as an appropriation is concerned. He may continue to employ persons regardless of the limitations contained in the appropriation.

Mr. SCHWELLENBACH. No; I do not think so. I think all the amendment does is to give to those who are now on the rolls some assurance of continuity of employment until the end of the fiscal year. I do not think the amendment affects the joint resolution in any other way. If the analysis made by the Senator from Colorado [Mr. ADAMS] is correct, the amendment will not make any difference; but I think these persons are entitled to that assurance, and I think it would be a very desirable thing from the point of view of the general purposes of the joint resolution to have the amendment adopted.

Mr. OVERTON. Suppose the appropriation were not sufficient to carry out the purposes of the amendment, what would happen?

Mr. SCHWELLENBACH. If the figures which have been accepted by the committee are so far off as to result in that, it would mean a necessity for a further appropriation; but I honestly assure the Senator and the Senate that I do not present the amendment from the point of view of inviting a deficiency appropriation. I present it from the point of view of giving to these persons an assurance that they are going to remain on the rolls unless they are discharged for cause.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. SCHWELLENBACH].

The amendment was rejected.

Mr. VANDENBERG. Mr. President, I send to the desk an amendment in the nature of a substitute which I offer. I move that all after the enacting clause of the joint resolution be stricken out, and that the matter I send to the desk be inserted in lieu thereof.

The VICE PRESIDENT. The amendment, in the nature of a substitute, offered by the Senator from Michigan, will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause of the joint resolution and in lieu thereof to insert the following:

That the first section of the joint resolution entitled "Joint resolution making an additional appropriation for work relief and relief for the fiscal year ending June 30, 1939," approved February 4, 1939, is amended by striking out "June 30, 1939" wherever it appears in such section and inserting in lieu thereof "June 7, 1939."

Mr. VANDENBERG. Mr. President, if I may have the attention of the Senate for just 3 or 4 minutes, I shall very briefly explain the theory of the substitute, and content myself with a vote upon it.

It seems to me there is a far more rational and realistic approach to this problem than the pending one, as represented either in the committee's recommendation or in the amendment submitted by the Senator from Florida [Mr. PEPPER]. Instead of guessing whether $50,000,000 or $100,000,000 or $150,000,000 of additional relief money is necessary next June, I again suggest that we wait until next June to settle next June's problem. In the meantime we can devote 2 months to a study of concrete and specific relief economies, and to the creation, perhaps, of a substitute for the entire existing relief formula, instead of now rushing to another pell-mell decision under the whip and spur of one more emergency which once more invites us to hasty and inconclusive decision.

Mr. President, if you will follow me, the W. P. A. already has $725,000,000 to spend to next June 30. The President and his relief administrator say this is $150,000,000 short of the necessities for their program; but under their program they do not need one penny of the additional $150,000,000 until June 8. Therefore, their program can be fully financed in their way by the simple recourse of amending the original authorization to permit them to spend the $725,000,000 up to June 8 instead of June 30. This eliminates the necessity for any additional appropriation at the present time. It postpones until June the necessity for any additional appropriation under their own theory and their own demands. It gives Congress 2 more months in which to investigate the W. P. A. and in which to identify some of the economies which Con-

gress believes to be possible without any impairment of legitimate relief necessities.

The President cannot complain; he gets what he wants to June 7. W. P. A. cannot complain; it gets its own program to June 7. Then, prior to June 7, in the light of further studies and disclosures and recommendations, Congress can deal with the last 3 weeks of this fiscal year on the same realistic basis with which it deals with the whole 12 months of the next fiscal year.

Mr. President, that, in a nutshell, is the theory of the substitute, and I submit that it meets every relief necessity for 2 more months, yet relieves us of the necessity of guessing at the moment what ultimately may be required.

Mr. NORRIS. Mr. President, I desire to say a word about the amendment. It presents a new theory of government, a remarkable theory. What is the use of appropriating $100,000,000? Why not appropriate enough for the time between now and next Sunday, and cut the appropriation away down? If in the meantime there were any demand to go further with the program, we could make another appropriation. We could deal the money out in handfuls.

Mr. President, I understand the amendment to mean that until the 7th of June they can run on at the same rate with the money which the $100,000,000 appropriation will provide, and if Congress does not do anything then, they discharge everybody. That is economy. Why not make it the 1st of May; why not the 15th of April; why not the 15th of May?

We have been all wrong in appropriating in time past for fiscal years. We might just as well shut down and go a week at a time, and get the same program, get everything anyone wants, except that the money would not last very long.

Mr. President, it seems to me that is the ultimate meaning of the amendment, and if we wish to ecconomize we might just as well cut the $100,000,000 down to $25,000,000, and proceed with that so far as it will go, and in the meantime we study this question, a question which we never heard of before, a new question. When we had the matter before us early in the present session there was a difference in understanding as to whether we should have $725,000,000 or $875,000,000, so we said we would cut it down $150,000,000, and would let it run on, and if any more were needed we could appropriate it afterward.

We tried that, and we found, and everyone admits, that we need $100,000,000 more to carry out the program. Why not run along with that $100,000,000 at the same rate until the program is carried out, and then let Congress study the question a little more, and hear from the suffering people, who, after the 7th of June, if we stop appropriating, are going to be dying of starvation?

The committee can bring in a report which will fix that. They can bring it in on the 6th of June and say, "Pass this measure without amendment. Let it go this way. You have only 1 day's time in which to do it. You must not debate it. Let it go through without amendment." And Senators, with great, big bleeding hearts for the suffering poor, will say, "That is the only way to save them. Let us do this much now and follow the recommendations of the committee," as we are doing now.

Everyone knows that it will be necessary to provide more than a hundred and fifty million dollars if we are to do the job in the right way. We cannot do it for one hundred and fifty million, in my opinion.

The theory advanced is that we have to have a hundred and fifty million, but we cannot give it to the suffering people now. Let us hold them up, in expectancy, tie them up in the air by a thread, and say, "We will see on the 7th of June whether you can live any longer or get along." And the day before that time comes the committee will come in and say, "Well, it will take twenty-five million to do this. Do not raise it to fifty million, because we have not time. If you debate it and it goes back to the House it will get in conference, and you will not have any time to go on, and therefore these people will starve. Do it now, do it just as the committee says, or do not do it at all."

Mr. President, it looks to me as if this amendment would have us jumping out of the frying pan into the fire.

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

Mr. NORRIS. I yield.

Mr. BRIDGES. Does the Senator from Nebraska mean that the relief program in this country does not need more study?

Mr. NORRIS. No; and I did not say anything of the kind. However, the Senator can study it from now until he is a hundred years old and he will not know anything about it. [Laughter.]

Mr. BRIDGES. Let me tell the Senator something. I probably know as much about this problem as does the Senator from Nebraska.

Mr. NORRIS. Of course the Senator does. He knows more than anybody else. God cannot compare with the Senator when it comes to information.

Mr. BRIDGES. I want to tell the Senator something.

Mr. NORRIS. The Senator has already told me something.

Mr. BRIDGES. I think I am as fully informed on this subject as is the Senator. I do not reverse myself quite so often as the Senator does, speaking generally.

Mr. NORRIS. That does not make the Senator a god, because I am a fool. The Senator can study this problem until he is as old as Methuselah and he will not know anything about it, unless some party leader tells him what to do. That is the only thing he will know about it. [Laughter.]

Mr. BRIDGES. I never take orders from any party leader. I vote my convictions. It might be wise if someone would tell the Senator what to do. He might be a little more consistent, and perhaps more often correct.

Mr. NORRIS. Suppose it is wise to tell me what to do; the Senator cannot tell me.

Mr. BRIDGES. No; I would not want to.

Mr. NORRIS. No; the Senator would not get to first base. [Laughter.] But if I am ignorant, if I do not know anything about it, if I cannot realize what it is to see suffering humanity down in the ditch and in the dirt, that is not any excuse for the Senator being as ignorant as I am.

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

Mr. NORRIS. Of course.

Mr. BRIDGES. Does the Senator claim to have a corner on relieving suffering humanity?

Mr. NORRIS. No; I do not have the sole right and I do not claim it. No one would impute that to me except the Senator from New Hampshire. He would impute anything to anyone at any time to suit his own convenience.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. VANDENBERG] in the nature of a substitute for the joint resolution.

The amendment in the nature of a substitute was rejected.

The VICE PRESIDENT. The question is on the third reading of the joint resolution.

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

FEDERAL COMMUNICATIONS COMMISSION

Mr. HILL. Mr. President, on Saturday last the Senate confirmed the nomination of Mr. Frederick I. Thompson to be a member of the Federal Communications Commission. As in executive session, I ask unanimous consent that the President may be advised forthwith of that confirmation.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the President will be notified.

ORDER FOR ADJOURNMENT

Mr. BARKLEY. Mr. President, I ask unanimous consent that when the Senate concludes its business today it adjourn until 2:15 o'clock p. m. tomorrow, and that at the conclusion of the funeral services of the late Senator Lewis tomorrow the Senate as a further mark of respect to his memory do stand adjourned.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

AUTHORIZATION FOR SIGNING OF BILLS, RESOLUTIONS, ETC.

Mr. BARKLEY. Mr. President, I ask unanimous consent that during the intervening time between now and Thursday the Vice President may sign bills and resolutions ready for his signature; that the Secretary of the Senate may receive messages from the House of Representatives, and that all committees may be authorized to make reports on bills, resolutions, and nominations.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

ADJOURNMENT

Mr. BARKLEY. I move that the Senate adjourn, under the order just made.

The motion was agreed to; and (at 6 o'clock and 40 minutes p. m.) the Senate adjourned, the adjournment being under the order previously entered, until tomorrow, Wednesday, April 12, 1939, at 2:15 o'clock p. m.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 11, 1939

The House met at 12 o'clock noon.

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

Our Father, hallowed be Thy name; behold us with Thine eyes, whose power is in their love, and enable our innermost selves to triumph over weak and sinful tendencies. In these times of pressure and disturbance, we pray for the manifestation of the sons of God, for men who have no wasted energies and no contagion of weariness but who are endued with the affirmation of a great faith, for men who walketh not in the counsel of the ungodly but whose delight is in the law of the Lord. They shall be like trees planted by the rivers of water that bringeth forth their fruit in their season. O God, we beseech Thee to enrich our lives by the flowing streams of the River of Life. In the blessed name of Jesus. Amen.

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

EXTENSION OF REMARKS

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent to have printed in the RECORD an address delivered by my colleague the gentleman from Missouri [Mr. CANNON] over the N. B. C. network on the subject of parity payments. The gentleman from Missouri is chairman of the agricultural subcommittee of the Committee an Appropriations.

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

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. FADDIS. Mr. Speaker, I ask unanimous consent that on Thursday next, after the reading of the Journal, the disposition of business on the Speaker's table, and the completion of the legislative business for the day, I may address the House for 15 minutes.

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

There was no objection.

COMMITTEE ON INDIAN AFFAIRS

Mr. ROGERS of Oklahoma. Mr. Speaker, I ask unanimous consent that a subcommittee of the Committee on Indian Affairs may sit during the session of the House today.

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

There was no objection.

EXTENSION OF REMARKS

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD by including therein a brief discussion by the vice president of the General Motors Export Corporation on Industry's Stake in an Export Market for American Farm Products.

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

There was no objection.

FOREIGN TRADE

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

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

There was no objection.

Mr. TREADWAY. Mr. Speaker, the announcement in this morning's press that the administration was about to negotiate barter arrangements with certain foreign countries as a means of exchanging surplus cotton and grains for rubber and tin indicates that at last the administration is about to take a practical and realistic view of foreign trade, such as the Republican minority has long advocated.

In criticizing the present trade-treaty program under which our tariffs on competitive foreign products have been drastically reduced without guaranteeing compensating foreign markets for American surpluses I have contended that the only real justification for foreign trade was to exchange our surpluses for the things we need but do not produce ourselves. Only in this way can foreign trade be carried on to mutual advantage and without injury to domestic agriculture, industry, or labor.

We normally offer a free market for two-thirds of our imports, which are made up largely of noncompetitive products. It is proper that we should require other countries to take our surpluses in exchange for the products we need to buy of them, and which we allow to enter our market duty free.

It has been apparent for some time that the idealistic and economically disadvantageous trade-treaty program was breaking down. Now it is being sabotaged by the administration itself. American farmers have become the most vehement critics of the program, having been "sold down the river" through sharp tariff reductions on foreign farm products without any increased foreign market for American agricultural products being gained. Opposition to the program in Congress is no longer confined to the Republican minority.

The first evidence that the administration realized the failure of the treaty program was when the proposals for export subsidies on cotton and wheat were advanced, which are the very antithesis of the Hull reciprocity program. Next was the imposition of countervailing duties on subsidized German exports, which, while mandatory under provisions of the Republican Tariff Act of 1930, was, nevertheless, inconsistent with the administration's previous policy of leading the way in the reduction of trade barriers. And now comes the last straw—barter—which, like the export subsidy proposal, is directly contrary to the principles of the present reciprocity program and more in line with the bilateral treaty policy which the administration has heretofore strenuously opposed—yes, even condemned.

While the new barter proposal is limited only to the exchange of certain items needed for national defense, the fact is that if it is sound for that limited purpose it is sound as regards our entire foreign trade. The present trade treaties, which involve only mutual tariff reductions, guarantee us no increased foreign markets. Foreign countries are neither obligated to buy our goods or pay us their war debts in return for our surrender to them of our rich home market. Only by barter are definite export markets assured for American surpluses. In my remarks of February 16, 1939, dealing with the trade-treaty program, I called the attention of the House to the fact that despite Secretary Hull's attempts to convert the world to his trade-treaty policy, involving most-favored-nation treatment, most countries were proceeding along the lines of bilateral trading, which the administration has now been forced to accept.

It is of interest to note that if the proposed barter agreements are entered into they will be subject to Senate ratifi-

cation, as in the case of ordinary treaties. The fact that the present reciprocal trade treaties are not subject to ratification or approval by either branch of Congress has been one of the chief criticisms of the Hull reciprocity program.

The reversal of its foreign-trade policy is just another instance of where the administration has been obliged to retreat from and scuttle a major part of its program because of failure or public repudiation. [Applause.]

EXTENSION OF REMARKS

Mr. TAYLOR of Tennessee. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a statement by former President Hoover on the subject of President Roosevelt's foreign policy.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. REED of New York asked and was given permission to extend his own remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that on Wednesday of next week after the disposition of the legislative business of the day the gentleman from Ohio [Mr. JENKINS] may address the House for 30 minutes.

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

There was no objection.

EXTENSION OF REMARKS

Mr. SHORT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including therein a brief article written by Paul Mallon.

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

There was no objection.

Mr. SECCOMBE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address by the Honorable Graves Williams.

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

There was no objection.

THE NATIONAL LABOR RELATIONS BOARD

Mr. ANDERSON of Missouri. 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.

Mr. ANDERSON of Missouri. Mr. Speaker, during the last 2 years I have frequently pointed out numerous examples of high-handed and unjustifiable conduct on the part of the National Labor Relations Board. The conduct of this Board has been such as to stir up Nation-wide interest in discovering, if possible, just what ends the Board is serving and what influences are responsible for its decisions. Some time ago I offered a resolution calling for a committee of this House to make a full and thorough investigation of the Labor Board and its officials. As another reason why that resolution should be adopted I want to remind you that—

ABUSE OF THE SMALL-BUSINESS MAN BY THE NATIONAL LABOR RELATIONS BOARD

Several days ago I called attention to what I believed to be a miserable failure on the part of the National Labor Relations Board in the conduct of a case against the Oil Well Manufacturing Co., of Los Angeles, Calif.

At that time I explained that this was a very small company, having only 12 production employees, and that the filing of a complaint by the Board in the case of one George Falardeau, which was subsequently dismissed because no investigation had been made by the Board, had cost this little company many hundreds of dollars in needless expense.

In that same complaint the company was charged by the Labor Board with also firing Ethan E. Harris because of labor activities.

Here is a summary of what happened: In June 1937 the workers of the plant organized what was known as the Employees Mutual Benefit Association, and as a group held a meeting with a Mr. Clarence White, the president, in his office. They asked an increase of 5 cents per hour for 3 months until the men reached a minimum of a dollar an hour and time and a half for all time over 40 hours per week.

Mr. White told the men that he could not pay the dollar per hour, and the men then left his office. A few minutes later he joined the employees in back of the plant and told them he would grant a 5-cent-an-hour increase, but that it was for them to decide whether they wanted time and a half for over 40 hours or time and a third as they were then getting. He explained that it would be impossible to work the men overtime at a time-and-a-half rate. He thereupon went to his office and the men returned a short time after and told him they would accept the 5-cent-an-hour increase and preferred to be able to work overtime and would accept time and a third for overtime. This all occurred within the period of an hour.

There is no contradictory evidence in the record. White also told the men that it was up to them whether they had an organization or not. He had no interest in the matter. He also told them that no man had jeopardized his position by participating in the controversy. It must be remembered that there were only 12 employees engaged in production at this company. Harris was the spokesman for the men.

There is no evidence, nor was it alleged that White made any effort to interfere with the men's right to organize. Even the witnesses for the Board pointed out that he had never raised any question as to whether they belonged to one union or another.

But the trial examiner, in his intermediate report made April 12, 1938, said that the respondent had discouraged organizational activities, when at the June meeting he stated he preferred to deal with the men individually rather than collectively and that he considered the action of all of them meeting with him mob tactics, and that White later discharged Harris because "in a large part by his resentment against Harris as the personification, in White's mind, of gangster and mob tactics of the association."

Now, at best there is no basis for the conclusion reached by the trial examiner in finding that White discouraged organizational activities by saying that his men were ganging up on him. Three witnesses other than Harris testified that Mr. White at the meeting said he thought the men were ganging up on him by all coming in instead of having a representative or committee. Six other witnesses, all of whom were at the meeting, testified that he made no such statement.

Two witnesses beside Harris testified that White stated a preference for dealing with the men individually, while six testified that he made no such statement.

Now, the respondent, Mr. White, discharged Mr. Harris in July after he had caused the company an actual loss of $190 in some machine metal work he was doing, thereby causing a delay in one of the company's foreign orders. It was shown further that Harris had been absent from work 40 full working days, 10 half days, and on 9 occasions left early during his 10 months of employment at this company.

It was shown that he ate his lunch during working hours and rang in on the time clock and went out on company time and sought employment at another plant in the neighborhood. It was also shown that Harris was warned about his absences and about his work. He was a shell-shocked veteran of the war and was drawing compensation. It was further shown that he made much noise in the plant and Mr. White and the superintendent testified that they considered it dangerous to the other employees to keep him there.

Yet the trial examiner says that Harris was fired for organizational activities when virtually all the workers testified that they knew Harris had ruined the job for which he was discharged. One comes to the conclusion after reading the full transcript of this case that it was the general impression of the workers that Harris should have been fired for poor workmanship. Harris himself expected to be fired for his poor workmanship because he testified that he stated to the superintendent, "If you hear Mr. White is going to discharge

me, let me know so I can keep my record clear." The superintendent testified, and it was not denied by any witness, that Harris told him he would not blame Mr. White for discharging him because of poor workmanship. Yet the trial examiner concludes that Harris was fired for organizational activity.

This case presents a most serious problem for the small manufacturer. Mr. White happens to be one of those fellows who has made his the hard way, starting as a mechanic himself, later hiring a helper and going on from there. He rode through the depression with the assistance and indulgence of his creditors and is now on the way back to a point where he is furnishing employment for 23 people. The employees testified that he was most reasonable and considerate in his demands of them.

This employer is fighting this case because of the principle involved. He does not believe it to be for the safety and happiness of the other workers to have a fellow like Harris around, and he so testified. It was conclusively proved that Harris was unreliable, missed many days of work, and ruined a job which caused financial loss to the company.

This employer really cannot afford to fight this case. Unquestionably it has cost him several thousands of dollars in expenses such as the cost of a transcript, lawyer's fees, and traveling expenses to and from Washington to appear before the Board to defend himself. I would venture that this amount of money represents more than a year's profit from his business. Yet he is carrying on because he feels that his rights are being invaded by the unscrupulous action of the Labor Relations Board. And I agree with him. By no stretch of the imagination can I understand how the trial examiner reached such an unwarranted conclusion after reading 490 pages of the transcript. This is just another example of the Labor Board's abuse of assumed authority. We must correct this situation before it is too late. We must protect the small-business man. [Applause.]

EXTENSION OF REMARKS

Mr. LEWIS of Ohio. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein an editorial published in the Bellaire Daily Leader on April 5.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE LATE HONORABLE WILLIAM O. BARNARD, MEMBER OF CONGRESS

Mr. SPRINGER. 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.

Mr. SPRINGER. Mr. Speaker, I rise to report the death of a former Member of this House, the Honorable William O. Barnard, of the Tenth Congressional District of Indiana. Judge Barnard died on Saturday last and was buried on yesterday. I learned of his death only this morning.

Judge Barnard was a Member of the Sixty-first Congress. He was a judge in the State of Indiana for many years and was a practicing attorney during all of his life except when he was holding public office.

His service to his State and Nation was outstanding. He was a good citizen and a man of splendid character. He was one of those fine individuals to whom we can reflect with pride after he is gone.

MR. TREADWAY, THE OPTIMIST

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

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

Mr. RANKIN. Mr. Speaker, we have just listened to the gentleman from Massachusetts [Mr. TREADWAY] praise the administration's proposal to exchange American farm products with foreign countries for "rubber and tin," or as he expressed it, "the things we need but do not produce ourselves."

Whenever the gentleman from Massachusetts [Mr. TREADWAY] rises to congratulate a Democratic administration, I am always reminded of the old adage, "Beware of the Greeks when they come bearing gifts."

To say the least of it, his expressions amount to little, if anything, more than damning the administration with faint praise. He is very optimistic in his expression of approval of the exchange of certain farm products produced in this country for foreign goods, so long as those goods do not compete with articles produced in Massachusetts. That is characteristic of him and of the school of thought he represents. He is willing for us to trade with anybody who does not produce goods in competition with his favored manufacturers. So long as our exports are exchanged for goods that are not produced by the tariff barons of New England, the distinguished gentleman from Massachusetts becomes a natural-born optimist in expressing his desire for the success of such a program. But let anything be suggested that would break the strangle hold of these tariff barons who have robbed the American consumers, and especially the American farmers, for the last 75 years, and you will hear loud and vociferous protests from the distinguished gentleman from Massachusetts [Mr. TREADWAY].

He reminds me of the Negro's definition of an optimist.

He said to some of his colored friends, "I is a optimist."

Another Negro asked, "What is a optimist?"

He said, "A optimist is a fellow dat don't give a damn what happens, so it don't happen to him." [Laughter.]

The gentleman from Massachusetts [Mr. TREADWAY] is just such an optimist. He is willing to do anything in God's world for the American farmer so long as it does not do the farmer any good whatsoever or take away a penny's profit from the tariff barons of New England; or deprive them of the power to rob and plunder the helpless masses of the American people through the burdensome taxes they now bear in the form of high protective tariffs.

The gentleman from Massachusetts is the ranking Republican member on the Ways and Means Committee, and is living in hope that the country will suffer a political precipitation next year and give his party a majority in the House. If such a calamity should happen, he would become the chairman of the Committee on Ways and Means. Then if his party should follow his leadership, the farmers as well as the small-business men and the laborers of the South, the West, and the Middle West would stand just about as much chance to get even the crumbs that would fall from the table as Lazarus did at the banquet of Dives.

Tariffs and monopolies, including the money monopoly that controls our financial system, are responsible for our present troubles. The Republican high protective tariff did more to distort our economic structure and bring on the crash of 1932–33 than all other influences combined. And there is no man in public life more responsible for that condition, so far as ability goes, than the distinguished gentleman from Massachusetts [Mr. TREADWAY].

He was not only a Member of Congress, but he was one of the ranking members of the Committee on Ways and Means during all the tragic years of the Harding-Coolidge-Hoover regime.

Let us see what was done during that administration and what effect it had. In 1920 the Republican Party coordinated all the elements of discontent and dissatisfaction growing out of the World War, camouflaged their real intentions behind a smoke screen of abuse and misrepresentation, and swept into power by the largest majority any political party had ever received up to that time.

They immediately placed upon the statute books of this Republic the highest protective tariff law ever known in times of peace. A tariff is an indirect tax; it taxes one man for the benefit of another—uses the power of government to enrich favored individuals and favored special interests. It is simply thievery within the law.

They levied tariffs on everything the poor man has to buy, from the swaddling clothes of infancy to the tombstone that

marks his last resting place. They actually put a tariff on tombstones, or on the marble from which they are made.

Yet when some of the western Republicans begged for a tariff on cowhides, of which shoes are manufactured in Massachusetts, the Old Guard Republicans from that section of the country voted it down.

They were not willing to give the farmers even the crumbs that fell from the tariff table. They were taking care of the interests that had put up the campaign funds.

One farmer during those years said that he took a cowhide to town and sold it for practically nothing. He then went around to a merchant and bought a hamestring, and paid more for the hamestring than he got for the hide.

One of the ablest men who appeared in this Capitol during those days represented the Fair Tariff League. He showed that the tariff was costing the American people $4,000,000,000 a year, and that of that $4,000,000,000 only $600,000,000 went into the Federal Treasury, while $3,400,000,000 went into the pockets of the beneficiaries of the tariff law—the tariff barons the gentleman from Massachusetts [Mr. TREADWAY] is so anxious to protect.

Those tariffs bled the farmers of this country white; they were compelled to pay so much more for the things they had to buy in proportion to the prices received for the things they had to sell that they soon found themselves on the way to bankruptcy; and when their buying power was destroyed, our economic structure collapsed.

It is true that in order to placate the farmers they showed their contempt for their intelligence by placing a tariff of 42 cents a bushel on wheat, knowing that we were shipping out about 200,000,000 bushels more wheat each year than was being shipped into the country. That was just like building a dam to keep water from flowing upstream. During those years wheat was 10 cents a bushel higher in Winnipeg, Canada, than it was in Minneapolis, Minn., because of the fact that the Canadians had more reasonable freight rates and could exchange their farm commodities for manufactured articles produced in other countries without having to pay the artificially high prices imposed upon our people by the Republican high protective tariff.

They sold war materials that had been purchased by the Democratic administration during the last years of the World War, and which were no longer needed, since the war was over, turned the money into the Treasury, and took credit for reducing the foreign debt to that extent, when, as a matter of fact, the current revenues were not sufficient to balance the Budget.

They also reduced the income taxes in the higher brackets, thereby taking the taxes off of those swollen fortunes that had been made by war profiteers—coined, if you please, from the blood and tears of the suffering men and women of the world.

Not satisfied with that, they paid back hundreds of millions, if not billions, of dollars to the big income-tax payers, even at a time when our economic structure was on the verge of collapse; and in order to gratify the cupidity of certain international bankers, who are now busy trying to drag us into another war in Europe, they refunded the foreign debts, and in doing so reduced the interest rates so far below the rates we were paying on our outstanding bonds that we lost $6,200,000,000 in the transaction.

In other words, they gave a bonus to our European debtors and the international bankers who held their securities of $6,200,000,000 at a time when hungry ex-service men were appealing in vain for the payment of their adjusted-service certificates.

European countries immediately manifested their ingratitude by repudiating the entire debt, being encouraged to do so by these international bankers, who have profited by that repudiation, and denounced the United States as "Uncle Shylock."

The gentleman from Massachusetts [Mr. TREADWAY] was very optimistic during those glorious days of what they termed "Republican prosperity," when the very things they were doing were bound to culminate in the economic wreck that overtook us in 1932.

Their high protective tariff laws not only robbed the farmer of everything he made and destroyed his buying power but it provoked retaliation on the part of other countries, and caused them to raise retaliatory tariff walls, impose quotas, inspection fees, import permits, and dozens of other restrictions against our trade, until by 1932 the very map of the world had become, as it were, a barbed wire entanglement of these barriers, behind which world trade had become stagnant and world commerce had become paralyzed.

Our farmers had no buying power, their economic vitality was gone; they had been robbed until they had nothing left. Manufacturing establishments had their warehouses packed with goods they could not sell and our circulating medium through the control of the Federal Reserve System had been reduced below the danger point, while they were financing a jamboree on the stock market, the most gigantic saturnalia of legalized robbery ever perpetrated under the eyes, and with the consent, of a national administration; when every intelligent man knew that the crash was bound to come and that the stocks being offered invariably were not worth much more than the paper they were printed on.

When the crash finally came and left this country in the worst condition it has ever known, something had to be done to save us from revolution.

Whether the present administration's spending program was the proper course or not, certainly the members of the Republican Old Guard should be the last ones on earth to criticize it.

But the shocking thing about it now is that they are gradually making themselves believe they are coming back into power next year, with no intention of relieving the very diseases that produced our present troubles. Instead of that, they would probably attempt to cure them by raising high tariffs higher, as they did during the Harding-Coolidge-Hoover regime, and make things infinitely worse. I am confident that would be the course pursued if the gentleman from Massachusetts [Mr. TREADWAY] could have his way.

Of course, I want to see American farm products exchanged for tin, rubber, and all other commodities. Why limit the exchange to tin and rubber? The gentleman from Massachusetts wants that done in order to prevent the reduction of the tariffs that, as I said, are bleeding the American farmers to death.

We are finding ourselves ingloriously isolated and stewing in our own misery because of our refusal to exchange our raw materials for the finished products of other countries. A manufacturer in England, France, Holland, Germany, Italy, or even Russia, or any other country, can take a carload of manufactured articles, from typewriters to sewing machines, from electric refrigerators to dishpans, to South America, or Central America, or to Canada and exchange them for the very raw materials we produce in this country for approximately one-third or one-half of the price we would ordinarily have to pay for the same articles. In that way the farmers of Central and South America are getting rid of their cotton, their cattle, their hides, their hogs, their dairy products, their sugar, their lumber, and all the other raw materials they produce, and getting approximately twice as much for them, and invariably three or four times as much, in exchange for manufactured articles as the farmers in this country are getting.

And the farmers of Canada are exchanging their wheat, cattle, lumber, and other raw materials for European-made goods in the same way, with the result that the people, and especially the farmers, in Central and South America and in Canada, are prospering all out of proportion to the degree of prosperity enjoyed by the farmers of the United States.

But we cannot exchange our raw materials for their manufactured articles because of the tariff, which the gentleman from Massachusetts [Mr. TREADWAY] would preserve; and we never can have uniform prosperity throughout this country as long as these tariff walls exist.

Rather than to give us relief, the beneficiaries of these iniquitous tariff laws would join the international bankers who are trying to kick up a European war and then drag us into it.

The gentleman from Massachusetts [Mr. TREADWAY] and other tariff advocates from that State tell us they do not want to trade with Germany because of its dictatorship. I have no sympathy with dictators, but I submit it is none of our business to try to regulate the international affairs of other countries.

Besides, the world is run by dictators today—outside of the United States. There is not a democracy in Europe, with the possible exception of the British Empire—if we want to call that a democracy.

There is not a democracy in Central or South America. Every single one of those countries is governed by a dictatorship or by a system of fascism, if you want to call it that, and not by representative government such as we have in the United States.

Spain has now joined the totalitarian states of Europe. Portugal has been with them from the beginning. Every country in South America is settled by Spanish people, who speak the Spanish language, with the exception of Brazil and Haiti.

Brazil speaks Portuguese and Haiti speaks French. Haiti is a Negro country and can have very little influence in the economic affairs of the world. Brazil has recently abolished its republican form of government and established a Fascist system so much like the one now existing in Italy that you can hardly tell one from the other. They not only abolished their senate and house of representatives, but they destroyed every state government.

The people of South America are going to trade with Spain and Portugal, and with Italy, Germany, England, France—or with any other country that will trade with them on reasonable terms. Canada has the British Empire as a market for her raw materials, which she can exchange for manufactured articles of all kinds.

That leaves the United States isolated economically behind her supertariff walls built by the Harding-Coolidge-Hoover regime, while our farmers are selling their products far below the cost of production, and many of them abandoning their farms and seeking the relief rolls.

It is cruel and inhuman to tell the farmers of this Nation that the way to raise prices of what they sell is to plunge this Nation into a devastating war—a war that nobody wants except a few international agitators. The American farmers do not want temporary relief at the sacrifice of the blood of their sons. Another war would probably complete the destruction of our civilization and would undoubtedly wipe out what vestige of democracy, or representative government, we have left. Besides, European nations do not want a war with us, nor do they want a war with each other. If the international agitators in this country will stop their propaganda through the newspapers and over the radio, stop trying to stir up trouble, European differences will be adjusted gradually and the world will move forward into a new era of peace.

If arrangements could be made to give the American farmer the same privileges that are accorded to the Mexican farmer, the Brazilian farmer, and the Canadian farmer to exchange his raw materials for all kinds of manufactured articles, made in foreign countries, then we would have a return of prosperity that everybody could enjoy.

Such a condition will never be brought about if we have to depend upon such "optimistic" statesmen as the distinguished gentleman from Massachusetts [Mr. TREADWAY], the Republican leader of the high tariff barons in the Congress of the United States. Like the gentleman from Massachusetts [Mr. TREADWAY], these tariff barons are also optimists, such as the Negro described, who "don't give a damn what happens so it don't happen to them." [Applause.]

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had adopted the following resolution:

Senate Resolution 119

Resolved, That the secretary invite the Members of the House of Representatives to attend the funeral of Hon. James Hamilton Lewis in the Senate Chamber on Wednesday, April 12, 1939, at 2:30 o'clock p. m., and to appoint a committee to act with the committee of the Senate; and be it further

Resolved, That invitations be extended to the President of the United States and the members of the Cabinet, the Chief Justice and Associate Justices of the Supreme Court of the United States, the Diplomatic Corps (through the Secretary of State), the Chief of Staff of the Army, the Chief of Naval Operations of the Navy, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard to attend the funeral in the Senate Chamber.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 754. An act for the relief of J. G. Mayfield; and

S. 1253. An act for the relief of John B. Dow.

NATIONAL HOUSING ACT

Mr. SABATH. Mr. Speaker, I call up House Resolution 155, for immediate consideration.

The Clerk read as follows:

House Resolution 155

Resolved, That immediately 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 consideration of H. R. 5324, a bill to amend the National Housing Act, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. SABATH. Mr. Speaker, this resolution makes in order the bill H. R. 5324, to amend the National Housing Act. It is a liberal rule, allowing 3 hours' general debate, after which the bill will be considered under the 5-minute rule. It cannot be charged, by the minority leader or anyone else, that this is a stringent rule.

This bill extends the life of the National Housing Act to July 1, 1941, and restricts insurance on loans to banks, trust companies, and building and loan associations to $2,500, as aganist the existing $10,000 maximum. It also limits the total liability to $100,000,000 and confines loans to 3 years and 32 days.

Section 2 provides a premium charge for insurance hereafter granted, and section 203 limits the aggregate amount of principal obligations of all mortgages insured to $3,000,000,000, subject to increase to $4,000,000,000 with the approval of the President.

The F. H. A. is well on its way toward being self-sustaining. Income from its mutual mortgage insurance system during the next fiscal year will be sufficient to pay its operating expenses and leave a substantial surplus to be added to the insurance reserve funds.

Over 8,000,000 persons—estimating four and a fraction to the family—have been provided with improved housing through the use of private capital under the F. H. A. plan.

Testimony is to the effect that of 360,000 loans made only 425 were later subject to foreclosure, and on these only $160,000 was lost. This is an excellent record.

Approximately 100,000 single-family homes were built under the F. H. A. plan during the past year.

The F. H. A. has been described editorially as the spark plug of recovery. While other industries were lagging, the residential construction industry, stimulated by the F. H. A. amended program of February 1938, showed a remarkable revival. And I have figures to support this statement.

For the first time in history we have an agency, the F. H. A., to which the inexperienced layman may go for guidance and protection when he buys or builds a home. It protects him against usurious interest rates, the second mortgage racket, and all the other discredited devices which contributed so largely to the collapse of the real-estate market in the early thirties.

Real estate boards throughout the country are urging passage of this bill, emphasizing that it not only provides work for thousands, but stimulates the raw material markets and aids business generally.

The minority report criticizes this bill as keeping the Government in the real-estate mortgage business. One of the best replies to that is an editorial in the Chicago Daily Times which points out that the "F. H. A. is based upon a happy blending of government and business," that private financial institutions provide the money, insured by F. H. A., and would-be home owners, real-estate dealers and others, increase the value of buildings, with benefits shared widely by banks with idle capital, building supply dealers and others.

Despite this—

States the Times—

authorization for an increase of a billion dollars in the total F. H. A. insured loans * * * faces a serious fight on the floor.

The answer is given in the same editorial, which points out that—

This apparently incomprehensible circumstance arises primarily from the fact that building and loan institutions throughout the country resent the F. H. A. limitation of 5 percent interest upon such loans and fear that competition for these investments may drive the rates even lower.

I quote further from the editorial:

What is of vital importance, however, is the whole effect of the F. H. A. program. In many ways the whole hope of a deep-rooted recovery of our entire economic system revolves about a sweeping revival of the building industry. In the face of that a temporary 1 or 2 percent difference in the return upon a billion dollars is a ridiculous quibble.

To appreciate the key position held by the construction industry in our hopes for recovery it is necessary to look back over the past a bit. Just to make it a thumbnail sketch, let's stick this side of 1870—about the time the Nation recovered from the effects of the Civil War.

From 1870 to 1914 was a period of tremendous expansion in America. The West had been tied to the East by railroads, and all its vast mineral and agricultural wealth gave a tremendous stimulus to every type of industry. Our population was increasing at a prodigious rate.

All of our energies were at work in building a nation. Cities doubled and redoubled in size. The railroad and shipping industry expanded enormously. Every cent of our available capital was kept at work providing bigger and bigger industrial establishments.

WORLD WAR GAVE US BIG BOOM

Then came the World War. Our industrial pace, after a few months of slump, again was stepped up to an ever-growing capacity to supply fighting nations with war supplies and the rest of the world with goods normally supplied by those at war. This constantly increasing demand for production capacity, extending several years after the war until other nations recovered, again kept all our capital at work—and men, too.

The automobile, with its huge stimulus to steel, rubber, and a score of allied industries, the job of building a million miles of highways, and radio, then picked up the task and carried us along until the formula ran its dizzy course in 1929.

Today the job of building our Nation is basically complete. Population is increasing yet, but at a crawl compared to pre-war days. Other nations are industrially self-sufficient, or approaching it. Foreign markets are tied up with nationalistic jealousies and monetary exchange difficulties. The markets for automobiles and radios are sharply reduced because so many persons already own them.

What, then, is to put idle money and idle men to work? The only giant unsatisfied need, offering hopes of pulling all industry with it, is for new housing. Others may come along. The gradual forcing of greater buying power into many more hands eventually may do the trick. But the immediate hope lies in housing.

F. H. A. is the spark plug of this recovery movement. In Illinois alone the volume of applications for loans has reached $70,000,000 monthly. Nationally the demand is for hundreds of millions. It is utterly inconceivable that Congress could let anything now serve to choke off this growing stream of recovery with all that it means to the Nation.

I want to include in the extension of my remarks a tabulation the F. H. A. has submitted to me, which lists by States the amounts of insured loans for property improvement and insured mortgage loans on small homes. This is a record of splendid accomplishment, long to be remembered, and I recommend that the Members look it over.

Federal Housing Administration

State	Insured loans for property improvement		Insured mortgage loans on small homes		Total	
	Title I		Title II			
	Number	Amount	Number	Amount	Number	Amount
Alabama	16,913	$5,628,621	3,705	$13,229,685	20,618	$18,858,306
Arizona	12,824	5,543,956	2,210	7,827,546	15,034	13,371,502
Arkansas	12,786	4,666,469	2,578	7,469,610	15,364	12,136,079
California	268,007	104,058,092	67,162	284,527,796	335,169	388,585,888
Colorado	10,777	4,052,974	3,088	10,655,468	13,865	14,708,442
Connecticut	30,987	12,788,928	3,111	15,246,045	34,098	28,034,973
Delaware	3,987	1,909,831	798	3,954,300	4,785	5,864,131
District of Columbia	11,581	5,599,054	1,110	7,554,950	12,691	13,154,004
Florida	24,850	10,936,255	8,983	35,930,801	33,833	46,867,056
Georgia	22,351	8,658,530	6,401	24,387,552	28,752	33,046,082
Idaho	9,919	3,387,664	1,739	5,486,690	11,658	8,874,354
Illinois	93,181	36,282,135	18,222	88,260,163	111,403	124,542,298
Indiana	49,068	15,521,612	12,718	45,396,691	61,786	60,918,303
Iowa	19,448	7,280,555	3,109	10,731,699	22,557	18,012,254
Kansas	11,862	3,655,356	5,768	17,901,617	17,630	21,556,973
Kentucky	18,766	6,918,171	3,567	16,082,861	22,333	23,001,032
Louisiana	17,353	5,335,429	2,817	10,360,965	20,170	15,696,394
Maine	5,706	2,253,398	1,093	3,230,980	6,799	5,484,378
Maryland	27,352	11,376,386	6,131	27,276,485	33,483	38,652,871
Massachusetts	67,657	25,760,413	3,695	18,633,987	71,352	44,394,400
Michigan	98,950	33,281,587	22,212	106,637,655	121,162	139,919,242
Minnesota	34,243	13,175,323	6,026	21,982,554	40,269	35,157,877
Mississippi	10,199	4,227,614	3,439	10,706,489	13,638	14,934,103
Missouri	50,638	16,224,210	10,085	41,670,497	60,723	57,894,707
Montana	4,145	2,251,594	1,202	4,225,641	5,347	6,477,235
Nebraska	8,625	3,002,426	2,040	7,277,419	10,665	10,279,845
Nevada	2,788	1,439,588	659	2,801,905	3,447	4,241,493
New Hampshire	6,416	2,683,611	806	2,985,451	7,222	5,669,062
New Jersey	115,712	48,511,665	18,884	91,805,524	134,596	140,317,189
New Mexico	3,142	1,692,193	1,096	3,742,175	4,238	5,434,368
New York	284,096	148,256,085	25,409	126,514,692	309,505	274,770,777
North Carolina	14,329	5,444,676	3,985	16,823,439	18,314	22,268,115
North Dakota	2,529	1,277,862	695	2,077,705	3,224	3,355,567
Ohio	75,844	25,814,127	22,360	98,791,044	98,204	124,605,171
Oklahoma	18,655	6,354,820	4,941	18,537,892	23,596	24,892,712
Oregon	27,585	9,934,190	2,830	8,798,100	30,415	18,732,290
Pennsylvania	105,202	40,176,154	21,809	89,399,717	127,011	129,575,871
Rhode Island	14,071	5,934,953	1,339	5,951,420	15,410	11,886,373
South Carolina	8,195	3,201,333	2,283	8,667,638	10,478	11,868,971
South Dakota	2,719	1,217,852	1,116	3,017,830	3,835	4,235,682
Tennessee	22,432	8,238,674	7,075	25,913,395	29,507	34,152,079
Texas	53,978	19,260,799	15,925	60,751,427	69,903	80,012,226
Utah	9,340	3,484,209	3,503	12,346,615	12,843	15,830,824
Vermont	2,813	1,202,315	1,045	3,324,522	3,858	4,526,837
Virginia	22,544	10,087,071	6,953	30,671,149	29,497	40,758,220
Washington	58,950	20,969,264	7,981	25,437,865	66,931	46,407,129
West Virginia	6,918	2,862,946	2,677	11,839,660	9,595	14,702,606
Wisconsin	23,875	9,972,863	4,483	22,166,094	28,358	32,138,957
Wyoming	2,434	1,239,505	2,042	6,149,848	4,476	7,389,353
Alaska	249	243,265	212	876,660	461	1,119,925
Hawaii	692	402,478	789	3,071,270	1,471	3,473,748
United States	1,833,162	733,327,501	363,906	1,529,109,183	2,197,068	2,262,436,684

Mr. Speaker, I reserve the balance of my time and ask unanimous consent to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. SABATH]?

There was no objection.

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I do not profess to be an expert in the field of finance; however, I do entertain some pretty well-defined convictions on Government competition with private business. In my candid opinion, the interference of the Government with private industry by competition and otherwise is largely responsible for the unfortunate condition from which our Nation is suffering today.

When the Federal Housing Act was passed it was understood that it was to meet another emergency, and that as a recovery measure its tenure would be of temporary duration; but now we find that it is the aim and purpose of some to make this activity permanent. This is only typical, however.

Mr. MAY. Will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield to the gentleman from Kentucky.

Mr. MAY. I am very pleased to have the gentleman make the statement he just made with respect to Government competition with private industry. May I ask the gentleman what

he thinks about the Tennessee Valley Authority as a competitor of private business?

Mr. TAYLOR of Tennessee. The Tennessee Valley Authority is based on an entirely different philosophy from that embodied in this proposal.

Mr. MAY. I will withdraw the question if the gentleman wishes me to do so.

Mr. TAYLOR of Tennessee. I fully understand the object of the gentleman's inquiry, and I am not at all embarrassed thereby.

Once a Government bureau is created it is next to impossible to discontinue it. Those personally benefiting from it are never willing to admit that it has served its purpose; that the emergency for which it was created has ceased to be. And just so long as Congress will continue to extend their authority and grant them funds to carry on their spending mania they will hang on like grim death. This is the history of bureaucracy without exception.

When the original Federal Housing Act came before the House it received practically the unanimous support of the entire membership. It was one of the most popular recovery measures that has come before the Congress. While a great deal of good has undoubtedly been accomplished by this legislation, it seems to me that the act has been greatly abused. Banks and other lending agencies in the country have taken advantage of this act to unload their undesirable mortgages, retaining those which they considered safe and sound.

Mr. SHORT. Will the gentleman yield?

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

Mr. SHORT. Is it not a fact that today Uncle Sam is the biggest holder of bad mortgages of anyone in the world?

Mr. TAYLOR of Tennessee. That is exactly the case.

Mr. SHORT. Can the gentleman inform the Members of the House how many foreclosures we have had under the H. O. L. C.?

Mr. TAYLOR of Tennessee. I cannot give the number, but it is my recollection it is around 200,000.

Mr. SHORT. How many foreclosures have we had under the Farm Credit Administration?

Mr. TAYLOR of Tennessee. I cannot give the gentleman that information.

Mr. SHORT. It would be interesting for the gentleman to give that information.

Mr. TAYLOR of Tennessee. It is certainly a large number of foreclosures, I am sure——

Mr. SABATH. Will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield to the gentleman from Illinois.

Mr. SABATH. I have the figures with reference to foreclosures. I think there have been only 400 out of 1,800,000 loans.

Mr. TAYLOR of Tennessee. The gentleman means 400,000, does he not?

Mr. SABATH. No.

Mr. TAYLOR of Tennessee. I recall that during the last session of Congress it was developed here on the floor that there had been one-hundred-thirty-thousand-some-odd foreclosures.

Mr. SHORT. Unquestionably.

Mr. THOMAS F. FORD. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I cannot yield further.

Mr. THOMAS F. FORD. The gentleman is talking about something else. He is not talking about F. H. A.

Mr. SABATH. This has nothing to do with the F. H. A.

Mr. TAYLOR of Tennessee. I am opposed to the Government taking over mortgages on existing properties unless it can be definitely established that the owners are in great distress, and only then when the security is reasonably sound. If the Government continues its program of taking home mortgages with little or no discrimination as in the past, it will only be a question of time when the Government will own a large percent of the homes in this country, which manifestly would be a very undesirable situation.

I strongly favor that part of the pending bill which relates to loans for new construction for low-cost housing. I think the Government can do a splendid job in this field. However I am just as strongly opposed to the Government making loans for the reconstruction or reconditioning of large construction such as apartment houses and the like. I do not believe that the Federal Government has any place in this field. In my opinion it has been in this activity that the Government has in the main been imposed upon. The two projects in St. Louis to which the distinguished gentleman from Massachusetts [Mr. GIFFORD] referred to yesterday affords an illustration of this abuse.

I hope Mr. Speaker an amendment to the pending bill may be adopted which will preclude a repetition of the St. Louis scandal which I understand is not alone confined to the city of St. Louis. [Applause.]

Mr. Speaker, I reserve the balance of my time.

The SPEAKER. Does the gentleman from Illinois desire to yield further time?

Mr. SABATH. No; I do not, Mr. Speaker.

The SPEAKER. Does the gentleman from Tennessee desire to yield further time?

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield 20 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. SABATH. Mr. Speaker, I may desire to use some of my time later.

Mr. WOLCOTT. Mr. Speaker, since the Government started this business of insuring home mortgages I have been somewhat in favor of the program because I thought it gave an impetus to home construction and helped employment in the building trades. I believe this is one of the activities of this administration which is as free from criticism as any activity of the Government can be. The Federal Housing Administration has met with universal approval throughout the United States. It is my personal opinion that it has been administered honestly, conscientiously, and intelligently. I have great admiration for the personnel of the Federal Housing Administration and believe they are doing a splendid job. There are certain matters pertaining to the administration of the Federal Housing Administration which were investigated and perhaps should be subject to criticism, but that holds true of probably every department of the Government. I am sure any errors or omissions on the part of the Administration are not due to laxity on the part of the Administrator or his personnel or ignorance of the manner in which the job should be done. We have chiselers in all walks of life, and undoubtedly the real-estate chiselers have taken advantage of the situation as they would others. Editorially throughout the United States the press has commented favorably upon the activities of the Federal Housing Administration.

The bill before us continues certain activities of the Federal Housing Administration. There are certain controversial subjects involved, and I shall have to cover them very briefly. First, let me say that the activity of the Federal Housing Administration has been quite extensive. They have insured mortgages under title II to the number of about 363,000, totaling $1,528,000,000. Of these 363,000 mortgages there have been committed, but premiums not being collected on them, 51,000, and there are pending in the Federal Housing Administration about 31,400 applications, making a total volume of business of 395,400 mortgages.

Perhaps I should distinguish between title I and title II. There seems to be some question as to the functioning of the Federal Housing Administration under these titles. The bill is made up of several titles, but we have particularly to do today with title I and title II.

The act now provides under title I that 10 percent of the loans made for modernization and repair of existing structures may be insured. We have always referred to that as the modernization title. Last year we provided that a person with limited means who was to live in the home himself could build a new home under title I, provided the value was not over $2,500. Title I is not popular with the Administra-

tion but is more popular, perhaps, than title II with the Members of Congress. We wrote title I back into the act last year from the floor. At the present time the authority to insure these loans under the modernization, repair, and construction loan provision of title I expires on July 1, 1939, or sooner if the President happens to find there is no need for continuing it. We remove this authority on the part of the President and in the new bill extend the time to July 1, 1941. Under the existing law the value of the mortgage for repairs or modernization may be $10,000. Under the pending bill the limitation is set at $2,500 for all kinds of mortgages under title I.

You will recall that under title I there was no premium rate, there was no reserve fund, and it was purely a subsidy. The losses have been approximately 1.8 percent. We have written into the new bill a provision for the establishment of an insurance fund after the payment of administration costs and have provided for an insurance premium of 1 percent to pay administrative costs and to build up a reserve against possible losses. To be sure, the 1 percent will not cover the losses if they continue as they have run since the title has been enacted, but it will be a step in the right direction and it is expected that eventually this activity will be able to stand on its own feet.

In title I as it now exists we have a provision that loans made for rehabilitation after earthquakes, tornadoes, hurricanes, floods, and so forth, which loans should not be more than $2,000, should be insured up to 20 percent. We have put these loans for rehabilitation following floods, tornadoes, and other catastrophes, on the same basis as other loans for repairs, alterations, and modernization.

There is a provision in title I of the existing law whereby we insure up to 20 percent of $50,000 for modernization and repair of hotels, churches, colleges, schools, commercial buildings, and the like, and this provision has been eliminated from the bill.

We have set a time limit within which the modernization, repair, and construction loans may be paid under title I of 3 years and 32 days. This may seem peculiar to you, but the reason for it is that we have sought to authorize the administration to allow the home owner to repay the loan in 36 equal installments.

Under title II we have been insuring existing construction up to 80 percent of the aggregate, and the limitation which we have placed upon the aggregate amount of obligations which the Administration can have outstanding at any time was originally $2,000,000,000, but last year we provided that the President might authorize another $1,000,000,000 if he found it necessary. He did find it necessary, and by Executive order increased the authorization to $3,000,000,000.

In this bill, although a $6,000,000,000 authorization was asked for, we set $3,000,000,000 as the limit, with a provision that if the President sees fit to continue it, if the necessity arises, he may raise the amount another $1,000,000,000, making a total of $4,000,000,000 altogether.

The only limitation on time under title II is limited only by the amount which they have to do business with. We have a controversy about that provision with respect to the insurance of existing mortgages. This bill extends the time up to July 1, 1941, from July 1, 1939, in which the Administrator may insure mortgages on existing construction under the same terms as he insures mortgages on new construction. This is controversial and will be covered in the debate.

We have granted permission to the Assistant Administrator to sign deeds, releases, and discharges without a specific power of attorney signed by the Administrator.

Mr. SACKS. Mr. Speaker, will the gentleman yield at this point?

Mr. WOLCOTT. I yield.

Mr. SACKS. I would like to make the observation that although we kept in existing mortgages we limited it, as we did the R. F. C., by making the applicant file an affidavit saying he could not get the mortgage from a private source upon the same terms. Is not that correct?

Mr. WOLCOTT. That is correct.

The only manner in which, I believe, we have expanded the activities of the Administration is with respect to the amount which is available under title I. The limitation originally was $100,000,000. The limitation under the new act gives $100,000,000 plus the insurance premiums which have been collected.

I have seen fit personally, and I speak for no one else on the minority side of the committee, to go along with this bill in its entirety. I have gone along with title I for the reason I could see no particular reason why we should force a man, if he wanted a modern home, to move into a new neighborhood. If a man has a home with a certain sentimental value to it, which he can modernize, I do not see why we should force him to move out of the neighborhood in which he has lived, perhaps, for 20 years or more and go to a new location. Title I makes it possible for him to stay in his present location and at the same time have a modern home.

With respect to the insurance of mortgages on existing homes, I have felt if we were to have a well-balanced bill, one that would not, perhaps, demoralize the real-estate market, we would have to continue insuring mortgages on existing construction.

I have no particular interest in this bill other than to see it made a workable bill.

We recommend that section 210 of the act with respect to multiple dwellings be repealed.

Section 207 of the act, which has to do with multiple dwellings, the value of which is not in excess of $5,000,000, we recommend that it be continued with certain limitations. There will undoubtedly be a great deal of controversy concerning the value of the property and the value of the land turned in, but it is my personal opinion that these are matters beside the issue as to whether the Government shall continue to insure mortgages, and I want to stress the fact that during the debate on this bill we should have constantly in mind that the Federal Housing Administration makes no loans.

I wish the membership would not confuse this with other agencies of the Government, such as the Home Owners' Loan Corporation, the Home Loan Bank, and the United States Housing Administration, which do make loans. The Federal Housing Administration makes no loans. It insures loans made by private financial institutions. In effect, it has drawn some of the frozen money and credit out of banks and has made it possible to carry on a home-building program in this country which might never have been available otherwise.

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

Mr. WOLCOTT. I yield.

Mr. GIFFORD. The gentleman expressed himself very forcefully in the committee about the rackets that had been carried on. Has he any suggestion as to what he can do to prevent these rackets?

Mr. WOLCOTT. Yes; refer each and every one of them to the Department of Justice under the penalty clauses of the act. I was mistaken at that time with respect to the penalty clauses of the act. In reading over the penalty clauses since then I have found there is every opportunity for the prosecution of any racketeer under this act, and if the Administration has been lax in any particular, perhaps, it has been lax in not referring these rackets and racketeers which have taken advantage of this act, to the Department of Justice for such action as the Department of Justice saw fit to take.

Much has been said in the record of writing up the value of property in respect to the St. Louis project. I do not have any personal interest in St. Louis. I thought that a reasonable explanation was made by representatives of the Administration. Much to my surprise I find that the Congress is not blameless because we wrote into the law in that respect, subsection (c) of section 207, as follows:

To be eligible for insurance under this section, a mortgage on any property or project shall involve a principal obligation in an amount not to exceed $5,000,000, and not to exceed 80 percent of the

amount which the Administrator estimates will be the value of the property or the project when the proposed improvements are completed.

In all fairness to the Administration, I think we had better have that in mind with respect to the valuations placed on it.

I anticipate that an amendment will be offered on the floor of this House to provide that in arriving at those estimates the Administrator must find the value of the property previous to the improvements, and that the estimate shall not be greater than the total value of the vacant property plus the improvements. The Administrator at the present time must find in his estimates of the value of the property, not the vacant property, not the fields, not the lot, but the value of the property after the improvements have been put in. I do not have that in mind particularly with reference to rackets. There are rackets, and the gentleman knows that there are rackets, and we all know that there are rackets. There are barnacles on every activity of the Federal Government, and it is our job to create the machinery by which the administrators may remove the barnacles, and I find we have done that adequately under the penalty clauses of the bill.

Mr. GIFFORD. But I am somewhat surprised when a member of the committee says that we are not particularly interested in the St. Louis project, when we read these letters and the number of articles appearing in newspapers demanding a congressional investigation, and is it not the duty of the committee to pay attention to such a thing? Then, I call attention also to the fact that this morning I had handed to me information about a Louisville project which is worse than this.

Mr. WOLCOTT. I know the gentleman's attitude, and I appreciate it, and I am not trying to fight the battle of the Administrator. The Administration means nothing more to me than to any other Member of this Congress. I think this is a worthwhile activity, and I am willing to stand up here and be fair enough, even if it is under a Democratic administration, to say so, because I do believe it, and I do believe this is a well-administered department of the Government, which has been doing a great deal of good.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield the remainder of my time to the gentleman from New York [Mr. FISH].

The SPEAKER. The gentleman from New York is recognized for 5 minutes.

Mr. SABATH. Mr. Speaker, and I yield an additional 5 minutes to the gentleman from New York, because I think he is right at this time, and I think he ought to have that additional time and more.

The SPEAKER. The gentleman from New York is recognized for 10 minutes.

Mr. FISH. Mr. Speaker, I thank the gentleman from Illinois, the chairman of the Committee on Rules [Mr. SABATH], for giving me 5 additional minutes, and I think it is only fair to him that any criticism that I may have, and possibly I shall have ample criticism of the New Deal administration, shall occur during the first 5 minutes of time given me by the Republican side, while in the remaining 5 minutes I shall uphold the bill.

Mr. Speaker, the administration has been in power for 6 years. It has borrowed $20,000,000,000 during that time, and yet it has not solved one single economic problem. We still have 12,000,000 unemployed and many millions more on part time, and we are now coming before the Congress asking for an additional billion of dollars that the mortgages on new homes may be financed or insured up to 90 percent by the Federal Government. I am in favor of this bill, not because I want to be for it but because of the economic conditions that exist in the United States. I would much prefer to have this money loaned, properly loaned, and as it has been in the past, by loaning institutions, without any guaranty by the Government of any kind and without injecting the Government into business, as this bill does. But we face a serious condition in the country, brought on, I believe, at least in the last few years by the unsound and radical New Deal legislation that has destroyed confidence in America. When the President took office on March 4, 1933, he said that the only thing we have to fear is fear. Recently in addressing the Congress of the United States he said that the most important problem to solve now was to get the idle capital in the banks together with the idle manpower and with the idle American wage earners.

That, of course, is the big issue in America. There is idle capital in the banks; there is more money in the banks today than ever before, and there is more idle manpower, and the one thing that stops the idle capital and the idle wage earners from getting together is fear. Fear pervades the land. The man who owns money does not dare invest it. He is afraid. He is afraid of punitive laws, of punitive taxation; he is afraid if he makes any profit that it will be taken away from him.

So, as long as this fear remains in America there will be no flow of capital into industry to expand industry, to turn the wheels of industry, and provide employment for millions of our people looking for jobs at the present time.

So much for my first 5 minutes on the Republican side. Call it partisanship if you will. I call it a mere statement of facts.

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

Mr. FISH. I admit that we had a big depression in 1929, which the gentleman was about to ask me about.

Mr. SACKS. Will the gentleman yield?

Mr. FISH. I just wanted to head him off. I admit the depression in 1929, but in answer to that I will say that depression followed 8 or 9 years in which we had an abundance of prosperity, and people were employed and made money easily. What I claim now, and I am speaking as a partisan; I claim that this Roosevelt depression has followed the other depression, without any real employment of labor and without any prosperity. Therefore we are forced, in this Roosevelt depression, to do things that we do not approve of at all. I do not approve of the principle of this bill, but I propose to support the bill and I propose to give the reasons why I support it.

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

Mr. FISH. I yield.

Mr. BARRY. Has not this piece of legislation brought more idle money out of the banks than any other one piece of legislation the gentleman can think of?

Mr. FISH. I do not think that would be a very wide admission on my part or any confession, because I do not think this administration has done anything to solve any of our economic problems, but this bill certainly helps the man who wants to build a home. It has, as the gentleman wants me to say, brought a certain amount of money out of the banks into building homes. I do not think there is anything more desirable in America at the present time than to make these facilities available for the building of homes for our wage earners.

Mr. BARRY. I am sure the gentleman will remember last year——

Mr. FISH. I do not think I can yield any further. I have a limited time and want to finish my statement. I believe this bill does promote home building and home owning. If we want to combat communism and radicalism and socialism in America, the best way to do it is to put American citizens in their own homes—owning their own homes and making them home owners. Once our wage earners are home owners you need not fear communism in this country. That is one fundamental reason why I am for this bill.

Furthermore, if any country is worth living in it is the United States of America. It is not worth living in if we are going to continue to have one-third of our population underfed, underclothed, and underhoused. What are we doing in this bill? We are following the experience of other nations—of England, of the Scandinavian countries, of France, and most of the civilized nations which have made available government funds to promote home building and home owning among their people.

The Federal Housing Administration was created in 1934. It has been amended by Congress every single year, 1935, 1936, 1937, 1938, and will be again this year. The act is divided into two important titles. The first title provides for repairs, rehabilitations, and improvements of houses already constructed. Under that title 1,800,000 improvements have been made by American citizens in the homes of this country. Title II provides for insurance up to 90 percent of the full value of new homes or on mortgages made to that amount by loaning institutions. Under title II 360,000 home owners have built their homes and approximately 100,000 new homes were built last year. That is why I feel if we can do anything to bring this frozen money out into the building industry, we should do it. These buildings are constructed under our American system, under our profit system, based upon private initiative and a reasonable profit. This bill upholds our American system, builds homes and provides work, and therefore in this emergency I say to the Democrats I am glad to go along with you. This is one of the few things you have done to bring money out of hiding and to put our wage earners to work, not by direct gifts, but by useful loans with little or no loss. It is not the proper way. It ought not to be done by the Federal Government, but by restoring confidence and doing away with fear. Then the money would come out of hiding in the banks of its own accord and you would not need this bill. This bill is needed because of the New Deal economic failures; but I say to the chairman of the Rules Committee I will support the bill under the prevailing economic conditions. [Applause.]

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I agree most heartily with the remarks made by the gentleman from New York [Mr. FISH] in the last 5 minutes. I am in utmost accord with those remarks. But I disagree with what he said during his first 5 minutes, namely——

Mr. RANKIN. He usually meets himself coming back.

Mr. SABATH. I cannot say about that. I know that he travels at a pretty high speed, especially when he sees a chance to attack the administration. He is very much of a pattern with the other Republicans in that respect. All of them voice blanket accusations that this administration is responsible for unemployment, blissfully ignoring the record left by the last Republican administration, and overlooking hard facts such as the one that today over 8,000,000 men work who looked in vain for work in 1931 and 1932.

I say to you that if it were not for the political maneuvers of the Republican Party unemployment would be far less widespread than it is today. Cooperation from those who control the Republican Party would have gone a long way toward banishing that problem.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I always yield to my friend from Massachusetts.

Mr. MARTIN of Massachusetts. I just wanted to ask the gentleman how long did he expect the American people to give him to get those people back to work?

Mr. SABATH. The gentleman must not have heard me when I just said that if it had not been for the willful and deliberate actions of those who control his party, the vested interests and industrial leaders, there would be no unemployment now. Factories were going at full speed in 1935, 1936, and 1937, the steel industry had day and night shifts, Massachusetts' textile mills were working overtime, and we were approaching some measure of the prosperity lost to us by the Republicans.

Mr. MARTIN of Massachusetts. What have the Republicans had to do with it since 1936?

Mr. SABATH. I will explain to the gentleman from Massachusetts what the Republicans had to do with it. It all began with an attempt to force repeal of the capital-gains and undistributed-surplus tax, and to defeat the wage and hour bill. Back of it all, of course, was the desire to politically damage the New Deal. There is no question in my mind but that a great many of the lay-offs in the fall of 1937 were called by Republican financial leaders for the express purpose of defeating such legislation as I have just referred to, and of embarrassing the administration. I say to you that the lengths to which those industrialists and others went fall just short of treason.

Mr. MARTIN of Massachusetts. What was the administration doing when the gentleman's alleged conspiracy of 1936 was hatched?

Mr. SABATH. It did everything within its power to stimulate business, to put men back to work, and to continue the strides toward prosperity. States and municipalities were encouraged to put men to work, loans for business were made available through the R. F. C., home building was stimulated by the F. H. A. Act, which we shortly will extend for 2 years. Yes; in every possible way the administration sought to escape the depression brought on by Wall Street and Republican financiers which lasted from 1929 until 1933.

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

Mr. SABATH. I yield.

Mr. RANKIN. The gentleman from Massachusetts, the minority leader [Mr. MARTIN], asked how long it was going to take us to get people back to work. I would remind him that it took the Republicans 12 years to get them out of work. We hope it will not take us that long to get them back.

Mr. SABATH. The gentleman from Mississippi mentions a fact the Republicans are trying to forget. I may say, however, that this administration has been cooperating and continues that cooperation with industry and business. I call upon the gentleman from Massachusetts as the minority leader to give the word if he is interested in the welfare of our country, as I think he is, and urge that they desist in their destructive tactics preventing return of prosperity such as we enjoyed during the first 4 years of this administration.

I hope the gentleman from Massachusetts will agree with me in the following statement. Every day we read complaints about high taxation and that the businessmen of the country are afraid to risk their money in enterprise. They fail to mention, Mr. Speaker, that in this country taxes are lower than in any other country in the world.

Mr. Speaker, under this administration conditions are again improving; people are going back to work; and once more I call upon the minority to aid us in enacting legislation to help abolish unemployment and to better the conditions of all our people. [Applause.]

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

COMMITTEE TO ATTEND FUNERAL OF THE LATE SENATOR LEWIS

Mr. SABATH. Mr. Speaker, I ask unanimous consent that the committee appointed on the part of the House to attend the funeral of the late Senator James Hamilton Lewis, as provided by House Resolution 157, be increased from 16 to 27 Members.

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

There was no objection.

The SPEAKER. The Chair appoints the following Members of the House as members of the committee to attend the funeral of the late Senator James Hamilton Lewis: Messrs. SABATH, MCANDREWS, PARSONS, BEAM, KELLER, KELLY, SCHUETZ, ALLEN of Illinois, DIRKSEN, KOCIALKOWSKI, SCHAEFER of Illinois, ARENDS, CHURCH, MCKEOUGH, MITCHELL, REED of Illinois, ARNOLD, FRIES, MASON, BARNES, CHIPERFIELD, JOHNSON of Illinois, MACIEJEWSKI, MARTIN of Illinois, SMITH of Illinois, WHEAT, and Miss SUMNER of Illinois.

ATTENDANCE AT FUNERAL SERVICES OF THE LATE HONORABLE JAMES HAMILTON LEWIS

Mr. RAYBURN. Mr. Speaker, I offer the following resolution.

The Clerk read as follows:

House Resolution 158

Resolved, That the House of Representatives accepts the invitation of the Senate to attend the funeral services of the late Honorable James Hamilton Lewis to be held in the Senate Chamber

Wednesday, April 12, 1939, at 2:30 o'clock p. m., and that the committee appointed by the Speaker of the House to attend the funeral shall act in conjunction with the committee of the Senate to make the necessary arrangements.

Resolved, That the Clerk communicate these resolutions to the Senate.

The resolution was agreed to.

TEMPORARY NATIONAL ECONOMIC COMMITTEE

Mr. SABATH, from the Committee on Rules, presented the following resolution (Rept. No. 396), which was referred to the House Calendar and ordered printed:

House Resolution 159

Resolved, That immediately 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 consideration of Senate Joint Resolution 90, a joint resolution to amend the joint resolution approved June 16, 1938, entitled "Joint resolution to create a Temporary National Economic Committee." That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 1½ hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment the Committee shall rise and report same 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 amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

AMENDMENTS TO NATIONAL HOUSING ACT

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 5324) to amend the National Housing Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 5324) to amend the National Housing Act, and for other purposes, with Mr. RANKIN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from Alabama is recognized for 1 hour and 30 minutes.

Mr. STEAGALL. Mr. Chairman, this bill seeks to apply the principle of insurance to loans made upon real property and primarily upon home construction.

The principle of insurance is recognized as sound throughout the business world everywhere. Under this bill, as has been stated but which does not seem to be fully understood, no loan can be made by the Federal Housing Authority. Not only is this the case, but it should be made clear at the outset that the Government has not made any expenditure nor incurred any loss in the liability of the Authority upon the insurance of mortgages.

During the years the Authority has been operating it has insured a total of $1,843,000,000 on mortgages.

The Authority has received applications totalling $2,500,000,000. The total losses incurred under title II of the bill amount to only $160,000 in round figures. There have been only 435 foreclosures under title II of the bill and 232 final dispositions of default mortgages under that title.

The total amount of premium-paying mortgages insured and firm commitments to insure under title II on March 31, 1939, exceeded $1,800,000,000, which money was all furnished by private capital. Of this amount, $1,670,000,000 was on mortgages under section 203, which provides for the insurance of loans on residential structures not in excess of $16,000.

The losses are to be met out of funds accumulated by an assessment levied on lending institutions for the mortgages under the system and an initial fund of $10,000,000 was supplied by the Government. Not one dollar has been paid out of the Treasury to cover losses under title II of this bill. On the contrary the Authority has accumulated profits that have made it practicable to set aside $15,000,000 as an additional fund to the original amount of $10,000,000 authorized as an initial fund for the protection of the obligations of the Authority.

Under title II of the bill there have been insured about $1,670,000,000. The ratio of insurance is about 40–60 between the mortgages insured covering existing property and mortgages insured covering new construction. Under title II the assessment fee originally was not less than one-half nor more than 1 percent. In the act of 1938 the rate was fixed at one-quarter of 1 percent on mortgages not in excess of $6,000. Under the bill before us the rate will be not more than 1 percent nor less than one-half of 1 percent. On new construction of homes not in excess of $6,000, 90 percent of the mortgage may be insured and under existing law the rate to be charged is one-fourth of 1 percent. The bill would amend this provision to permit a charge of not less than one-half nor more than 1 percent.

On construction between $6,000 and $16,000 the amount of mortgages that may be insured is 80 percent and the assessment fee one-half of 1 percent.

On houses where the value does not exceed $10,000 but does exceed $6,000, the 80-percent limitation, and the one-half of 1 percent premium assessment are applied to the amount of the mortgage between $6,000 and $10,000. On all mortgages above $10,000, there is 80 percent for the entire amount and one-half of 1 percent premium assessment under existing law. Under the provisions of this bill the insurance fee may be raised to 1 percent.

The interest rate limit is 5 percent. That is the maximum charge. Except where it is found that in certain areas the mortgage market demands a higher rate, in which case it may be fixed at 6 percent. In practice the rate has averaged less than 5 percent. Recently a large lending institution in New York City has advertised seeking loans of this type at 4¼ percent.

Under the permanent provisions of this bill the Government is absolutely protected against the danger of loss.

Under title II of this bill the provision would be amended to provide that loans on existing construction may be insured until the first of July 1941. The provision for insurance of loans covering new construction would be made permanent law.

Another temporary provision is embraced in title I of the bill. This provision authorizes insurance of loans for repairs, alterations, and improvement of existing structures, and for building new structures upon rural real properties. It authorized the insurance of loans up to $2,500 for the construction of new homes and for repairs, alterations, and improvements of existing structures.

The present law limits the amount of loans to be insured covering repairs, alterations, and improvements on existing structures to $10,000, and fixes the amount of loans on new homes to be insured at $2,500.

The bill now under consideration would limit the insurance of all loans to the amount of $2,500 and would limit the duration of insurance of loans to 3 years and 1 month, except loans for new construction. On new construction loans insured there is no limitation as to maturity.

Under existing law no insurance premium may be charged. The bill now before us provides that an insurance fee may be levied on all loans insured but not in excess of 1 percent per annum. Under title I of the bill losses have been sustained in the amount of approximately $12,900,000. Those losses accrued out of an operation that covered 1,800,000 loans of all types. The greater portion of those losses came through the insurance of loans other than those made for home construction.

The account down to date indicates that the total losses will be reduced as the transactions are completed, and it is confidently estimated by those in charge of the administration of the law that the 1-percent assessment fee in the bill now before the House will amply safeguard the Authority against losses under title I in the future.

Under title I rural as well as urban home construction may be financed under a plan which permits the Authority to insure mortgages on such construction.

Mr. MURDOCK of Arizona. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. It is provided in this bill that title I shall be continued with respect to the underwriting of loans on homes up to $2,500?

Mr. STEAGALL. Homes and alterations.

Mr. MURDOCK of Arizona. But not for furnishings?

Mr. STEAGALL. Not anything except such as becomes a part of the real estate, and in no instance in excess of $2,500. The extension of title I extends only until July 1, 1941.

Mr. MURDOCK of Arizona. But the time of repayment has been extended?

Mr. STEAGALL. No. The practice has been to make maturities run about 3 years, but we have given the Authority a free hand with reference to insurance of loans for home construction. In the past such loans have had maturities of about 7 years.

Mr. MURDOCK of Arizona. I wish the period could be made longer than that. I may say to the gentleman I have found that in my State a good many young people who are establishing homes have taken advantage of title I of this act to borrow up to $2,500, but many of these young people starting out in life are unable to make so large a payment monthly as is now required in the limited time.

Mr. STEAGALL. Under the provisions of this bill the Administration may liberalize the regulations to meet the situation the gentleman has in mind.

Mr. MURDOCK of Arizona. I am delighted to hear you say that, for I believe it will be a great thing for such prospective home builders.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from California.

Mr. THOMAS F. FORD. Even though that were the case, after 2 or 3 years there is no reason they should not put a title I loan under title II.

Mr. STEAGALL. That is true.

I do not know of any activity upon which the Government has embarked in the effort to stimulate private investment, the expansion of employment, and general economic improvement that is more desirable or better safeguarded against the danger of loss than the service that has resulted from the act creating the Federal Housing Administration. It has done a great work. It has aided home building. It has helped to improve and stabilize real-estate values. It has brought about an enlargement of the consumption of materials used in construction. It has brought idle money into circulation. It has accomplished splendid social good in making it possible for many citizens to become home owners who under former conditions could never have done so.

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

Mr. STEAGALL. I yield to the gentleman from Washington.

Mr. LEAVY. I am in favor of the measure and intend to support it, but I note there is new language in it with reference to the premium charge for insurance, with a maximum of 1 percent fixed for that purpose. I am wondering why the committee found it necessary to report a bill requiring that the insurance premium charge be increased over what it previously was.

Mr. STEAGALL. It is highly desirable that the Administration be amply protected against loss. Once we come here with a bad showing in that respect, our whole plan will be jeopardized by opposition against the legislation on that ground. We are undertaking to make this an insurance institution which will pay its way and render this service so highly desirable without loss to the Government.

Mr. MARTIN J. KENNEDY. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. MARTIN J. KENNEDY. I always enjoy listening to the gentleman from Alabama and his explanation of this bill has been very complete, but there is one phase of this whole subject that has not been touched. I am wondering whether or not the gentleman can give us information at this time about the problem I have in mind, which is the question of paying the prevailing rate of wage on construction undertaken under loans the Government guarantees or insures. In our State hundreds of thousands of houses are being built and from the information I have the prevailing rate of wage is not being paid in their construction. I believe this might be an appropriate time to indicate the position of the House with regard to the payment of the prevailing rate of wage.

Mr. STEAGALL. Of course, I may say to my esteemed friend, the question he raises will naturally arise when we consider the bill under the 5-minute rule. There is no provision on that subject in the bill at this time. Let me say now that as far as I am informed the Government has never undertaken to determine for a private institution what its practice should be with reference to the employment of labor. This is not an instance in which the Government engages in the construction of buildings; if it were, the question of the wages to be paid under the precedents that have been established by legislation heretofore enacted would, it seems to me, be one properly to be considered. What we are attempting to do by this proposed legislation is to insure loans and put some activity into this line of business.

Mr. MARTIN J. KENNEDY. I know the Government is not actually doing the work, but this work is made possible because of the guarantee of our Government. The President and this Congress have indicated time and time again that we are eager to pay a living wage. If we indicate by placing such a provision in this bill that we advocate and urge the payment of the prevailing rate of wage, we will be doing a great deal toward elevating the standard of living through paying a fair wage to the workers.

Mr. STEAGALL. Let me say to the gentleman that the Government is not bearing the burden of this insurance. The burden rests upon the individual borrower who is undertaking to build a home. My view of the matter is that he is entitled to solve the economic difficulties that confront him in his own way without any effort on our part to hamper him.

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

Mr. STEAGALL. I yield to my colleague from Alabama.

Mr. HOBBS. Am I correct in construing this bill as permitting the Government to insure a loan upon a farm home as well as on a city home?

Mr. STEAGALL. Of course, under other provisions of the bill the benefits are necessarily limited to urban activities, but under title I and title II, which provide for individual home building, the same benefits are granted to rural home builders that are granted to citizens in urban communities.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from California.

Mr. VOORHIS of California. I wish to go back to the question asked by the gentleman from Washington [Mr. LEAVY] and ask the chairman whether it is true that section 2 of the bill, fixing the 1-percent premium charge, applies only to title I or does it apply to title II as well?

Mr. STEAGALL. Under title II the premium is not more than 1 percent nor less than one-half of 1 percent on the amount of the principal obligation.

Mr. Chairman, I reserve the remainder of my time.

Mr. GIFFORD. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and thirty Members are present, a quorum.

Mr. GIFFORD. Mr. Chairman, I yield 30 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, your Committee on Banking and Currency is agreed as to certain parts of this bill. They differ in judgment as to other parts of the bill. If gentlemen desire to acquaint themselves with the points at issue by reading, they may find in the report of the committee at the desk by the door the views of the minority set forth very briefly, so you can read them almost at a glance and thus acquaint yourself with the differences which will be called to your attention when the bill is under consideration under the 5-minute rule.

In the general debate it may be wise for me to refer to some of the history behind this bill. With the coming of the depression in 1932, one of the measures for relief was the home loan bank bill. Two years later there was added to the functions of those charged with the home loan bank bill the Home Owners' Loan Corporation. The two of them worked as one, and their head is Mr. John H. Fahey. In that year of 1934 it was thought best to create another agency, the Federal Housing Administration, and the head of that is Mr. Stewart McDonald. Also, there has been created the United States Housing Authority, the head of which is Mr. Nathan Straus. They are three capable, able, competent gentlemen. I have no criticism to make of any one of the three and no complaint about the conduct of their affairs, but I want you to understand what their achievements indicate as to the growth of bureaucracy in this country. Each one of these three agencies was started as a temporary institution. There was no thought then of permanence for any one of the three. They were brought forward under the stress of circumstances in order to help save the day for the country and to return us to prosperity.

Now, what has happened? Mind you, it is 7 years since the first of these agencies was established, 5 years since the F. H. A. was established. As the time for their ending approached, Congress saw fit to add 2 years to their life, and then when that 2 years had nearly expired, added 2 more years. Now you are asked to extend, in part, one of these agencies for 2 years and in some of its functions for 25 years. Yet, Mr. Chairman, we find that this bill contains one important section to the continuance of which the head of the Federal Housing Administration so firmly objected that when he drew the bill he left it out. Now your committee has put it back. The very man who knows most about it, who has operated it, who is responsible for it, had said it ought to go out. This committee has put it back.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Certainly.

Mr. BROWN of Georgia. I think the gentleman is mistaken. The Administrator said it should go out unless some provision was made for it to pay its way, and we have provided a way by having a 1-percent premium.

Mr. LUCE. The gentleman and I disagree as to the interpretation of the Administrator's words.

There is another provision that is extended for 2 years against, I am convinced, the good judgment of all the committee. I may be wrong on that. I think that section is in for other reasons than the wisdom of continuing the work.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield again?

Mr. LUCE. Yes.

Mr. BROWN of Georgia. It is my understanding that the amendment putting title I back in the bill was unanimously passed by the committee. Is that true?

Mr. LUCE. I was sitting with another committee concerned with a more important problem and did not share, I think, in the vote or know its nature.

The second provision relates to existing mortgages.

In November of 1937 the President sent us a message on the subject of housing. The President, your President, you on my right, sent you a message in which he said:

> In connection with these changes I would suggest that the Congress eventually limit the insurance of mortgages to houses on which the application for mortgage insurance is approved prior to the beginning of construction.

He said "eventually." Of course, that did not limit it to any specific time; but he said you should get out of that business. Ah, but the head of the Federal Housing Administration went further. Mr. Stewart McDonald, that same day, I think it was, said:

> We desire to eliminate that old financing. After July 1, 1939, the Federal Housing Administration will drop out of existing construction, except houses which it has previously insured and of which it may be in possession and have to accept after foreclosure.

Mr. McDonald said you were to drop out of that thing in June of the present year. The President said eventually you were to drop out of it.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. LEWIS of Colorado. Whence, then, did the suggestion of this change come, which the gentleman says was advised against by the administration?

Mr. LUCE. Not being extensively acquainted with the workings of the administrative mind, I could not disclose who suggested that change.

Mr. LEWIS of Colorado. The gentleman is on the committee, and I presumed he was informed as to the situation or I should not have troubled him.

Mr. LUCE. I have a strong suspicion that only the Democratic Members were informed of the source of the proposal for change. However, I do not want any politics in this thing. Our Committee on Banking and Currency has never been a partisan committee. This is not a partisan proposal.

You bring me to the next consideration. You have here a difference of opinion, a strong difference of opinion, between two Democratic agencies of this Government, one headed by Mr. Fahey and the other by Mr. McDonald, and in deciding on this particular question you will cast your votes either for Mr. McDonald's view of for Mr. Fahey's view. You will not cast them for a Republican view or a Democratic view.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield further?

Mr. LUCE. Certainly.

Mr. LEWIS of Colorado. My question was not, I had hoped, to be interpreted as a partisan question, but as one that went to the merits of this case. My inquiry was not intended to arouse partisan discussion but to ascertain how this provision which, the gentleman tells us, had been very distinctly opposed by those in charge of the Housing Administration had come into the bill.

Mr. LUCE. From the Federal Housing Administration.

Mr. LEWIS of Colorado. How it happened to get into the bill.

Mr. LUCE. It appeared in the bill when it was introduced. Title I was not in the bill when originally drawn.

Mr. LEWIS of Colorado. Was not this bill written by the committee?

Mr. LUCE. Title I was inserted by the committee. When the first draft of the bill was introduced it did not contain title I.

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

Mr. LUCE. Certainly.

Mr. RABAUT. Is it not true that the H. O. L. C. agency deals with old homes, homes that have been standing for some time, and that this proposed legislation deals with new construction?

Mr. LUCE. It ought to deal with new construction, and with new construction only, but it does deal also with old construction.

Mr. RABAUT. The gentleman means title I?

Mr. LUCE. Title II. I have gone by title I.

Mr. RABAUT. Title II deals with repairs?

Mr. LUCE. No.

Mr. RABAUT. Title I deals with repairs?

Mr. LUCE. If the gentleman will wait a moment I shall excoriate title II, so that the gentleman will understand it. Let me get that off my chest.

Mr. RABAUT. The gentleman is a member of the committee, and I am asking for information.

Mr. LUCE. Very well. I am about to give it to the gentleman.

Mr. RABAUT. I would like to have it.

Mr. LUCE. I am talking now about existing mortgages, the insurance of houses built before the loan was made—a proposal that does not importantly help build new houses but does help insurance companies and other people to unload their cats and dogs on the Government. They not only want

to do that now but they want to do that indefinitely. They want to be safeguarded in the real-estate business; and that is where you will find the meat in the coconut. They want to be insured against losses from bad loans. The property is appraised, and I will not criticize the appraisal; but all houses deteriorate, and presently they are worth hardly the cost of tearing down. That has been the curse of the mortgage business in this country. The lenders have waited until too late. Even the Home Owners' Loan Corporation was too liberal perhaps in the first years of its conduct. It turns out that one out of six of all the houses it has handled came back on its hands, with an average loss of about $700 on an average loan of $4,160.

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

Mr. LUCE. I yield; certainly.

Mr. PATMAN. Does the gentleman consider that quite reasonable, in view of the fact that all those homes were delinquent in payment at least for years, and they all owed at least 2 years of taxes before the Home Owners' Loan Corporation took them over?

Mr. LUCE. I am not complaining of that at all. I am not criticizing it. I am citing it simply as proof that homes deteriorate; that it is the most dangerous field of investment open to any man.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. LEWIS of Colorado. Asking the question directly, do I understand that Mr. Fahey and the Home Owners' Loan Corporation favored this provision that is now in the bill, to which you object?

Mr. LUCE. No. Mr. Fahey objects strongly to this provision.

Mr. LEWIS of Colorado. Well, I ask again, Where did this provision come from? Who favored it? It does not appeal to me, but who favored this provision?

Mr. LUCE. I can only reply the general supposition is that the proposal came from Mr. Stewart McDonald, and that it was approved by the President. That is the only surmise. I do not know.

Mr. LEWIS of Colorado. I understood Mr. McDonald said he did not favor it.

Mr. LUCE. No. 1 he did not favor.

Mr. LEWIS of Colorado. Oh, he has changed his mind?

Mr. LUCE. He has changed his mind on the second one. Please do not get these things mixed up.

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

Mr. LUCE. In just a moment. We are talking about two different things here. Title I is the small-fry section.

Mr. LEWIS of Colorado. I understood that thoroughly.

Mr. LUCE. It is the bill under which the little fellow pays 9.72 percent on his loan. In other words, in respect of title I the Government is a glorified pawnshop. That is the thing the committee put back. Now, the other thing, the existing mortgages is the one that the author of the bill tried to make permanent.

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

Mr. LUCE. I yield.

Mr. SACKS. I would like to call the gentleman's attention to this fact. When the gentleman talks about losses that might happen under existing mortgages in title II, I call his attention to the experience of Mr. Brigham, president of the National Life Insurance Co. of Vermont, in which he said that his company placed 5,777 residence loans for an investment of over $27,000,000; that the average loan was $4,800. Out of that amount in 4 years he had 16 foreclosures, 13 of which he disposed of at a profit of $140, got all their money out, and the balance, 3, are still in process of being straightened out.

Mr. LUCE. Good for him. Great work.

Mr. SACKS. And that was all under the F. H. A.

Mr. LUCE. But I happen to be myself a director of a mutual insurance company—not one of the big ones, but sound and doing a good business, and every directors' meeting I have attended in the course of the last 3 years has spent two-thirds of its time trying to get rid of sour mortgages.

Mr. SACKS. Will the gentleman yield further?

Mr. LUCE. Certainly.

Mr. SACKS. The gentleman will admit that the National Life Insurance Co. of Vermont is a conservative company?

Mr. LUCE. That is the reason they can make such a good record.

Mr. SACKS. They took 80 or 90 percent loans under this act. They took 5,777 residence loans in the last 4 years with Government insurance under the F. H. A., and all they have had so far is 16 foreclosures out of 5,777 loans, 13 of which have brought them back their money with $140 profit, and 3 of which are now in the process of being completed. Is that a record under this act?

Mr. LUCE. I commend Mr. Brigham.

Mr. SACKS. That is found on page 200 of the hearings.

Mr. LUCE. I commend Mr. Brigham for his good judgment, which in other matters he showed also while a Member of the House. I hope his company will be always equally well managed.

Mr. SACKS. Did he not say that the F. H. A. was the finest thing ever created to help put money out of the banks and insurance companies so it would start the wheels of real estate going again because of its low interest features and its insurance features to the big banks, savings companies and life-insurance companies?

Mr. LUCE. He said that, Mr. Chairman, but I have just given the figures of the Government agency where one-sixth of its loans went sour.

Mr. SACKS. That was the H. O. L. C., headed by Mr. Fahey, who is opposing this bill.

Mr. LUCE. There is no connection between the two facts, in my judgment.

Mr. SACKS. But the gentleman said that Mr. Fahey and Mr. McDonald were the issues in this matter, and that those who believed in Mr. Fahey would vote against this bill, because he opposes it, and those who believed in Mr. McDonald would support it. If we look at the record of the two gentlemen, we will find that one-sixth of the loans made by the H. O. L. C. under the leadership of Mr. Fahey are in default, and on the Government's hands, while the F. H. A., under Mr. McDonald, have less than 1 percent.

Mr. LUCE. Good for Mr. McDonald. Neither of those statements has anything to do with the reason I made my statement to the effect that there is nothing more dangerous in which to invest than houses.

Mr. SACKS. I call attention to the fact that whereas the reason the gentleman said we ought to consider it was because Mr. Fahey appeared before the committee and testified against it, and Mr. McDonald for it; if that is the reason, looking at the record of these men, I certainly would prefer to take Mr. McDonald's word for it rather than Mr. Fahey's.

Mr. LUCE. Has Mr. McDonald ever told the committee or anybody else that houses were a prudent investment?

Mr. SACKS. He did. Mr. McDonald appeared before the committee and said that houses were a prudent investment.

Mr. LUCE. That is contrary to the experience of every man who has ever had the misfortune to own a rented house.

Mr. SACKS. In the gentleman's own section there are houses 150 years old that are still worth their value.

Mr. LUCE. Yes; and I am trustee for a property that is only 50 years old, the value of which today is only one-third of what it is taxed for.

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

Mr. LUCE. I yield.

Mr. GIFFORD. Mr. McDonald is not very old in the game, but he has already experienced the fact that what he forecloses is on the average of $700 on these small units.

If the gentleman will permit a further observation let me suggest in answer to the gentleman from Colorado, to help

the gentleman if I can. He wants to know why we should continue insurance on existing mortgages. The answer is: You must sell the old automobile before they will buy a new automobile.

Mr. LUCE. Mr. McDonald also gave the committee to understand that were he allowed to continue he would in time control—he did not like the word "control"—but have charge of one-third of all the mortgages on houses in the United States. That is what he will have if he is to continue this agency.

This agency employs 4,100 people. It was created only 5 years ago, and 4,100 people work in this one agency. You appropriated the other day $12,000,000 for the support of these 4,100 people. They all want to keep their jobs, they all want to see their department grow bigger, they all want to endure, and survive, and last till kingdom come. This is why I say it is time it is stopped. In the days of resuming specie payment somebody said that the way to resume was to resume. In the same spirit I tell you that the way to stop is to stop. Here is the chance to do it, here is the opening recommended by those who have studied this thing, though some of them have changed their minds. What a loss it would be individually to them perchance—but that is unkind, I will withdraw that, I will not say there is any personal motive in this at all; but it is the ambition, the purpose, and the desire of every new agency of government to live. It thinks it is doing better work for humanity than any other agency. That is only human nature. So they come here one after the other asking for more life, feeling that their particular endeavor is the one that ought to be encouraged, the one for which there should be larger appropriations, and extension of existence.

This agency, contrary to all that we have learned, is not the wise thing in a republic. It is an interference with private enterprise. This organization could not flourish if it did not offer customers more for the money, or the same thing for less money. It is a competitor with private interests, particularly it is a competitor with those organizations that are cooperative in nature, the building and loan associations. We have sought to encourage these associations, even creating Federal ones here and there throughout the country. We have made great progress in teaching our citizens the virtue of thrift; yet today they see their welfare endangered by the competition of Government. Nobody can compete with a government that can borrow for 2 percent and lend for 5 percent. No private institution can have enduring life in the face of that sort of thing.

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

Mr. LUCE. I yield.

Mr. CRAWFORD. I was very much interested in the observations made by the gentleman on the opposite side of the House a few moments ago with reference to the results of this program. Will the gentleman please comment on these official figures which have been furnished to me by the Government department? In 1921 our people in this country had $21,500,000,000 in savings, to a great extent in the savings and loan associations of this country. During the decade from 1920 to 1930 they were building and financing from 400,000 to 700,000 dwelling units per annum. Today our people have savings very close to $51,000,000,000. This Federal Housing program has been in operation during 1935, 1936, 1937, and 1938. With all the building that has been done of dwelling units I am informed by Government agencies that in 1935 only 144,000 homes were built; in 1936, 282,000; in 1937, 289,000; in 1938, 347,000.

Has this program induced the building of homes? And in thinking about this question let us bear in mind the fact that today when we have two and one-half times as much savings as we had in previous decades, and every day the percentage of savings and loan associations is being crowded out of the picture through the operation of agencies of this type, yet the number of dwelling units being built is only about half. Will the gentleman comment on that observation?

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

Mr. LUCE. I yield.

Mr. GORE. The figures which the gentleman from Michigan cited for the years 1935 to 1938 seem to be the best answer to his interrogatory.

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

Mr. LUCE. I yield.

Mr. SACKS. Will the gentleman from Michigan give us the figures from 1931 to 1934? Find out how much building went on during those years and the bearing it had to the amount that went on since the act was passed.

Mr. CRAWFORD. If the gentleman will yield further I shall be glad to submit the figures from 1918 to date.

Mr. SACKS. How about those 4 years?

Mr. CRAWFORD. They will be included.

Mr. SACKS. Will the gentleman give us the figures?

Mr. CRAWFORD. The fact is that the people of this country who have savings are being crowded out of the picture. I shall be glad to submit, if I can secure permission to extend my remarks in the RECORD, a 21-page statement dealing with statistics involving this whole picture insofar as Government activities are concerned.

Mr. SACKS. Will the gentleman read the figures for 1931, 1932, and 1933?

Mr. CRAWFORD. I do not want to take the time of the gentleman from Massachusetts.

Mr. SACKS. It would be interesting in the light of the figures from 1934 on.

Mr. GORE. Will the gentleman yield?

Mr. LUCE. If the gentleman does not want to ask me about figures.

Mr. GORE. If the gentleman will answer the question in reference to those figures, will he also comment on the difference in interest rate charged on these loans?

Mr. LUCE. The hands on the dial of the clock are traveling too rapidly for me to engage in that discussion.

[Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield 12 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, I am exceedingly anxious to see that title I is extended for 2 more years. This bill, when first introduced in the House, did not carry title I; and I introduced an amendment, which was unanimously adopted by the committee, to extend this title.

The purpose of title I is for improvements and repairs to existing homes and building new homes and agricultural buildings in an amount not to exceed $2,500. I think we should see to it that the people in the rural sections and small towns should have the same financial help from the Federal Housing Administration as those in the large cities.

In my own State, as of December 31, 1938, 22,351 Georgia families had been benefited by loans under this title.

While such loans are insured by the Federal Housing Administration, the money is advanced by private lenders to local people for construction and improvement of housing by local enterprises employing local labor and using materials purchased locally.

We all recall what happened to the housing industry during the latter half of 1937. As a result of its stagnation Congress, again looking to the housing field for improvement in general business conditions, considered at the extra session in 1937 a number of new amendments to the National Housing Act to liberalize its provisions in order to encourage people to build homes and modernize and repair. I offered one of the amendments at that time to extend title I, which was liberalized to include construction of small homes up to the value of $2,500 in urban and rural sections.

Millions of our people have been aided in repairing and building homes and will continue to receive aid in repairing and building homes and agricultural buildings through character loans insured by the Government, who, otherwise, would never have had the opportunity to do so, and at the same time the ratio of losses to the large amount of business has been negligible. The loans and benefits under title I

have and will benefit a large number of people in very modest circumstances, and especially a large class of farmers who are helpless in securing benefits direct from local lending institutions without Government aid.

There appeared before our committee representatives of the building industry, representing national organizations such as paint, roofing, real-estate boards, lumber dealers, plumbing and heating supplies, and others, urging Congress to extend title I, stating, in effect, that there is still millions of dollars' worth of modernization, repair, and small construction business that can go forward with such small encouragement on the part of the Federal Government.

Many Members of Congress have seen the report recently issued by Colonel Harrington, W. P. A. Administrator, in which it is disclosed that in a survey made by the W. P. A. of 8,000,000 American homes, 60 percent were found to be in need of either major or minor repairs and improvements.

It is my understanding that the average repair loan under title I runs around $402.

Title I of the National Housing Act permits the Federal Housing Administrator to insure lending institutions against loss up to 10 percent of the amount of loans made for property improvement purposes in both urban and rural communities.

These loans are different from the long-term home-mortgage loans under title II. They are shorter term and require generally no security and are usually for the purpose of modernizing, repairing, or altering existing houses, business properties, and farm buildings.

Title I was the first part of the National Housing Act to get under way in 1934. Through the end of 1938 more than 1,800,000 of these loans, with a total face value of about $735,000,000, had been insured by the Federal Housing Administration. Three hundred and seventy-five thousand of these loans amounting to $170,000,000 had been insured since the act was amended in February 1938, reviving the provisions of title I which had previously expired.

These title I loans have enabled hundreds of thousands of families to make necessary repairs on their homes and farms and to make them more modern and livable. Many families of modest income were unable to obtain credit from lending institutions because they did not have sufficient collateral. The National Housing Act made it possible for these people to obtain loans on the basis of character alone. This has proved a noteworthy adventure in finance, since losses have been very small as compared with the volume of lending transacted. The Government's faith in the character of the people has been amply justified.

Claims paid on contracts for insurance held by lending institutions numbered at the end of December 1935 about 85,000 for an amount slightly exceeding $19,000,000. A substantial part of this amount has been collected by the F. H. A. since these insurance claims were paid. It seems probable, in fact, that ultimate losses on this amount will be only about 2½ percent as compared with the 10 percent of insurance coverage provided by the F. H. A.

One other thing which title I, as amended February 1938, has made possible is loans up to $2,500 for the construction of new small homes. Thousands of these have been built in localities not eligible for mortgage loans under title II.

Another thing these title I loans have accomplished is the aid to small-business men engaged in the distribution of building materials. Large manufacturers have had plenty of credit in the past, but small dealers were often at a disadvantage in marketing building supplies because of lack of capital. Now, with Government insurance of loans for repair and modernization purposes, these small-business men have been able to compete on equal terms with the larger ones.

In extending title I we have made some changes in the limitations. For instance, we have established a limit of $2,500 on all title I loans because it was shown by witnesses who appeared before us that much less than 1 percent of the number of title I loans had exceeded $2,500 in the way of repairs. We also limit the improvement and repair loans to 3 years and 1 month, as evidence shows that 97.2 percent of all title I improvement loans in the past have been for 3 years or less. On loans for new structures for residences or agricultural purposes the commitee thought it desirable not to limit the time for payment, because the average amount of such a loan is higher than the average repair loan, and therefore a limited payment period would make the payments prohibitive.

Of particular interest to Members from the rural districts will be the amendment which includes new construction for agricultural purposes. This is designed to take care of new barns, corn cribs, silos, and so forth, up to the amount of $2,500. It is the only way that a farmer having a small mortgage on his property can finance farm buildings with a character loan over a period of years. The people in the rural sections and small communities are unable to have their loans for homes and agricultural buildings amortized except as provided in title I of this bill. I was anxious to see the amount for construction of new homes increased, but it seemed it was not possible to do so at this time.

Title II of the National Housing Act has been very successful since the new amendments were passed and took effect the first of last year, but we must provide some benefit to the farmers and citizens of small towns, and title I has been the answer to this problem.

I certain hope that the provisions of title I will be enacted.

Under the provisions of title I in the bill the eligibility of loans is limited to financing the improvement or repairs of existing structures and in building new residences and agricultural buildings.

While, as I stated, the loss to the National Housing Administration has not been great, a large percent of the loss was from equipment loans, such as refrigerators, washers, ironers, cooking stoves, scales, counters, showcases, and so forth, which are not now eligible under the provisions of this title.

Title I also authorizes the Administrator to fix a premium charge not to exceed an amount equivalent to 1 percent per annum of the net proceeds of the loan, and this is thought to be sufficient to take care of all losses and expenses of the F. H. A.

TITLE II RELATIVE TO F. H. A. INSURANCE OF EXISTING HOME MORTGAGES

Most of the discussion about the current bill seems to be over the question whether or not the F. H. A. should continue to insure mortgages on existing construction, as well as on new construction. Now, often, the only way in which a man with a large family can acquire better living quarters is by buying an existing house. The average brand-new house is either too expensive or too small for many families of moderate income, and many times the only decent shelter they can obtain is existing houses that have depreciated somewhat but still retain sound value.

The fear seems to be that the F. H. A. is going to insure mortgages on all kinds of old houses. But that would be plainly contrary to the purpose of the law and the F. H. A. regulations. The F. H. A. standards for mortgage insurance are established on a sound basis for existing homes, as well as for new houses. They do not permit the insurance of a mortgage loan on a house which is not in good condition. Moreover, the loans the F. H. A. has insured on existing construction have involved many millions of dollars of repair and modernization work. Thus, the provision for insurance of mortgages on existing construction has made a great contribution to recovery and employment.

And then there seems to be some fear because the F. H. A. plan makes it possible for people to refinance their old mortgages. There is a difference, of course, between insurance of mortgages to finance the purchase of existing houses and the insurance of mortgages to refinance outstanding or maturing mortgages. But I do not see why a man who bought a home 5 or 10 years ago and has had the courage, thriftiness, and good fortune to keep that home throughout the depression without having to have his mortgage refinanced directly by

the Government through the H. O. L. C. should now be denied the privilege of obtaining the advantages of lower interest rates and better terms through F. H. A. insurance. These mortgage loans on a long-term basis, paid off easily month by month, are available to people who want to buy new shelter, but apparently there are some persons who think they should not be available to home owners who have had mortgages on their homes for some time, paying in many cases as much as 7 and 8 percent or even higher rates of interest.

As you know, the H. O. L. C. no longer makes loans. Some of the loans are being foreclosed or threatened to be foreclosed. I am quite sure the H. O. L. C. will not be disposed to oppose these borrowers in refinancing their loans, especially in view of the fact that the H. O. L. C. loans are Government loans, and, too, under foreclosure the property would not bring the loan value.

You understand the F. H. A. does not loan money but only aids lending institutions in loaning local money, as distinguished from the H. O. L. C.

Why not let a person pay off his mortgage, if he has the opportunity to better his condition, and save his home and cut down his expenses by getting another loan at better terms?

The F. H. A. has stimulated recovery and, as I have tried to stress, has been of immeasurable aid and protection to home owners and home buyers. The mortgage-insurance program of the F. H. A. is paying its own way, and there is no reason why this Congress should be concerned over any economy problem in this case. Private capital does the work, with the Government assuming only a remote contingent liability in order to encourage private enterprise and protect the home-owning and home-buying public.

There has been some opposition by the building and loan associations to extending title II to existing homes. I realize the building and loan associations have been great institutions and have rendered a valuable service in many sections of this country. I think I am the first one who suggested that some safeguard should be placed around this part of title II so as not to retard the splendid service rendered by these associations. An amendment was introduced in the committee by the gentleman from Kentucky [Mr. SPENCE] which I think takes care of the opposition of the building and loan associations. It is included in the bill and is as follows:

(e) No mortgage which in whole or in part refinances a then existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Administrator that prior to the making of the application the mortgagor applied to the holder of such existing mortgage and that, after reasonable opportunity, such holder failed or refused to make a loan of a like amount and at as favorable an annual cost to the mortgagor, including amortization provisions, commission, interest rate, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges as those of the loan secured by the mortgage offered for insurance.

It has been suggested that if the insurance of existing home mortgages is permitted to continue, the banks will be tempted to unload their portfolios of existing home mortgages through insurance with the F. H. A., thereby increasing the possibility of later losses to the Government.

That there has been no tendency in this regard during the 4 years in which there has been opportunity to do so is indicated by the fact that the percentage of new homes to total, for not only the commercial banks cooperating under F. H. A. but also the savings banks, is almost exactly the national average of existing home mortgages to total loans for all types of institutions operating under the F. H. A.—the percentage for banks and that for building and loan associations cooperating under the plan being almost identical, as was shown during the hearings on the bill.

Mr. CRAWFORD. Mr. Chairman, I yield myself 20 minutes.

GUARANTEED DEBT

Mr. Chairman, this bill, H. R. 5324, again deals with the proposition of Government insuring lending institutions against loss on credit extended for the former to individuals, associations, and corporations in the sum of $4,000,000,000. Under its provisions individuals would be encouraged to obligate themselves toward $4,000,000,000 of indebtedness based on new and existing structures. The bill promotes the philosophy that it is better to have Government guarantee the debt than it is to let the full import of the obligation rest entirely on the shoulders of the lenders and borrowers.

The bill under consideration relates directly to the problem of housing—individual homes and dwelling units. The philosophy of the bill, however, goes very deep. I here have reference to other measures now pending before this Congress, wherein some Members of both the House and the Senate and trade associations and organizations contend that if the Government is to insure bank deposits and obligations relating to homes, apartments, and such, the Government should likewise insure loans to business enterprises.

The administration, through the F. H. A., requested the insurance limit be placed at $6,000,000,000, but the committee is recommending that for the time being at least the amount of insurance be limited to only $4,000,000,000. Now, let us look at some of the broader principles involved.

HOMES BUILT FROM SAVINGS

It has been observed that for decades the urban homes in this country have been built and financed out of the accumulated savings of millions of our people. The 1920 depression influenced a drop in home construction from 460,000 family units in 1919 to 300,000 in 1920. For years we had been running along on a basis of building around 500,000 family units annually. Following the 1920 depression our people, without Government insurance or subsidy in any form, proceeded to build homes. In 1921, with savings of only $21,500,000,000, we constructed 449,000 units, and in 1922 we rounded out more than 675,000.

Following 1929 home building suffered with the decline in other activities. In 1930 we built 286,000 dwelling units; in 1931 only 212,000, and in 1932 a further decline to only 74,000, and in 1933 the low mark of only 54,000 was reached. We then entered the era of pump priming, Government subsidies, insured mortgages, and in 1934 we constructed 55,000 home units. We are informed that in the years following, homes were constructed on a schedule of 144,000 in 1935, 282,000 in 1936, 289,000 in 1937, and about 347,000 in 1938.

In these figures, we have reflected some encouragement flowing from Government subsidy or insurance. We might also bear in mind that without question, participation by Government, discouraged building on the part of some who have feared Government competition in the home-owning field through the operation of H. O. L. C. and F. H. A., as well as the activities in slum clearance. When Government enters any field, taking title directly or indirectly, it is a warning to those who have built their holdings on the basis of private enterprise. No individual is strong enough financially to compete with Government ownership and operation. Our people can well afford to take full cognizance of the many activities and fields which Government has invaded in recent years.

In 1933 thousands of banks suspended payment and these closed institutions held deposits of more than $3,500,000,000. We held gold stocks of about $4,000,000,000. Demand and time deposits amounted to about $38,000,000,000 and savings of $39,900,000,000 were booked to the credit of our people. I repeat, that in that year only 55,000 home units were constructed.

It was in the fall of 1933 and the spring of 1934 the philosophy of Government insurance of mortgages on new homes took form. But let us observe that in 1935 home construction was more than 2.5 times that of 1934; in 1936,

more than 5 times that of 1934; in 1937, a repeat, and in 1938, we find more than 6 times the number of home units constructed than were built in 1934.

In 1921, the savings to the credit of our people amounted to $21,500,000,000. But today they amount to almost $51,000,000,000. Our gold stocks today exceed $15,300,000,000. A recent F. D. I. C. report showed we had more than 60,000,000 bank accounts with $21,900,000,000 of demand deposits and $13,600,000,000 of savings and time deposits to their credit. These credits running in favor of the depositors are liabilities owed them by 13,705 banks alleged to be in a stronger and safer position than any country has ever before seen.

If we believe in further protecting and perpetuating the type of institutions which in prior decades furnished the unsubsidized capital that built the homes of our people, we should not go ahead with the program provided for in this bill. But if we believe in the concentration of real estate and mortgage holdings in the hands of Government; if we prefer to have our people withhold their resources and depend upon Government credit for the financing of our undertakings, then this bill should be supported and the program continued and expanded.

In 1937, we had a contraction in business and a drop in national income. But in that year our people saved $1,500,000,000 more than we did in 1929, and this, notwithstanding our national income in 1937 was approximately $13,000,000,000 less than in 1929. Today our savings are at the highest peak in the history of our people. We now have 70 percent more savings available to build homes than in the years when we were providing new homes at a record-breaking rate. Indeed, we need to take our bearings and consider the direction in which we are traveling.

SOME CONCEPTS OF OWNERSHIP

Mr. Chairman, may I submit to the Members of the House this question: Do you believe in ownership? Of course, I receive an answer in the affirmative. You believe not only in ownership, but in private ownership. Such ownership is very essential to the functioning of the legal, as well as the economic structure under which we operate. Consider the foundation upon which we base our system of industry, credit, currency, banking as well as transportation, public utilities, and that highly important element we term "taxation." This foundation is none other than private ownership. And let me remind you that all of these functions greatly relate to and affect the lives of millions of people whose degree of private ownership approaches closely to nothing. The relationship between the owning class and those who do not own is so very close that the physical destruction or a major change in the private ownership of even one single individual may seriously damage the interest of thousands of nonowners, but without the slightest personal inconvenience—other than, perhaps, mental—to the owner himself. This is the ultimate of complexity. As private citizens, we have been taught in our churches and schools and homes to look upon the vehicle of private enterprise as a means whereby we can bring to ourselves the economic benefits flowing as a result of our own industry and enterprise; in this manner the vehicle transports us to such economic security as may be. I feel that it is within the realm of truth to contend that recent policies have tended to lead our people away from such understanding as they did have concerning the primary and original purposes of private ownership. We have indeed accepted private ownership with such a complete and simple faith that few fundamental questions have been raised relative thereto. Heretofore, we have said, "This shop and the stock of goods which it contains, belongs to you. Go, be industrious, be courteous, toil and manage and economize and such rewards as may flow therefrom shall be yours. The Government will deal lightly with you to the end that you may prosper, expand, and give to others the benefit of your savings and enterprise." That has been our philosophy of private ownership and enterprise. It induced people to save and to venture into new fields, new production, and a higher standard of living. It brought to us our America and all that it is.

STREAMS OF NEW CAPITAL HAVE DRIED UP

From the First Annual Report of the Securities and Exchange Commission for the fiscal year ending June 30, 1935, we find that for the period September 1934 to June 1935, inclusive, the proposed use of net proceeds of new securities registered for issuance and fully effective September 1, 1934, to June 30, 1935, the $649,831,175 was applied:

Organization and development	$1,894,067
Increase in working capital	36,693,895
Purchase of assets	169,560,832
Repayment of indebtedness	440,901,368
Miscellaneous	781,013
Total	649,831,175

Here we find that 67.9 percent of the total issue was for repayment of indebtedness and that only 32.1 percent represented what we might term new capital.

Looking over the Second Annual Report of the Securities and Exchange Commission, for the fiscal year ended June 30, 1936, we find the estimated net proceeds from securities effectively registered during the year and intended to be offered for cash for the account of the registrants amounted to only $3,782,100,000.

Of the aggregate net proceeds, $2,805,400,000, or 74.2 percent, were intended for repayment of indebtedness; $213,400,000, or 5.6 percent, were intended for retirement of preferred stock; and $24,300,000, or 0.8 percent, for the reimbursement of loans used for capital expenditures. Refunding and retirement operations thus accounted for a total of $3,043,100,000, or 80.5 percent of the net total proceeds. Of the remainder, $395,600,000, or 10.4 percent, were to be used for the acquisition of securities, chiefly by investment companies; only $120,500,000, or 3.2 percent, were intended to be used for the purchase of plant and equipment; $207,300,000, or 5.5 percent, were to be added to the registrant's corporate funds, while $9,300,000, or 0.2 percent, were scheduled to defray organization and development expenses, and $6,200,000, or 0.1 percent, were to be used for various other purposes. New capital for expansion of industry is so small it is startling.

The Third Annual Report of the Securities and Exchange Commission, for the fiscal year ended June 30, 1937, shows that the estimated net proceeds from securities effectively registered during the year and intended to be offered for cash for the account of the registrants amounted to $3,492,123,000.

Of the aggregate net proceeds, $1,933,849,000, or 55.4 percent, were intended for repayment of indebtedness; $225,136,000, or 6.5 percent, were intended for retirement of preferred stock. Refunding and retirement operations thus accounted for a total of $2,158,985,000, or 61.9 percent of the total proceeds. Of the remainder, $352,097,000, or 10.1 percent, were to be used for the acquisition of securities, chiefly by investment companies; $256,979,000, or 7.4 percent were intended to be used for the purchase of plant and equipment; $633,278,000, or 18.1 percent, were to be used to be added to the registrant's corporate funds while $90,784,000, or 2.5 percent were to be used for various other purposes. Bear in mind this covers the months July 1, 1936, to June 30, 1937. Savings mounting, deposits increasing; pump priming and a growing Federal debt; gold coming in, but little new capital for building industry. One wonders if, with such a small trickle of new capital for risk or investment—the capitalistic system is to survive. Indeed, we need to dig out the wells for private capital of our fathers.

Going on to the Fourth Annual Report of the Securities and Exchange Commission for the fiscal year ended June 30, 1938, we find that out of the net cash proceeds, it was

indicated that approximately $457,000,000, or 35.5 percent, would be used for new-money purposes. This is the highest ratio of estimated net proceeds intended for new-money purposes for any fiscal year since the Securities Act became effective. But it should be noted that as an absolute total it amounts to only approximately 51 percent of the new money which was expected to be raised from the sale of securities registered in the previous fiscal year. Registration statements indicated that the new money was to be allocated approximately as follows: $272,000,000—against $257,000,000 in the preceding fiscal year—for expenditures for plant and equipment and $185,000,000—against $633,000,000—for additional working capital. Of the balance of net cash proceeds indicated in the registration statements, $451,000,000—35.1 percent of all net proceeds—was intended for the repayment of indebtedness, while $348,000,000—27.1 percent of total net proceeds—was intended to be used for the purchase of securities for investment. A sorry mess of new capital for investment. Four years of recorded history—capital market yardsticks. Ample proof of something fundamentally wrong; but where and what?

HAVE WE LOST FAITH IN GOVERNMENT AND OURSELVES?

There is now a crisis of confidence. It has been running for a decade. It varies in intensity. Its meanderings are significant to students of world and national affairs. There is a reason, or a set of reasons, why we, here in the United States, have made one of the poorest showings of all industrial nations in the degree of recovery we have attained. The International Labor Office has presented some startling facts. It is important for us to inquire why our recovery has been less steady than that of any other major industrial nation. What recovery we have attained has been of a jumpy character. We go forward and then slip backward. Our base is narrow. We continue to witness thin markets. The fields of construction and durable capital have made very poor showings. We can go to the capital markets for a yardstick.

Are the fiscal policies of our Government sound? Do Government officials and economists agree on the course we have followed? Are our leaders in accord on the course we shall pursue from here? What about the philosophy of Messrs. Morgenthau, Hanes, and Harrison as against that of Messrs. Roosevelt, Eccles, and Hopkins? What influence has the ideologies of Soviet Russia, Fascist Italy, National Socialist Germany, and the New Deal had on those in our country who have been in a position to invest new capital, build additional industries, and give more employment? The sit-down strikes occurred in France and workers acquired occupancy control of the factories. There followed a stream of gold out of France. The British were withdrawing their earmarked reserve of gold from the Banque de France and our Treasury officials feverishly worked for the consummation of an agreement. From August 7, 1936, to September 25, the Bank of France lost $320,000,000 of gold, the bulk of it to the United States and to England. September 25, 1936, the Governments of the United States, Britain, and France issued their now famous statements which dealt with order in international economic relations. Having momentarily escaped from the French debacle, our high-ranking Government officials proceeded to flirt with the sit-down element in the United States and no one yet has created a yardstick whereby we can measure its temporary or permanent shock to the flow of new capital into American industry. Undoubtedly, the sit-down strikes played a very important part.

Are our people unwilling to release risk capital, to be followed by development capital, and thereby prepare the way for stability and safe investment? Have we had too much talk about the redistribution of wealth? Do our people now look more to Government for security than to individual effort and enterprise? Is the individual substance threatened by mounting taxes? Have interest rates been so reduced as to deny to capital its natural increment, and has this removed the powerful incentive our people have heretofore had to work, save, and invest? Have we elevated the state to a new prestige and authority where it is to control production, allocate markets, extend and insure credit only to the chosen few, and preempt capital markets for governmental borrowings—this all to be followed by the entry of Government directly into the business fields which have historically been preserved for the operation of private enterprise? Powerful forces are at work. One only needs to refer to the release of the Board of Governors dated April 10, 1939. The Board is fully cognizant of the presence of the forces, but their weight or influence has not yet been determined. Now, let us look at some of the activities of Government in the fields of insurance, housing, and activities related thereto.

DEBTS OF BANKS GUARANTEED BY GOVERNMENT (IN FORM OF DEPOSIT LIABILITIES)

From the last annual report of the F. D. I. C. we obtain this interesting information:

At the close of 1937 the Corporation was insuring deposits in 13,853 banks. Daily average deposits of these banks amounted to more than $48,000,000,000 during the year, of which more than $21,000,000,000 were insured. The depositors in these banks numbered more than 50,000,000, of whom more than 98 percent were fully protected by insurance.

In looking over the balance sheet of the F. D. I. C. as of December 31, 1938, we find its capital structure carrying items made up of:

Capital stock	$289,299,556.99
Surplus adjusted to June 30, 1938	112,646,564.04
Earnings 6 months ended Dec. 31, 1938	18,598,396.63
	420,544,517.66
Miscellaneous	1,077,809.22
Total	421,622,326.88

Comparing the entire capital structure of the F. D. I. C. with its obligation to banks and depositors, clearly indicates that in the event of a set of conditions greatly straining the capital structures of the banks, one of two things would undoubtedly happen—either the Treasury of the United States would have to go to the rescue of the F. D. I. C., or the depositors would again lose through the closing of banks resulting from their inability to liquidate portfolios rapidly enough (and without loss) to meet the withdrawal requirements of demand savings and time depositors. It is interesting to observe that while the F. D. I. C. was created by the Banking Act of 1933, its net earnings, brought about almost entirely by deposit-insurance assessments against insured banks and interest earned on its assets held, amounted to only $131,244,960.67. Bank failures since the inception of F. D. I. C. have, fortunately, been few, with small losses. Should we run into a serious depression resulting in drastic decline in market values of commodities, stocks, bonds, and other equities, including Government bonds, and all followed by heavy withdrawals of deposits by demand, savings, and time claimants, the capital structure of the F. D. I. C. would be put to its first great test.

MANY COMMODITY CREDIT CORPORATION LOANS (GRAINS, COTTON, MISCELLANEOUS)

The February 28, 1939, statement of this agency shows loans outstanding amounting to $360,107,912.75 representing advances made on cotton, corn, wheat, tobacco, figs, peanuts and oils, prunes, raisins, butter, dates, pecans, hops, wool and mohair, turpentine, and so forth. In addition to this $360,000,000, we find there are loans which have been made by lending institutions and which are guaranteed by the Government and falling in this same class, in the sum of $408,414,868.29 and which added to the above-mentioned figure gives an aggregate of $768,522,781.04.

We should also bear in mind that other commitments are in process of being made and all in line with acts of Congress heretofore approved. It should be remembered that a

genuine cotton crisis remains to be solved and that we face a new cotton crop which will begin to move around next August 1. In this connection we might keep in mind the $5,000,000,000 liability of the Treasury based on its guaranty of obligations of the Federal Farm Mortgage Corporation, the F. H. A., the H. O. L. C., the R. F. C., the U. S. H. A., the T. V. A., and the United States Maritime Commission.

LOANS TO BUSINESS AND INDUSTRY

Chairman Jones, of the R. F. C., informs us his agency has authorized 7,371 loans to business enterprises aggregating $447,324,578. Banks have agreed to take participations in the amount of $61,492,756 in 1,661 of these loans, their participations ranging from 10 to 75 percent of a loan. The banks and R. F. C. share proportionately in security and repayments. Of the R. F. C. part of these loans $86,227,903 was not used and $144,192,699 remains available to the banks and borrowers when called for. Two thousand seven hundred and twenty of these loans, or 37 percent of the total number, have been for $5,000 or less—during the past 12 months 49 percent have been for $5,000 or less. Fifty-three percent of the loans have been for $10,000 or less; 83 percent for $50,000 or less.

In addition to the participations taken for their own account banks hold $57,552,558 of these loans with a take-out agreement from the R. F. C. For the take-out agreements the R. F. C. gets a part of the interest paid by the borrower. This is 2 percent per annum where the bank's participation is less than 25 percent of the loan; 1½ percent where the bank's participation is from 25 to 50 percent; 1 percent where the bank's participation is 50 percent or more.

Participation agreements and take-out commitments are executed when the loan is made, and the take-out commitment insures the bank against loss on that part covered by the agreement. It is necessary to exercise the same care in insuring part of a loan as in making the entire loan. The same investigation is required and the same expenses incurred.

In April and May 1938, R. F. C. made commitments to lend apple growers in the State of Washington up to $2,000,000. Under these commitments, R. F. C. authorized 960 loans to 716 applicants in the amount of $1,025,120, of which $991,506 was disbursed.

In addition to the foregoing loans to business, the Electric Home and Farm Authority, operated by R. F. C., buys installment contracts from business. To date, 2,573 dealers have been furnished with capital for their credit sales in this manner. The contracts carry the unconditional endorsement of the dealer.

Mr. Jones further says:

> We shall probably have a substantially larger percentage of losses from industrial loans than from any other class. Forty-six of these (representing loans in the aggregate amount of $3,009,092) have already been foreclosed and the security reduced to possession.

CHRONOLOGICAL TABLE OF UNCLE SAM'S HOUSING ADVENTURES

July 22, 1932: Federal Home Loan Bank System established. The object of the Federal Home Loan Bank System was to provide a credit reserve for the thrift and home-financing institutions of the United States. Twelve banks were established throughout the country, each under charters issued by the Federal Home Loan Bank Board. Capital stock of the 12 regional banks amounting to $124,741,000, was subscribed for and taken by the Secretary of the Treasury. The Government has invested $265,000,000 in savings and home-loan institutions largely during the 1932–36 period. Assets of all home-owners loans banks, as of June 30, 1938, were $265,770,803.87. Liabilities were $97,789,473.30. Net worth of $167,981,330.57. The accounts of the Federal home-loan banks are not subject to audit by the General Accounting Office. The Annual Report of the Comptroller General for the fiscal year ending June 30, 1938, states that more than three-fourths of the capital stock of the system, $161,512,205, is owned by the United States and the "balance by members of the home-loan bank system."

Uncle Sam's investment in housing via the Federal home-loan bank system—$161,512,205.

June 13, 1933: The Home Owners' Loan Act of June 13, 1933, set up the Home Owners' Loan Corporation as an emergency agency to give emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to owners of homes occupied by them and who are unable to amortize their debts elsewhere, to amend the Federal Home Loan Bank Act, and to increase the market for obligations of the United States, and for other purposes. This Corporation is now in liquidation and operates solely as a collection agency.

The original capital stock of $200,000,000 was subscribed by the Secretary of the Treasury. And as of June 30, 1938, was impaired by deficits of $40,893,291.81. As of December 31, 1938, the Home Owners' Loan Corporation had unmatured bonds issued and outstanding in the sum of $2,902,950,710.09, principal and interest. This does not include $10,000,000, face amount of notes and accrued interest thereon held by the Treasury and reflected by the public debt. The outstanding bonds are a contingent liability of the United States and guaranteed as to principal and interest by the Federal Government. Contingent liabilities had been authorized to the amount of $4,750,000,000 for this Corporation. The Corporation is now operating with huge deficits.

Uncle Sam's investment in housing via the Home Owners' Loan Corporation is over $3,000,000,000.

January 31, 1934: The Federal Farm Mortgage Corporation was established by act of January 31, 1934, "to aid in financing the lending operations of the Federal land banks, particularly the farm debt-financing program begun in 1933."

The capital stock of $200,000,000 was subscribed for by the Governor of the Farm Credit Administration.

With the approval of the Secretary of the Treasury, the Corporation is authorized to issue and have outstanding at any one time bonds in the aggregate of not more than $2,000,000,000, issued in such manner and sold at such prices as prescribed by the Corporation with the approval of the Secretary of the Treasury. These bonds are fully and unconditionally guaranteed as to principal and interest by the United States, and are lawful instruments and security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under authority or control of the United States or any officer or officers thereof. The Secretary of the Treasury is authorized to purchase the bonds from the sale of any securities "here issued under the Second Liberty Loan Act as amended." The Corporation has power to purchase its own bonds "in the open market at any time and at any price."

As of December 31, 1938, the Corporation had outstanding bonds in the sum of $1,396,656,315.22 under the above authority. Uncle Sam's investment in housing through the Federal Farm Mortgage Corporation thus becomes $1,596,656,315.22.

FEDERAL HOUSING ADMINISTRATION

June 27, 1934: The National Housing Act created the Federal Housing Administration for the express purpose of encouraging improvement in housing standards and conditions and providing a system of mutual mortgage insurance. The Administrator of the Federal Housing Administration was empowered to use not more than $200,000,000 to "insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and such other financial institutions, which are approved by him as eligible for credit insurance against losses which they may sustain as a result of loans and advances of credit and purchase of obligations representing loans and advances of credit made by them subsequent to the date of the act and prior to January 31, 1936." The act also created a mutual mortgage-insurance fund with an immediate allotment of $10,000,000, with authority to

insure mortgages there specified to the extent of $2,000,000,000 plus $1,000,000,000 additional if approved by the President. A press release issued by the Federal Housing Administration (No. 399, March 9, 1939) shows:

Insurance written—cumulative to date:		
Home mortgages (premium paying)	335,099	$1,400,212,141
Rental housing projects	164	80,265,750
Property improvement loans:		
Original title I notes	1,459,408	561,846,309
Feb. 3, 1938, amendments	429,837	198,849,475
Total insurance written		2,241,173,675

The expenses of operating the Federal Housing Administration have been a constant drain upon the public funds.

Page 5 of the quarterly report—January 3, 1939—of the Reconstruction Finance Corporation shows that the Corporation had made total payments to the Federal Housing Administrator, to and including September 30, 1938, amounting to a total of $66,021,074.55.

The Federal Housing Administration on December 31, 1938, had debentures outstanding in the amount of $1,277,783.22 fully guaranteed as to principal and interest by the United States.

The United States Civil Service Commission, in a report of December 31, 1938, reported the Federal Housing Administration was employing 4,523 persons. The total cost of operations for 1939, according to Budget estimates, was $14,187,220.

Uncle Sam's investment in housing through the Federal Housing Administration amounts to more than $20,000,000 in cash in form of a deficit in operations beside an assumed contingent liability of $2,241,173,675.

ACT OF SEPTEMBER 1, 1937, AS AMENDED

The United States Housing Act of September 1, 1937, created the United States Housing Authority for the purpose of promoting the general welfare of the Nation by employing its funds and credits to assist the several States and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and insanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income in rural or urban communities that are injurious to the health, safety, and morals of the citizens of the Nation. The Authority has capital of $1,000,000 subscribed and paid for by the Secretary of the Treasury for the United States. An appropriation of $25,000,000 additional was authorized for the fiscal year ended June 30, 1938. The Authority was authorized to issue obligations in the form of notes, bonds, or otherwise in an amount not to exceed $800,000,000. These obligations are exempt both as to principal and interest from all taxation now or hereafter imposed by the United States or by any State, county, municipality, or local taxing authority. They are fully and unconditionally guaranteed both as to principal and interest by the United States Government.

As of December 16, 1938, the Authority had made loans and commitments aggregating $649,789,000 to cities participating in the slum-clearance and low-cost housing projects.

As of December 31, 1938, the Authority had outstanding notes in the face amount of $23,000,000 held by the Treasurer of the United States and reflected in the public debt.

As typical of the housing provided by the Public Works Administration, Harlem River houses in New York City is an outstanding example. This project, which is of the so-called slum clearance type consists of 1,959 rooms broken into 574 two-, three-, four-, and five-room apartments, built at a cost of $2,605 per room. The cost of the project is $5,104,533, and has been leased to the city of New York at an annual rental of $69,062. This represents a return of approximately 10 cents a day per room to the Government. Rentals during the period September 3, 1937, to June 30, 1938, amounted to $181,257, and the expense of operating and maintaining amounted to $150,672. An insignificant return on the investment.

Uncle Sam's investment in housing via the Public Works Administration, seems to be not only the $450,000,000 originally set aside, but also the huge sums in interest that Uncle Sam is forced to pay on the borrowed capital used in financing these projects.

It is safe to assume that Uncle Sam's adventure into housing through the medium of the United States Housing Authority will, by the end of the current fiscal year, represent an amount in excess of $825,000,000.

OTHER ADVENTURES IN HOUSING

To complete the picture of Uncle Sam's adventures in housing we bring to your attention the $5,000,000 or more expended by the Alaska Rural Rehabilitation Corporation and many additional millions spent for housing by the Puerto Rico Reconstruction Administration; and last, but not least, projects of a similar nature in the Hawaiian Islands.

TENNESSEE VALLEY AUTHORITY HOUSING

June 30, 1933: T. V. A. Act—Under authority of the Tennessee Valley Authority Act of 1933, the management of T. V. A. has spent a total of more than $7,214,637,000 in building villages to house their employees and others in the vicinity of Norris, Wheeler, Guntersville, and other dams. These properties, having no vital bearing on the operations of the Tennessee Valley Authority at this time, are being maintained and rented at an annual loss running into thousands of dollars. Just a drop in the bucket in considering Uncle Sam's total adventures into the housing field.

The wheels of bureaucratic government move on and Congress by its acts creates more and more competition by government against those who have their savings invested in building and loan association activities, life-insurance contracts, and who are dependent upon returns of interest for their necessities of life. When these resources are dissipated, largely through competition of governmental activities, the individual can, of course, take whatever a hard-pressed Government is able to allow in the way of old-age assistance.

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

Mr. CRAWFORD. I yield to the gentleman from Tennessee.

Mr. GORE. I cannot quite reconcile the gentleman's statement that this program is a deterrent to business with the fact that the bankers of my district and the home owners and prospective home owners are all strong for this program, and that the businessmen say it is an encouragement to private enterprise.

Mr. CRAWFORD. If the gentleman will permit a personal reference, I happen to be a director of a bank. Certainly the F. H. A. helps our institution make money. But do you suppose I intend to put that bank and its interest up against the interest of the people of this country who hold in the building and loan associations $4,300,000,000 of capital and who for decades have financed the homes needed by our people?

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

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

Mr. KNUTSON. Let me ask the gentleman, because I know he is informed on the subject, if it is not true that we are rapidly reaching the saturation point in housing in this country, in many localities.

Mr. CRAWFORD. If Government is to feed all of our people through subsidies, certainly we are, unless Congress desires to increase the subsidy in the way of old-age assistance and W. P. A. and P. W. A. benefits sufficient to enable the people to live at that high standard called for by this program.

Mr. KNUTSON. I do not think the gentleman got my point. What I was asking the gentleman was whether we are reaching the saturation point in new building or in housing in many localities of this country.

Mr. CRAWFORD. Yes; it is true that in many localities we have overbuilt. This is evidenced by vacancies in some instances and by the greatly depressed real-estate market prevailing in other cities and localities where high-grade and well-conditioned properties are selling far below the cost of replacement on a depreciated basis. Again, our increase in population is not running as great as in previous years. Then we also have a bad situation wherein whole industries and large industrial units are moving from one geographical location to another, and this movement is largely due to governmental policies which are not conducive to developing faith in the future of the man or woman who would invest. For instance, if northern industry is to be induced to move southward, what is to become of the homes now owned in industrial centers in northern cities?

The following table will be of interest to those who are watching capital movements. Savings have continued to increase since the last date shown on the table. If our capitalistic system is to survive, certainly savings will have to be invested in something more substantial than Government bonds.

Changes in selected types of long-term savings, 1920–37

Year	Life insurance companies [1]	Mutual savings banks [2]	All other banks [3]	Savings and loan associations [4]	Postal savings [5]	2½-percent postal savings bonds [6]	United States savings bonds [7]	Total
1920	$5,813,518,433	$4,217,540,000	$5,612,750,000	$2,070,160,000	$157,276,322	$11,539,420		$17,882,784,175
1921	6,174,622,460	5,394,963,000	7,450,293,000	2,399,629,000	152,389,903	11,718,300		21,583,615,663
1922	6,625,278,313	5,686,603,000	7,464,451,000	2,770,571,000	137,736,439	11,830,500		22,676,470,252
1923	7,349,149,468	6,282,157,000	8,847,131,000	3,257,847,000	131,671,300	11,860,200		25,879,815,968
1924	8,047,567,035	6,685,967,000	9,694,747,000	3,923,387,000	132,814,135	11,893,760		28,496,375,930
1925	8,927,225,653	7,139,110,000	10,869,466,000	4,691,580,000	132,173,211	11,995,880		31,771,550,744
1926	9,938,693,110	7,558,190,000	13,540,404,000	5,409,999,000	134,178,558	12,540,040		36,594,004,708
1927	11,048,866,535	8,040,042,000	15,035,743,000	6,124,667,000	147,359,254	13,229,660		40,409,907,449
1928	12,213,207,586	8,663,007,000	15,468,712,000	6,968,505,000	152,143,349	14,812,380		43,480,387,315
1929	13,237,628,893	8,889,914,000	15,139,333,000	7,520,774,000	153,644,529	16,887,180		44,958,181,602
1930	14,095,789,563	9,190,566,000	14,924,125,000	7,653,622,000	175,271,686	19,224,720		46,058,598,969
1931	14,679,356,751	10,016,799,000	13,647,602,000	7,239,661,000	347,416,870	22,834,660		45,953,670,281
1932	14,858,256,683	10,021,110,000	10,544,229,000	6,584,583,000	784,820,623	36,247,260		42,829,246,566
1933	15,010,941,949	9,699,119,000	8,137,835,000	5,821,740,000	1,187,186,208	52,697,440		39,909,519,597
1934	16,051,936,331	9,764,052,000	9,319,460,000	5,241,318,000	1,197,920,188	78,030,240		41,652,716,759
1935	17,541,659,406	9,901,684,000	10,271,250,000	4,759,478,000	1,204,862,940	101,943,340	$153,477,488	43,934,355,174
1936	19,132,770,135	10,036,714,000	11,071,242,000	4,448,734,000	1,231,673,156	120,881,020	474,735,747	46,516,750,058
1937	20,509,978,554	10,185,271,000	11,996,594,000	[8] 4,300,000,000	1,267,673,740	119,086,360	963,735,743	49,342,339,397

[1] Estimated accumulated savings in United States life-insurance companies. Represents reserves plus unpaid dividends and surplus to policyholders, except that deduction is made of policy notes and loans and net deferred and unpaid premiums. Source: Spectator Life Insurance Year Books and Proceedings of the Association of Life Insurance Presidents. Figures as of Dec. 31.

[2] Deposits evidenced by savings passbooks. Source: Annual reports of the Comptroller of the Currency. Figures as of June 30.

[3] Deposits evidenced by savings passbooks. National banks, State commercial banks, loan and trust companies, stock savings banks, and private banks. Source: Annual reports of the Comptroller of the Currency. Figures as of June 30.

[4] Private investments in savings and loan associations. Includes estimates for private investments in State-chartered savings and loan associations in Maryland, South Carolina, Colorado, Idaho, and Arizona. Source: Compilation by Federal Home Loan Bank Board, Division of Research and Statistics, of reports by Federal home loan bank system on Federal savings and loan associations and by State banking commissioners on State-chartered building and loan associations. Figures mostly as of Dec. 31.

[5] Balance to credit of depositors. Source: Annual Report of the Postmaster General on operations of the Postal Savings system. All figures as of June 30.

[6] Source: Annual Reports of the Secretary of the Treasury for years prior to 1935. For 1936 and 1937 Treasury Daily Statement.

[7] Current redemption value. Source: Treasury Daily Statement. All figures as of Dec. 31.

[8] Preliminary.

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

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to include the tables to which I have referred.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GIFFORD. Mr. Chairman, I yield 15 minutes to the gentlewoman from Illinois [Miss SUMNER].

Miss SUMNER of Illinois. Mr. Chairman, I think that the fact that there is not time fully to discuss this very complex and very expensive bill is sufficient reason that thoughtful Members will wish to be very hesitant about voting for it. Hastily passed laws of this character are like shotgun weddings; they create more problems than they solve.

I did not sign the minority report because it seems to me that it cried "wolf" too faintly. Whenever a bill comes in from the Committee on Appropriations there are loud outcries against the millions that we appropriate for the relief of farmers and the unemployed—the two groups of people worst hit by every depression. Yet I see that when a banking and currency bill comes in—these bills that authorize appropriations of billions of dollars, which revolutionize and upset our whole credit structure which, like the bill involving the stabilization fund, even enable some public officers to imperil our peaceful relations with foreign nations—then there are empty seats and indifference.

I wonder if the old wolf is not taking advantage of that circumstance. I wonder if, when you stave him off from the front door, guarded by the Committee on Appropriations, he does not sneak softly, quietly in through the window—the Banking and Currency Committee. [Applause.]

I wonder if we who are elected to guard the public interest should not be very suspicious of this F. H. A. bill which authorizes another billion dollars to be used in guaranteeing real-estate loans. It arbitrarily picks out a favored portion of people and guarantees their notes to the extent of a billion dollars, notes which the Administrator admitted would not be accepted by private lenders who would not consider it safe to risk their capital for that purpose—this at a time when our country is filled with hungry people—when out of every dollar they spend for food, 20 cents goes back to the Government to pay for such activities.

It is true that an ex-college professor from one of the departments testified at the hearings that if we add another billion dollars to the capital this $3,000,000,000 Government insurance corporation already has, it would make it more efficient, so that it would not continue to lose money out of the Public Treasury. Did you notice that most of these loans will not mature for 20 years? We will not know until then the extent of our loss.

Mr. Chairman, you do not have to go to college to find out something about real estate and know that the real-estate business is highly speculative and hazardous. During the period from 1929 to 1932 the values of houses and apartments collapsed 33 percent. They had collapsed before. They will again, inevitably.

I tried to estimate how much out of this giant authorization the Government might lose. It seemed to me that over a period of 20 years the American people might, out of $4,000,000,000, lose as much as $1,000,000,000 of public money. I asked the best banker I know, and I asked the most successful real-estate operator I know. They advised me that, based upon their experience and observation of the

way this activity is conducted and the way these appraisals are made, we would lose not merely $1,000,000,000 of the people's money but even as much as $2,000,000,000 of money which the people sorely need for food and rent.

Title I loans mature more quickly than title II loans. Already, the Administrator told us, it is apparent that there is a net loss under title I of $15,000,000. "Why, Miss SUMNER," one Member exclaimed when I mentioned it, "that is just chicken feed in an operation like this."

Maybe so; but that is not what we feed the chickens on in our farm. [Laughter.] I am not criticizing the promoters of this bill. In 1934 you wanted to stimulate employment. You knew that the English Government, through a government subsidized housing plan, had helped pull their country out of the depression. But you new dealers forgot to notice that in England, where the Government is always managed in a prudent, businesslike manner, the Government withdrew swiftly and wisely as soon as the activity was fairly started. You forgot to remember that politics are different in England, unfortunately for us. In England it is not cute, but criminal to reach out and filch money from the common pocketbook.

I have been told that I am wasting my breath to stand here and urge you not to plunge the American people deeper into this economic quicksand, this artificial real-estate boom. It may be, perhaps, since the F. H. A. has been very highly advertised, that today a Gallup poll would reveal that the American people either like or do not mind the F. H. A. But you and I are elected to be leaders, not followers. We must be statesmen, at our peril. It is our duty to foresee the calamities that may result from our votes here in Congress.

Last week I drove 1,200 miles in my district, which is in the center of the United States. My district has industries and farms. It is typical of all of the other districts in the United States. What benefits us benefits you. Some of our bankers told me they would not touch these F. H. A. loans. They said, "Recently the Government has repudiated some of its contracts and may do so again." Others explained, "The money is being spent; we might as well get some of it." A prospective borrower said, "Well, the lumber dealer told me I wouldn't have to make any down payment. You see the way they do it is to pad costs enough so that when you get your loan you can get your down payment out of the loan."

I tell you that about 1941 or sooner this activity will be as flagrantly discredited as the Farm Security or the W. P. A. People are growing more and more disgusted with costly governmental experiments. I worry lest the reaction will be so violent that they will want to discard the good things the New Deal has tried with the bad.

I offered some amendments in the committee. I have also endeavored to find some way that you New Dealers could meet this problem. The best solution is one which was devised by my brother, who has had considerable business and banking experience. I will put it into the RECORD in a few days.

It involves removing the strangling restrictions which prevent banks from making loans. It enables them to loan money freely up to their full capital. It also involves returning to the Congress the power to control the volume of credit which is, of course, the same as money—a power reserved to Congress under the Constitution; and, above all, it involves demobilizing all the various Government loaning agencies and using private money instead of the money of the people, private lending ingenuity instead of the favoritism of politicians. It is true that such a plan would discharge a great many Government employees and substitute one man for each hundred or so now doing similar work. They would complain to you; but better that each of you hear complaints from 100 of your supporters, who are now on the Government pay roll, than from multitudes of unemployed people, desperate employers, and taxpayers.

I will offer this proposal for solving the problem because I do not like to criticize your program without submitting some constructive plan to replace it. The plan I shall suggest is feasible. It is prophylactic. I think that perhaps it may even be dashing enough to appeal to the glamorous skipper now at the helm of the ship of state. [Laughter.]

Of course, I hope that when and if we Republicans become the majority we shall be so trustworthy that the Government will not need to hire people to invest their money. [Applause.] The proposal I shall submit is just a temporary plan to keep shoes on the feet of our citizens while they are marking time. I should be glad if the administration would adopt some such businesslike plan to encourage business. Because I believe in the future of representative government I rejoice when Members on both sides of the aisle which divides the two political parties show symptoms of nobility. [Applause.]

The CHAIRMAN. The time of the gentlewoman from Illinois has expired.

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SACKS].

Mr. SACKS. Mr. Chairman, in asking a question of the gentleman from Michigan [Mr. CRAWFORD] about the building of homes previous to the inauguration of the F. H. A. and since the F. H. A., I asked for the figures and received these from a reliable source.

I find that during the Hoover administration housing dropped to 55,000 units in the year 1934. In June 1934 the F. H. A. Act was passed. In 1935, just 6 months after that bill was passed, it rose to 144,000 units. In 1938 it had reached 346,000 units. But the most significant thing about this is not so much in the figures as to how much was built as to what it cost the public. For example, from 1931 to 1934, before the act was passed, the interest rate on first-mortgage money which allowed 50 to 60 percent mortgage value of the property was from 6 to 9 percent, and limited to a period of from 3 to 5 years.

The second-mortgage rate of interest, which included premiums and brought the mortgages up to 80 percent and 90 percent as developed under this act, added another 15 percent to 20 percent of interest. Today under the F. H. A. the maximum interest rate is 5 percent with one-half of 1 percent added for the insurance premium. This is a considerable saving to a vast number of people in this country. For this great saving alone the F. H. A. should be continued in order to keep down the interest rate and to keep mortgages within the reach of the ordinary wage earner of this country.

I have heard a lot said to the effect that this is an expenditure of $4,000,000,000. It started early in the day, during the debate on the rule. The chairman told you that not one dollar is expended. It is merely insurance. The testimony adduced before the committee showed that the loss was so negligible that this thing would be a profit to the Government.

So you see this vast benefit is not going to the bankers; it is going to the people who are buying individual homes. I heard one of my colleagues say that there would be a $2,000,000,000 loss in this administration. Mr. Chairman, if we analyze the reason why so many homes were dropped during the depression we shall find that the rate of wages and income went down but the rate of carrying charges on properties remained, as pointed out before on a mortgage of 80 percent, somewhere between 6 percent and 20 percent. There was a decrease in the individual's income but no decrease in the carrying charges of his property.

Let me point out further that this program has been the means of furnishing a great amount of employment to the skilled trades.

The statement was made by one of my colleagues that this program was in effect a throwing away of Government money, the expenditure of a vast amount of money to put the Government in competition with business.

[Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield 1 additional minute to the gentleman from Pennsylvania.

Mr. SACKS. I do not know what type of bankers my friend represented, but in the large banking circles in the city of Philadelphia, which is quite a banking center, they have written me and told me they are for this legislation.

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

Mr. SACKS. I yield.

Mr. RICH. The gentleman said that this administration would probably lose $2,000,000,000.

Mr. SACKS. I did not say that.

Mr. RICH. Does not the gentleman know that this administration has already lost $20,000,000,000?

Mr. SACKS. I did not say that; the gentleman said that.

Mr. RICH. But the gentleman's administration has already lost $20,000,000,000.

Mr. SACKS. And the gentleman from Pennsylvania on the Republican side will know where we got the money after we make it through this administration. [Applause.]

[Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

ADVANTAGES OF THE F. H. A.

Mr. PATMAN. Mr. Chairman, this bill carries no appropriation. The Government is providing insurance for a fee. If a corporation in America were large enough and it were authorized to carry this insurance, in the light of the experience of the past few years that corporation would be very glad to take on this burden for a reasonable fee and would expect to make money out of it; but there is no corporation in America large enough that has such power and the administration feels that it is the Government's duty to come to the rescue of the home owners of this country for the following purposes:

First. To encourage home ownership.

Second. To give employment to unemployed.

Third. To provide a reasonable interest rate.

Fourth. To give a long term of repayment.

Fifth. To take money out of hoarding and increase its velocity.

The objects and purposes of this legislation are good. It is not a matter of the Government's extending loans, that is a mistake. The Government is not putting any money into this, the Government is merely accepting fees for the purpose of insuring these mortgages, believing that the fee is sufficiently large to reimburse the Government. In this way the Government is extending to the home owners of this Nation the use of its credit. I do not know of a more worthy undertaking. In order that you may know that it has been very helpful and constructive I will take the figures for the years 1920 to date and give you the home construction during that period. From 1920 on up to 1925 and 1926 from 202,000 to 572,000 one-family structures were built each year, but from 1930 through 1933 the number went down from 572,000 in 1925 to only 39,000 in 1933—just 6 percent. Remember, this involves durable goods. You cannot have a prosperous country unless you have a movement of durable goods. We found home construction decreasing 94 percent during that period of time, so something had to be done to take this money out of hoarding.

Estimated number of dwelling units built annually by type of structure—Nonfarm communities of United States, 1920 to date

Year	In 1-family structures	Percent of total	In 2-family structures	Percent of total	In multi-family structures	Percent of total	In all types of structures
1920	202,000	81.8	24,000	9.7	21,000	8.5	247,000
1921	316,000	70.4	70,000	15.6	63,000	14.0	449,000
1922	437,000	61.0	146,000	20.4	133,000	18.6	716,000
1923	513,000	58.9	175,000	20.1	183,000	21.0	871,000
1924	534,000	59.8	173,000	19.4	186,000	20.8	893,000
1925	572,000	61.0	157,000	16.8	208,000	22.2	937,000
1926	491,000	57.8	117,000	13.8	241,000	28.4	849,000
1927	454,000	56.1	99,000	12.2	257,000	31.7	810,000
1928	436,000	57.9	78,000	10.4	239,000	31.7	753,000
1929	316,000	62.1	51,000	10.0	142,000	27.9	509,000
Average for 10 years	427,100	60.7	109,000	15.5	167,300	23.8	703,400
1930	185,000	64.7	28,000	9.8	73,000	25.5	286,000
1931	147,000	69.3	21,000	9.9	44,000	20.8	212,000
1932	61,000	82.4	6,000	8.1	7,000	9.5	74,000
1933	39,000	72.2	4,000	7.4	11,000	20.4	54,000
1934	42,000	76.4	3,000	5.4	10,000	18.2	55,000
1935	110,000	76.4	6,000	4.2	28,000	19.4	144,000
1936	199,000	73.7	13,000	4.8	58,000	21.5	270,000
1937	220,000	76.9	15,400	5.4	50,800	17.7	286,200
1938	262,300	75.6	16,900	4.9	67,500	19.5	346,700

Sources: National Bureau of Economic Research. Bureau of Labor Statistics, Federal Housing Administration, Division of Economics and Statistics, table No. 21 (revision Feb. 21, 1939).

I noticed a statement made by Mr. Marriner S. Eccles the other day to the effect that we had more bank deposits today that we had in 1929, and we had more actual money outside of banks today than we had in 1929. Mr. Eccles' statement regarding these two things was absolutely correct, but he overlooked one very material point, and that was that most of these deposits were hoarded, they were not in circulation, they had no velocity. Something must be done to entice these deposits out of hoarding and get them back into circulation.

So when the Government insures these mortgages, the Government will not take the loss. The Government will not lose and the home owners will be tremendously helped. By insuring these mortgages this hoarded money can be enticed out and put into circulation. It is not only going to help the home owners of this country but it will help the entire Nation as well.

This is not a bill to appropriate money. It is not a bill to make loans to individuals by the Government. It is far from that. It is a plan to use the Government's credit in a useful and constructive way. As I stated, the Government will not in the end lose thereby.

I know that there are many people in this country who are fighting this proposal, and I think many of them are fighting it because it establishes a yardstick for interest. It fixes a maximum rate on home loans. People who have money to lend naturally want as much for that money as they can get, and I cannot blame them for that. But if there are social reasons why the price of this money should be lowered, Congress should take that into consideration. This bill fixes a yardstick so that people will not be charged an excessive rate of interest.

A few years ago in the District of Columbia they had a foreclosure racket on homes. People would have two or three mortgages on their homes and practically every year one of these mortgages would come due. In order to get the mortgage renewed they would have to get a new appraisal and pay for a new appraisal, pay for a new abstract and for having the record brought up to date and probably a bonus in addition to that, as well as a high interest rate and attorney fees. The F. H. A. came along and said, "We are going to abolish these second and third mortgages." That is the effect of this law. It has abolished all these second and third mortgages and put all the indebtedness into one mortgage at a low rate of interest, a rate of interest that the people can pay.

Did you know that 63 percent of the loans that have been made through the help of the F. H. A. the borrower pays less than $30 a month? Why? Because the interest rate is low and there is a long time in which to pay.

Evidence before the committee discloses that the average loan is $4,600. The difference between the interest rate that is usually charged and the interest rate under F. H. A. amounts to $1,600 on one such mortgage. That is a saving of $1,600 to every such mortgagor in this Nation. A man who owes on his home will save $1,600 during the lifetime of that mortgage. That is what the F. H. A. is doing. That is one of the many things it is doing. I believe it is one of the best things that the Government has ever done. It is saving the home owners hundreds of millions of dollars a year.

The banks and the insurance companies are putting their money into these securities and this is one way we have of attracting their money. The banks and insurance companies have been reluctant to make investments in recent years except in Government bonds. The returns on these bonds were very low. Therefore, if we can attract this money through the use of United States Government insurance, through the instrumentality of the F. H. A., let us call it, why is it not a worth-while and justifiable undertaking? In my opinion, it is; and I think we should have quick and favorable action on this bill.

The measure directly concerns progress of orderly recovery in business and employment and the opportunity of American families to attain better living standards.

The measure is urgent at this time.

THE PRESENT BUILDING SITUATION

The table which presents building permits yearly since 1920 shows that residential building has been tending upward for several years.

Sustained activity in residential building is essential in restoring employment to satisfactory levels, in putting unemployed men back to work. Home building employs a large volume of labor on the site.

The production and transportation of building materials and of the equipment that goes into houses reaches into every section of the country, out into the forests, down into the mines, into our mills and factories, and throughout the length and breadth of the great transportation networks that serve our Nation.

If we are to raise our living standards, we need large numbers of new homes, not only to accommodate our growing population but to enable us to scrap the disgracefully substandard homes in which so many of our families are forced to live.

Even with the 1938 upturn, private residential building was only about 40 percent of the 1926 level, while total private building construction, including commercial, factory, and so forth, was only 35 percent of that in 1926. Even with the Government's program of public works, total construction activity in 1938 had attained a volume not over 50 percent of that in 1926.

JOBS NEEDED

Prosperity may ride to town on an automobile, but it takes plenty of good, steady jobs on the scaffold to keep it with us.

After a fair recovery in building activity had gotten under way in the fall of 1936 and the early months of 1937, a recession, especially in home-building activity, took place in the latter months of 1937.

The downward movement was reversed at about the time Congress passed the amendments to the National Housing Act in February 1938.

It took a few months before the full effect of the amendments was reflected in building, and, in view of the time it takes to organize and carry out home-building developments, positive action on the present amendments is necessary.

At the present time activity in residential construction is growing, and this is evident not only by F. H. A. mortgage insurance operations but by statistics on new residential building. The question whether this trend will continue affects the prospective means of livelihood of thousands of workers.

The latest weekly report of the Federal Housing Administration showed mortgages amounting to $29,500,000 selected for appraisal, the highest total on record; for the month of March the amount was $121,700,000, also a record.

It takes time to build up home-building volume. It was several months before the full effect of the 1938 amendments was felt in building permits, and there was a further lag between permits and employment on the job. Therefore, any delay now may result in a slack period later in the year, even if it might not lead to more serious and more extended consequences. Is Congress to take the responsibility of taking fuel from under the boiler just when our economic engine is getting up steam? It must act affirmatively and promptly, or else justify some other course.

CHARACTER OF F. H. A. FUNCTIONS

If I were speaking on behalf of a governmental agency that ran contrary to sound public policy, or to the ultimate well-being of our public and the economic institutions that serve them properly and usefully, then the Members of this body might well hesitate about continuing its full range of activities.

Happily, the Federal Housing Administration is an agency which provides for the voluntary cooperation of private industry with the strength and integrity of a well-managed branch of the Government. It aids the lender, the consumer, and industry, and in such a way that it preserves their common interests and prevents the exploitation of any one of them. In so doing, it acts as a stimulant to recovery in business and employment.

The Federal Housing Administration is a Government agency that does not rely on large Government spending to accomplish its results.

Current receipts from mutual mortgage insurance exceed its current expenses for that major activity.

The cost of handling the property-improvement loan insurance under title I is to be partly offset under this measure by the charging of a premium to be paid by the insured institutions, without any prospective increase in the maximum charge that may be made to the borrower.

The Federal Housing Administration does not in any way compel the participation of anyone in its program.

The lending institution retains discretion in selecting loans on which it applies for examination and approval for insurance. The F. H. A. affords credit insurance on mortgage loans and property-improvement loans which are found to meet its requirements.

Mortgage insurance under the 1938 amendments turned the tide of home-building activity at a critical time.

Greater stability in residential building activity and in financing residential properties is one of the great economic problems that face the country.

The Federal Housing Administration offers a constructive opportunity to attack this problem.

It protects all the groups concerned in home-mortgage financing through insistence on transactions that meet reasonable tests of soundness. We can obtain sound mortgage financing only through soundness in the vast number of individual financing transactions, and that is just what the Federal Housing Administration is accomplishing.

The continuation of the F. H. A.'s activities is important as a stabilizing influence.

IT SETS A CEILING ON INTEREST RATES TO HOME PURCHASERS

If insurance of mortgages on existing homes and the special provision regarding mortgages for less than $5,400 on new, owner-occupied, single-family homes are allowed to lapse, the maximum rates now permitted under the F. H. A. plan would not remain effective. At the present time the F. H. A. maximum rates are reasonably effective because there is a plethora of funds seeking investment under the mortgage-insurance program. But for whatever types of mortgages the scope of F. H. A. loans may be restricted, the 5-percent interest rate could not hold. There is no effective restriction of rates at anything like that figure through the Federal Savings and Loan Association or other members of the Home Loan Bank Board. The Federal Home Loan Bank Act provides merely that mortgage charges by member institutions may not exceed the lowest contract rate of interest in the States where such rates are in effect, or be in excess of 8 percent in other States. The permitted contract rates are high in many States.

FORTY-EIGHT STATES PASSED ENABLING ACTS

It provides a unique function of national scope by enabling all different types of lending institutions wherever located to make high-percentage, long-term amortized mortgage loans.

Even with the National Housing Act, it was necessary to have enabling legislation enacted in the 48 States authorizing institutions subject to State jurisdiction to make loans on more liberal terms than otherwise allowed, provided such loans are insured by the Federal Housing Administration. These enabling acts apply only to F. H. A. insured mortgages. The mortgage insurance system enables banks, building and loan associations, savings banks, life insurance companies, and other institutions serving as custodians of long-time savings funds to take part on an equal competitive basis in financing home mortgages. Granting of loans up to 80 and 90 percent of the value and with amortization periods up to 20 or 25 years is possible for most lending institutions only as a result of the National Housing Act. If provision for this insurance is allowed to lapse with respect to mortgages on existing homes, then in most States building and loan associations would remain the only institutions legally permitted to make long-term, high-percentage, amortized loans. Even building and loan associations in many cases are restricted to loans not exceeding 66⅔ or 70 percent of the appraised valuation.

IT INSISTS ON ADEQUATE PROTECTION OF HOME NEIGHBORHOODS AGAINST EARLY BLIGHT

This protection is afforded by insistence on competent layout of new subdivisions and on proper safeguards in the form of zoning ordinances or deed restrictions that will assure the good character of the neighborhood for the homes built in it.

In the case of existing homes, the character of the neighborhood and the possibilities of its decay, from whatever cause, are carefully weighed by trained members of the underwriting staff.

The Federal Housing Administration has developed property standards applicable to each of the 48 States which builders must meet to obtain mortgage insurance on their houses; the Federal Housing Administration makes sure of compliance with those standards in homes financed with insured mortgages through its trained field staff.

Above all, the Federal Housing Administration makes every effort to ascertain that the obligations assumed by each borrower are within his reasonable capacity to pay.

The mortgage is recognized as a personal obligation, with the borrower's income, character, and ability to pay as the first requisite to soundness.

RESULTS OF F. H. A. OPERATIONS

Following are figures relating to mortgage insurance on small homes during the year 1938:

Mortgage insurance under section 203 (2) (b) of title II:

Of the 149,702 mortgages for $650,160,102 accepted for insurance during the year 1938, 97,645 for $450,962,208 covered new homes.

Of the new-home mortgages, 81 percent, or 79,000 for approximately $370,000,000 were for $5,400 or less.

Of the 79,000 for $5,400 or less, 52,000, or 65 percent, for approximately $240,000,000 are mortgages for 81 to 90 percent of F. H. A. valuation; 42,000, or 53 percent, for $200,000,000 were for terms of 24 or 25 years.

SUMMARY

The Federal Housing Administration has rendered a constructive service to the American people. Its policies are sound. Its policies were never of more timely significance than at the present moment, when, in the view of many observers, the forces making for further recovery are in delicate balance with those making for a sidewise movement or even backsliding.

Failure to take affirmative action now would be of no immediate or permanent gain, on the one hand, and, on the other hand, would constitute an unwarranted gamble with the employment and well-being of our people.

Mr. BROOKS. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Louisiana.

Mr. BROOKS. I value the gentleman's judgment very much. In my home town there is a section known as Cedar Grove in which live the working people who earn small salaries and wages. Restrictions have been placed around the assistance in that particular portion of my home town. May I ask the gentleman, is there anything in this law as at present on the statute books or in the amendment which would prevent the use of this system to extend help to those people who work on small salaries and on wages?

Mr. PATMAN. That is one of the objects of this law to extend help to people in the class described by the very able gentleman from Louisiana.

[Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. PATMAN. The building and loans are not catering to the people who are earning less than $1,446 a year. The F. H. A. is helping many people who are earning much less than $1,446. Besides, the building and loans are not operating all over the Nation. They are operating only in the cities and of course some of the towns, but the F. H. A. covers the entire country. I do not consider the F. H. A. objectionable from the standpoint of competition, but very desirable from the standpoint of the people and especially the home owners or the would-be home owners.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. THOMAS F. FORD. Is it not true that a number of loans were made under title II where the monthly payments are only $10 a month?

Mr. PATMAN. Only $10 a month. Certainly, your people could come under that.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 25 minutes, the balance of my time, to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I intend to enliven this debate a little. It is impossible for me to believe that a billion dollars at hazard cannot possibly interest the House more than is indicated by the number now present. I recognize the ballyhoo that you received in the mail this morning, if it was similar to what I had. I should think people would be writing you from the four corners of the country under the spell of this high-pressure salesmanship.

I am sorry that my own chairman hinted this afternoon that judging from my remarks yesterday I am politically prejudiced. I cannot believe he meant that. When this bill was passed originally I supported it and tried to get the bankers in my vicinity to make use of it. I succeeded partially by getting them interested in title I, but none of the banks in my locality seemed to be interested in title II, in the taking of 80- and 90-percent mortgages. They know that this is not sound business. But I was doing my very best to help in this real estate recovery. I thought I knew something of the subject, and felt that we needed to do something to help revive the building industry. I should certainly not be considered as having been against this proposition, in its early stages.

Mr. THOMAS F. FORD. Mr. Chairman, will my distinguished friend yield for a question?

Mr. GIFFORD. I am taking the 25 minutes for the gentleman's benefit.

Mr. THOMAS F. FORD. Is it not true that the mutual savings banks in the gentleman's district loan up to 80 percent now and always have?

Mr. GIFFORD. The cooperative banks have been privileged to loan 80 percent and they often did. Our savings banks were limited to 60 percent. The cooperative banks learned their lesson as to 80-percent loans, I can assure the gentleman.

Mr. THOMAS F. FORD. But they did loan 80 percent?

Mr. GIFFORD. Yes; much to their sorrow.

I have been genuinely interested in this matter, and there is nothing of a political nature in my remarks today. It is the duty of the minortiy—and sometimes it is a very unpleasant duty—to try to remedy and amend legislation shown to be against the public interest. I try not to dodge this duty. I explained yesterday what happened in the city of St. Louis. It is in the RECORD for your perusal. I pay high tribute to the gentleman from Missouri [Mr. COCHRAN], one of the finest men I have ever known, who, although he was somewhat stirred at first, later agreed fully with everything I said, as you will see if you read his remarks, following my own of yesterday.

Twice today it has been asked, "Why did I criticize so much yesterday and yet praise the F. H. A. officials"? I said over and over again that they had done the best they could under a law which permitted these practices. I still say so. I sympathized with them, and Mr. McDonald sympathized with himself before the committee. His assistant, Mr. Colean, said in the record, "Yes; there are one or two tricks in this business." I complimented them because of the $750,000,000 of applications presented they had approved only $71,000,000, in spite of all the pressure brought to bear on them.

I never had any desire to paint black any official of this Government. In all my tirades, as some of you are wont to call them, can you point to one instance, except perhaps in regard to my friend, Mr. Hopkins, when he was at the

head of the W. P. A., wherein I ever attempted to fix blame on an individual. No. I have often said that if my trail led to a personality I would retrace the trail. It does not lend confidence to our people to learn of wrongdoing by their officials. Rather let us remove the cause of it. Here is a case of bad judgment, and the report I made to you yesterday was fully agreed with by the St. Louis Representatives.

I have here this morning reports of another situation in Louisville, Ky., where land values were marked up even much more, and where high-priced lawyers in Washington, with certain valuable connections helped organize the corporation and received exorbitant fees. Read about that project and I believe you would blush a little more than you did yesterday.

I am favorable to title I, but it is my duty to remind the gentleman from California that I have here several letters from real-estate organizations in his State stating that title I is causing great disturbance there because they are building little shacks of houses for $1,000 to $2,500 under that title, without any mortgage on them, and building them in communities where decent homes are already constructed, thus disturbing and even wrecking the values of adjoining properties. The F. H. A. officials have to tell us, do they not, that when they agree to insure a financial institution they have no supervision of the loans under title I? If the applicant can qualify under most stringent regulations listing every dollar that he may owe in the world, his assured monthly income, and answer all the other searching questions, he can qualify for the loan, and then there is no further supervision by the F. H. A. officials.

The gentleman from Massachusetts [Mr. LUCE] will offer an amendment to strike out the section authorizing the continuation of the insurance of existing mortgages. What the proponents of this legislation originally pleaded for was to get the axe and the hammer once more at work, and they stated that insurance of only new construction was desired. But we have allowed the F. H. A. to insure existing mortgages for the last few years. They promised emphatically last year they would not ask a continuation of that after July 1, 1939.

There is only one justification which they offer, and I will read to you Mr. McDonald's testimony on that:

Why should we continue to insure existing mortgages?

I think this is highly interesting.

After a lot of consideration I feel the Federal Housing Administration should be extended to old houses on the same basis as new houses. I did not feel that way sometime ago. However, a serious situation has developed. I am carrying nearly one-half million dollars of new unsold houses, and it would seem natural for me to want to favor them, but we are finding it necessary to take in trade so many old houses in order to dispose of our new houses that the old houses become a real problem in financing.

They must get an 80-percent insured mortgage on the old house so that the new buyer will have the money to put into the new structure.

Therefore, he asks that the insurance on existing homes be continued.

Yes, a new automobile cannot be sold unless you have all the allowance possible on the old automobile, but when I trade in my old automobile it is not 80 percent of its real value. It is nearer 20 percent. The broker is now in a fortunate position. He gets a fee for placing the insurance on the old house and another fee for placing it on the new house, and other fees and commissions on the sale of both houses.

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

Mr. GIFFORD. Gladly.

Mr. WADSWORTH. Under those circumstances what is going finally to happen to the old house, the new one having been completed and occupied?

Mr. GIFFORD. I assume in many cases they simply want the 80-percent mortgage to get cash for the new purchase. We will finally take possession of them and sell them for what we can get. If we insure $4,000,000,000. I feel that we are certain to lose $1,000,000,000. This is a new venture and we cannot foretell the losses during the future years. Real-estate values collapse suddenly at times. Mr. Fahey, with 1,800,000 foreclosures, with an average loss of about $686 on each house, knows the situation, and he came before the committee and strongly opposed this continuance of mortgages on existing houses. I hope the amendment of the gentleman from Massachusetts [Mr. LUCE] will prevail.

There will be an amendment offered by the committee to curb the so-called switching of mortgages from building and loan institutions. This ought to help greatly. There are many conservative members on this committee. They plainly see these possible dangers in this legislation. It is not pleasant for them to advocate continuance of this Government liability. I pay tribute to these able and conservative men among the Democrats on this committee. Unquestionably they do not like to do many things which they seem forced to do under the lash of this administration. They are good servants of the administration. Their loyalty cannot be questioned.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. THOMAS F. FORD. Under what lash is the gentleman opposing this bill?

Mr. GIFFORD. Under the usual lash. Do you not know what it is?

Mr. THOMAS F. FORD. Yes; I know exactly what it is.

Mr. GIFFORD. I once saw the gentleman called from the committee to the White House and when he came back he had had his mind completely changed in a very short period of time. You well remember it, do you not?

Mr. THOMAS F. FORD. Yes; I do.

Mr. GIFFORD. The lash was certainly applied in short order and very effectively.

I took this 25 minutes especially for the gentleman from California and for others who might desire to ask questions. If the gentleman from Massachusetts fails in his amendment, we shall be somewhat reassured by the Spence amendment whereby these mortgages on existing structures cannot be switched until they first approach the mortgagee and offer him the opportunity to meet the terms offered by the F. H. A. mortgage. That is a saving clause, to say the least.

Mr. THOMAS F. FORD. Was there any opposition to that in the committee?

Mr. GIFFORD. No; certainly not. If we fail in our amendment which we shall offer, we shall certainly support that amendment and appreciate it very much.

This broker switching of mortgages has annoyed the building and loan associations in the country.

They unanimously appeal to you that you now stop insuring existing properties. They assure us that there is plenty of money available and that they are willing to loan at a reasonable and a less rate of interest than formerly. Why force them to get under this Government umbrella? Continue this for 2 years more and there may be such a clamor for everybody's mortgage to be insured that there will be no alternative for them but to get under this safe umbrella, provided that the credit of the Government remains secure. The virus of this thing has taken hold of the country. The reformers are still clamoring for more, and I suppose, Mr. Chairman, we shall have to give them a hearing on the bill for 12 regional banks in the country, capitalized for a billion dollars each, to insure the business loans made by the commercial banks. That is now openly advocated on the floor of both branches of this Congress, over national hook-ups, and is, indeed, insistently demanded.

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

Mr. GIFFORD. Yes.

Mr. CRAWFORD. Does the gentleman know any way in the world that we could refuse to go along insuring industrial loans if we are to perpetuate a policy of this kind?

Mr. GIFFORD. Each step leads to another. Every man in this country will demand his share of the pelf; and if you do it for one, you must do it for all. But unless you take the road back—take it immediately and run like the devil—the future of this Nation is in jeopardy.

Mr. CRAWFORD. And if this system of Government subsidy insurance is accepted, the Government eventually becomes, when it forecloses, both the owner and the seller. Is not that right?

Mr. GIFFORD. Absolutely.

Mr. CRAWFORD. And therefore it becomes a competitor of every man who owns goods, chattels, or property.

Mr. GIFFORD. And as I have shown, the Government will be the competitor of every businessman in the country. He is competing with his own money. The Government is mopping up the savings of the people in the banks, and the banks are buying bonds with their own money. They furnish the Government with all the capital they have, and it goes into competition with themselves. When will the people arouse themselves and become vocal? I predict that in 1940—and I say it to every Democrat, even though the nomination means certain election—if he has an opponent in the Democratic primary, there will be a sign written in bright letters across the sky, "Kick the spenders out." And unless you can prove that you have advocated economy, many of you will not be here in the next session of the Congress. In Massachusetts they are marching on the State house. They have started a march of taxpayers to Albany, as you will have seen in the New York Times this morning. The people are indeed aroused, and they will be further aroused and will not submit to a continuation of this reckless spending and the risking of their Nation's credit.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes. I have said that my time is the gentleman's.

Mr. THOMAS F. FORD. I am wondering about Massachusetts. Does the gentleman want the figure on F. H. A. loans there?

Mr. GIFFORD. Yes.

Mr. THOMAS F. FORD. The gentleman's people up there in Massachusetts had 3,695 loans insured under title II, amounting to $18,634,000, and there were 53,296 borrowers under the old title I.

Mr. GIFFORD. I said that our banks used title I, and I think, especially after the hurricane season, that title I was a good thing. I have endorsed it from the start, and I do so today.

Mr. THOMAS F. FORD. Any on new construction?

Mr. GIFFORD. I do not know a single house in my congressional district of new construction that has been called to my attention, and I have visited my banks often and have said to them, "Why do you not take advantage of title II?" They will not use it, although a Vermont life-insurance company is taking mortgages in Texas and other far-away places.

Mr. THOMAS F. FORD. Of the 3,695 loans, 1,339 were on new houses.

Mr. GIFFORD. Out of more than 3,600 loans, only 1,339 for new houses. That is not a very satisfactory proportion, is it? Read the figures for Los Angeles and see what the Government has done for the people out there.

Mr. THOMAS F. FORD. Does the gentleman want them? There is over $100,000,000 in F. H. A. there, about 40–60 on existing and new.

Mr. GIFFORD. About 50 times as much as Massachusetts has taken.

Mr. THOMAS F. FORD. Well, Los Angeles and California are much greater than Massachusetts, in my judgment.

Mr. GIFFORD. Most of the banks did not want title II. They may have to use it sometime, because they will lose their business unless they get under this so-called umbrella.

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

Mr. GIFFORD. Yes.

Mr. CRAWFORD. I seem to be getting the impression this afternoon that there is a philosophy at work on the floor to the effect that the only way for our people to operate is to be subjected, or, we will say, driven through desperation to Government ownership and Government subsidy. Does the gentleman really believe that that is the only way out for the capitalistic system, that it first must be put through the wringer by Government operation in order to teach it a lesson?

Mr. GIFFORD. Oh, by Government operation you have kept the railroads and every other sort of thing out of the wringer. Temporarily it has been kept from going through it. They have been kept from going through the wringer by all manner of subsidies and loans by the Government. Only a few years back the word "subsidy" was a real red flag to a Democrat. I can only assume that much should have gone through the wringer long ago.

Mr. CRAWFORD. As evidenced by what we saw on the front page today with reference to bartering cotton for these other goods—rubber, for instance—what will the man do who makes rubber toys? Is he going to hold the raw material and goods in process and finished goods against the Government ownership of rubber? What about the man who makes things out of tin? Have we got to resort to that to save the capitalistic system; or does that destroy it?

Mr. GIFFORD. I hardly know what to think. But rubber and tin are to be bought now because they are war materials, to be held 5 years before being sold, in return for purchases of wheat and cotton, to any nation that will take and hold them for 5 years. This is the latest and newest proposal. We are not yet able to understand it fully, but it is claimed as a step toward peace between nations as a profitable venture. But we do know that wheat was recently sold to Germany at a loss of from 30 to 40 cents per bushel to the taxpayer. We know that that happened, do we not? But that was probably an administration gesture of peace toward Germany.

Mr. CRAWFORD. In the name of peace.

Mr. GIFFORD. Yes. I do not blame the gentleman from Michigan for making the speech he did today. I am almost persuaded to go the whole way with him. The philosophy of the bill is wrong and he cannot vote for this bill if amended. I would go so far that I would vote for title I, where loans are limited to $2,500. I would vote for section 203, where the units are so small that we can have proper supervision. But I am against the insurance of these large loans running into the millions. Perhaps we ought to get behind the gentleman from Michigan and say, "Stop; and stop now." But my Republican chairman said today that he is going along with all phases of this bill and that statement breaks the solidarity of the minority. He is an extremely able man. He is well worthy of holding the position of ranking member on our side of the Banking and Currency Committee. But I fail to understand his attitude on this bill. I think he fears, as he suggested, that it would be called political if he opposed it. He suggested that in my own case, the philosophy of this activity is probably wrong and there are some others like the gentleman from Michigan who will oppose it entirely from that standpoint, to their great personal credit. Their stand is certainly not taken from a political viewpoint.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes; I yield again to the gentleman.

Mr. THOMAS F. FORD. Let us take the philosophy now, for instance. Prior to the F. H. A. the loaning of money was in the hands of people who loaned it at 8 to 10 percent, and they loaned it for 3 years.

Mr. GIFFORD. That was probably in Los Angeles, not Massachusetts.

Mr. THOMAS F. FORD. All right. Five or six percent. They loaned it for 3 years, and they came in and got a refinancing of it. Under this law we have stopped all that, and we have given the man who owns a home an equal opportunity to borrow money with the man who is building a

home, and put them all on the same basis, 5 percent, the lowest interest rates we have had in this country, as a general thing, in all of our history.

Mr. GIFFORD. Yes. You brought every citizen of the United States under the same sort of umbrella, with his own money.

Mr. THOMAS F. FORD. The police power of the United States Government ought to extend to protecting mortgaging of homes as well as to stealing from homes.

Mr. GIFFORD. Keep on loaning the credit of your Government and loaning the money of the people through these agencies, and there will be an end some time I fear rather sooner than some now imagine. You are living in a psychological atmosphere at this very moment. No one knows when the break is going to come.

Mr. THOMAS F. FORD. Oh, I have enough confidence in the people of the United States to know that it is not going to break as long as we have a great leader in the White House called Franklin D. Roosevelt.

Mr. GIFFORD. Yes; I have heard of him. [Laughter.] In fact, I have a cartoon here that was sent to me by a friend of mine. If any of you want to see it, it speaks volumes. Come and see me after the debate. [Laughter.]

Mr. THOMAS F. FORD. Will the gentleman yield further?

Mr. GIFFORD. Again?

Mr. THOMAS F. FORD. I am going to make a statement to you, and it is true. If the F. H. A. had been in operation in 1929, 1930, and 1931 you would not have needed the H. O. L. C.

Mr. GIFFORD. Perhaps not, but if we had not had that election——

Mr. THOMAS F. FORD. But your party did not have the courage to put it in.

Mr. GIFFORD. But if we had not the result of that election in 1932, which frightened the public out of its wits for 4 long months, things would have been far different today.

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

Mr. GIFFORD. I yield.

Mr. KEEFE. Listen to this debate——

Mr. GIFFORD. This is not now a debate. This is a diversion from the debate.

Mr. KEEFE. Listening to this colloquy, if you call it such, I observe that some of the gentlemen on the Democratic side take great pride and credit in reducing interest rates to mortgagors in this country. I am glad that interest rates have been reduced, but I wonder if they forget that there are millions and millions of people who have had their money tied up in banks, who used to get 2 and 3 and 4 percent interest on their savings, who today are lucky if they get 1 percent. I wonder if they have forgotten that the insurance companies have lost their savings and their ability to earn money, so that dividends on insurance policies have been reduced, so that insurance is costing more money, and that, as a matter of fact, there always is a repercussion in the matter of this lowering of interest rates which benefits one class and is a detriment to another class. There are thousands of people in this country who retired on investments, but who find their income today, due to a decrease in interest earnings, so small that they cannot exist. Trusts and charitable institutions find themselves in a similar situation.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I will answer the gentleman's question, since it is directed to me. Well do they understand, but they care not. They are wholly for the so-called have-nots. Protection for those who have, even if they have only a little, is not the aim of this administration. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time on the minority side has expired.

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, during the 4 years I have been in this body the main criticism I have heard directed toward the Democratic Party was that it was constantly passing legislation to stifle initiative, to throttle business, and do everything possible to discourage private enterprise. I say to you that if one piece of legislation more than any other has encouraged the expenditure of private funds in private enterprise it is the Federal Housing Administration Act.

Over $1,800,000,000 has been put into circulation by lending institutions in the building industry. In addition to this, there is the equity of the home owners, which will make the total reach more than $2,000,000,000. With this approximately $2,000,000,000 I believe we have made a very substantial contribution to the stimulation of the capitalistic system we are trying to maintain and carry on in this country. This result in itself is sufficient to warrant my support of this bill. This stimulation has resulted in increased private employment to the extent of many thousands of jobs. The building-materials industry that was lying dormant has been given new life, and we have created a new and active real-estate market, a business which had been dead since the depression of 1929.

Much criticism has been aimed at that feature of the bill which provides insurance of old construction. The testimony before our committee was that in 62 percent of the cases where a mortgage is refinanced on old construction there are major improvements put on the structures. As a result of this refinancing, therefore, there has been considerable contribution to employment and to private industry.

Listening to the arguments of some of my distinguished colleagues on the Republican side who serve on this committee with me, it seems to me their concern is more with the profit of the building and loan associations than with the risk or contingent liability of the Government or the interest of the little home owner who is purchasing these thousands of homes.

So I say to you any one of these reasons is sufficient to warrant support of this particular legislation. Another feature which I consider to be important in spite of what I have just heard on the floor is the reduction of interest rates. We know that throughout this country—perhaps not in Massachusetts and some of the New England States—but we know there are portions of this country where interest rates of even 7, 8, 9, and 10 percent have been charged. They never seem to have heard of the word "usury." The F. H. A. Act has had the very beneficial effect of reducing these interest rates throughout the country and particularly in those areas where these exorbitant rates prevail.

The pending bill provides for a continuance of only 2 years. So far as old construction is concerned, if at the end of that time we have our system going in high gear again, then I, like some of my Republican colleagues, would be in favor of withdrawing from this business and letting private initiative take it over.

Mr. RICH. Does the gentleman have any idea that in 2 more years of the same kind of operation his administration will be in any better situation than it is now, when in the last 6 years they have gone $20,000,000,000 in debt?

[Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, there are no further requests for time on this side.

The Clerk read as follows:

Be it enacted, etc., That subsections (a) and (b) of section 2 of the National Housing Act, as amended, are amended to read as follows:

"SEC. 2. (a) The Administrator is authorized and empowered, upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions which the Administrator finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them subsequent to the date this section, as amended, takes effect, and prior to July 1, 1941, for the purpose of financing alterations, repairs, and improvements upon or in connection with existing

structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than 6 months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Administrator under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes subsequent to the date this section, as amended, takes effect, exceed 10 percent of the total amount of such loans, advances of credit, and purchases. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, less the amount collected from insurance premiums and deposited in the Treasury of the United States under the provisions of subsection (f) of this section, shall not exceed in the aggregate $100,000,000.

"(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it (1) if the amount of such loan, advance of credit, or purchase exceeds $2,500, or (2) if such obligation has a maturity in excess of 3 years and 32 days, unless such loan, advance of credit, or purchase is for the purpose of financing the construction of a new structure for use in whole or in part for residential or agricultural purposes, or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe in order to make credit available for the purposes of this title."

Mr. VOORHIS of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I make this pro forma motion merely for the purpose of asking a couple of questions about the bill. Will the chairman or some member of the committee please tell me the significance of this provision with regard to the rate of interest on title I loans, and also with reference to the length of time for repayment of such loans?

Mr. WILLIAMS of Missouri. The gentleman understands, of course, that as the law now stands there is no premium payment in operation under title I.

Mr. VOORHIS of California. My question was not about the premium payment but was about the rate of interest. I want to know how the rate of interest is determined under title I.

Mr. WILLIAMS of Missouri. There is no limitation in the law as it now stands with reference to the rate of interest under title I. The rules and regulations of the Administration provide for the discounting of approved loans at from 3 to 5 percent per annum, which means an annual rate of interest of about 9.7.

So far as new construction loans are concerned they have been discounted at the rate of 3½ percent per annum, which means an annual interest rate of about 7 percent or a little less.

This bill is not intended at all to change that arrangement. Out of the interest rate the lending institutions are paid the 1-percent premium per annum on the loans.

Mr. VOORHIS of California. How about the length of time these loans are to run? There is a good deal of feeling in my section of the country that title I loans should be allowed to run 10 years instead of 7, which I understand is the time limit at present.

Mr. WILLIAMS of Missouri. Under the practice which has been followed under the present law this amendment places a limitation on approved loans of 3 years and 1 month; 3 years, in fact, on loans for improvement purposes. There is no limitation so far as loans on new construction are concerned, and the practice of the Administration has been to make such loans for a period of 7 years. I understand there has been considerable demand to extend this period to 10 years. That, however, is in the discretion of the Administration.

Mr. VOORHIS of California. Does the gentleman feel that might be done in certain cases?

Mr. WILLIAMS of Missouri. Of course, I cannot answer what the Administration may do about it, but I think perhaps that would not be a bad idea. My own personal opinion is it would not be a bad proposition to extend these loans to a period of 10 years. It would give those who want to borrow money to build a rather modest home a longer period within which to pay back the money. That is my own individual opinion. The gentleman understands there is no limitation in the law with reference to those loans at all and none in the amendment so far as the new structures are concerned.

Mr. VOORHIS of California. I thank the gentleman.

Mr. THOMAS F. FORD. Will the gentleman yield?

Mr. VOORHIS of California. I yield to my distinguished and able colleague from California.

Mr. THOMAS F. FORD. As I conceive it, there is no reason why a man who takes one of these title I loans for the construction of a building and carries it for probably 3 years cannot put it under title II and get a 90-percent loan on his building for the balance of the time, getting it for the long period that operates under title II.

Mr. VOORHIS of California. Is there any provision in this bill, either express or implied, which would make it possible for the F. H. A. to make inspection of new construction under title I?

Mr. THOMAS F. FORD. That is why the 1 percent was put in.

Mr. VOORHIS of California. Does that mean that section 2 of this bill carries an implication, in view of the fact this premium charge of 1 percent is made, that thereby the F. H. A. will have an obligation or at least the power to make an inspection of these buildings?

Mr. THOMAS F. FORD. I may say to the gentleman that heretofore they have not done that because there was no premium of any kind received for that work. It is the intention of the F. H. A. to practically subject title I to the same regulations that they operate under with reference to title II, with some modifications.

Mr. VOORHIS of California. I thank the gentleman.

Mr. Chairman, in the minute or two that remains, I merely want to point out that we are today living in an age of abundant accumulated capital and we are also living in an age when certain features of the past are still with us. One of them is the kind of halo around 6-percent interest. May I say to the gentlemen on this side of the aisle who have been objecting to this legislation, and it seems to me so grossly misrepresenting its purposes and provisions, that it certainly is a function of government in this day and age to be effective in reducing the rate of interest on pure money in order to encourage investment in productive enterprise.

[Here the gavel fell.]

Mr. JENSEN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. JENSEN: Page 3, line 11, after the word "purposes", insert "*Provided:* That if such loan advance of credit or purchase is not in excess of $1,000 (one thousand) the obligation to be eligible for insurance under this section may be for a period not to exceed 10 years."

Mr. JENSEN. Mr. Chairman, the reason I have offered this amendment is because of having been in the lumber business 24 years. I have had considerable to do with the F. H. A. A lot of poor folks have come to me since the F. H. A. was instituted and asked how they could borrow a little money to start a home. I tried in every way I could to help those folks and a lot of them were mighty fine people. Some of them were young; some of them were folks 40 or 50 years old or older. But regardless of how we tried to get them under the Federal Housing Act we could not do it.

Many of them wanted to borrow only five, six, or seven hundred dollars. They did not expect indoor plumbing. They were willing to have just the common kind of a home consisting of two or three rooms. Some of them had an old house that they wanted to tear down and put up a new one in its place. They were defeated, because they could not qualify under this act.

Most of them wanted to build on the outskirts of the town where they could have a garden. I understand that this bill as written and amended will permit the Administrator to increase the length of time. Up to the present time the average has been 5 years under title I.

I hope my amendment will be agreed to, because I am sure if this Administration under title I will extend the time to 10 years on these small loans these folks will then have an opportunity to pay eight or nine dollars a month; then those folks who earn from forty to sixty-five dollars a month will have a chance to finally have a home of their own. Not only that, but this applies to new construction exclusively; it will also apply to farmers who may want to build a hog house or barn.

Mr. STEAGALL. Will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Alabama.

Mr. STEAGALL. Let me suggest to the gentleman that the amendment which he has offered, it seems to me, would defeat the purposes the gentleman has in mind. Under the bill as drawn, the Administrator is clearly authorized to fix the maturity on mortgages covering home construction for 10 years or more if he sees fit. I have no doubt that in many cases that will be done under the bill as presented to the House. The gentleman's amendment, however, specifically provides that the Administrator may fix maturity at 10 years where the loan does not exceed $1,000.

I respectfully suggest to the gentleman that from his viewpoint it is best to leave the bill just as it is.

Mr. JENSEN. I am pleased the committee chairman has spoken. What I wanted to bring to the attention of this august body is the simple fact that the poorer folks in the past have not had an opportunity to come under this act. I hope the Administrator will take cognizance of the wishes of this body and as long as this act is in force will give his attention and concern to those who really need attention in this respect.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from California.

Mr. THOMAS F. FORD. The gentleman has made the statement that the average is 5 years.

Mr. JENSEN. That has been the average.

[Here the gavel fell.]

Mr. MURDOCK of Arizona. Mr. Chairman, I move to strike out the last word.

I am somewhat in sympathy with the amendment just offered as far as the time limit is concerned. I, too, have received many complaints that under title I the limit has been approximately 5 years.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Arizona. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. The gentleman misunderstands the character of this provision. There are no limitations on the time at all. One loan might be for 15 years, one might be for 20, one might be for 7, and one might be for 10. It depends on the borrower. I believe the gentleman is wrong in seeking to tie the Administration down because it is sometimes safer to extend loans of 20 years to some people than loans of 7 years to others.

Mr. MURDOCK of Arizona. That feature appeals to me, too. However, I do believe the Administrator ought to take notice of this so suitable loans can be extended to 10 years, and I believe we should make it 12. If we do not wish specifically to liberalize the law, I do hope we may liberalize the administration of it.

I have here a letter from a prominent citizen of Arizona who calls attention to the fact that under the past administration of title I the time has been too limited, in his judgment. The payments are thereby made too large for the prospective small-home owners whom we want to benefit by this legislation. I will not press the matter further, but I do wish to call this phase to the attention of the Committee and at the same time approve the pending legislation in general.

I noted the words of my friend the gentleman from California [Mr. VOORHIS] who spoke concerning the halo around 6-percent interest. Throughout the West, where I grew up, the prevailing rate varied from 8 percent to 12 percent. Practically all my life I have paid 10 percent and only the banker saw the halo. Too long have we been permitting one group of businessmen to charge a high rate of interest and thereby benefit their business at the expense of the poor class of people who were not able to establish homes. I have here a sheaf of letters commending just such legislation as we have before us now. It is true these letters are from lumber companies and businessmen who supply building materials, but I also have here letters from three of the largest banks of Arizona. All these business institutions some weeks ago asked that the life of this legislation be extended as this bill now proposes. I know you may say, "Certainly, these lending institutions want it extended because they are making a profit out of it." About $14,000,000 worth of business under this original act has already been done in the State of Arizona and more than 15,000 families have been served. Ours is a new and growing community needing aid.

I know of many young couples who are now permitted to have homes and who except for this legislation would not have had them. I also know of some young people with good salaries who are unable to pay the rates because under title I the time limit has been cramped down to 5 or 6 or 7 years when it ought to be 10 years. So I am pleased to see now that the Administrator under title I has the power to extend the period of the loan to 10 years, I believe. Is that not correct?

Mr. WILLIAMS of Missouri. There is no limit on it at all. There is no limit on the time to which he may extend these construction loans.

Mr. MURDOCK of Arizona. With that in view, again I hope we are not only liberalizing the legislation but liberalizing the Administrator as well. Therefore, I heartily support this legislation. I believe it is a humanitarian effort to aid business and at the same time aid in housing that third of our population which has never been able to call any dwelling place a home.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. JENSEN].

The amendment was rejected.

Mr. JOHNS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JOHNS: On page 2, line 4, after "July 1", strike out "1941" and insert in lieu thereof "1940."

Mr. JOHNS. Mr. Chairman, I believe we need this housing program today in order to stimulate business in this country. I feel, however, that 1 year is sufficient for this purpose. This is a dangerous thing the Government is going into. It is bad enough for the Government to be borrowing the billions of dollars it is borrowing today, let alone guaranteeing other billions that somebody else is borrowing. That is the danger I see about this. I can see no difference in this respect between the Government and an individual. If I were a banker and some man came to me who was in business and borrowing money, and I found that he was endorsing other individuals' notes, I would watch him very closely to see that he did not lose his credit with the bank with which I happened to be connected.

If we are going to have prosperity in this country, we can have it in the next year as well as in the next 2 years. If we are not going to have it, this Congress will be in session a year from now and we can then extend this time. If we do not have prosperity, let us get out of this idea of guaranteeing the obligations of somebody else.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. JOHNS. I yield to the gentleman from California.

Mr. THOMAS F. FORD. The gentleman knows this guarantee of an additional billion dollars is subject to the President's say so? It is not mandatory. They do not get $4,000,000,000 unless the President finds it necessary.

Mr. JOHNS. I did not say anything about the amount. The principle is the same if it is $5,000,000,000 or $4,000,000,000. It does not make any difference about that. The prin-

ciple is that we should not do it. It is poor business. You can talk to anyone and he will tell you the same thing. There is no reason we in this country should be guaranteeing anybody's obligations today.

We have $3,510,000,000 lying idle in the banks today, and nobody will borrow it simply because they have no confidence in present conditions in this country, and, of course, if somebody would guarantee this $3,510,000,000, then they might be able to lend it, but that is the only way they will lend it.

You can go to a bank if you want to and borrow money today if you believe you have confidence enough in the present conditions to go ahead and operate a business, but I would not invest any money today myself in any business where I was going to enlarge it. I have not that confidence, and we must restore such confidence in this country if we ever expect to get any place again.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. JOHNS. I yield.

Mr. THOMAS F. FORD. Would the gentleman say that applies to industry generally?

Mr. JOHNS. That applies to industry, as I understand it, and talking not only of the bankers but businessmen everywhere, and I happen to be a businessman.

Mr. THOMAS F. FORD. Then industry must be very funny, because in the last few years they have averaged 8.3 percent, and that is good for industry.

Mr. JOHNS. Let me tell the gentleman, as he may have noticed, 740 business organizations in this country that were reported on by the Chase National Bank showed that a large percentage of them did not make anything but lost millions of dollars last year.

Mr. THOMAS F. FORD. I am quoting the National City Bank.

Mr. JOHNS. The National City is the same as the Chase National. They both have the same obligations, and I would like to see the National City figures that the gentleman speaks about.

Mr. THOMAS F. FORD. The gentleman will find them in the RECORD.

Mr. JOHNS. There is no question about the fact that what we need in this country is confidence. We have the greatest resources of any country in the world and we have the money here. We do not need any more money to operate with in this country if we just could have confidence to invest what we have.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. JOHNS. I yield to the gentleman.

Mr. VOORHIS of California. Does the gentleman know of anything that is more fundamental to confidence on the part of people in this country than knowledge that there will be an adequate flow of consumer buying power in the hands of the people of this country to purchase the goods that industry can create?

Mr. JOHNS. There is not any question about that, and there is no question but that the only place or the only thing we have any confidence in today in the United States is Government bonds, and that is because they are guaranteed by the United States Government. Just look at your bank statements and you will find that 25 percent of their deposits are now invested in United States bonds, and 60 percent of their resources.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Chairman, I ask unanimous consent that the gentleman from Wisconsin may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. JOHNS. That is true also of the insurance companies. They are investing in United States bonds and today United States bonds are the only investment that any organization that has money to invest will invest in, because there are not any commercial loans of any kind that are worth while, and that is the reason for it.

We still have faith in the Government and I have faith that the time is coming, and is not far away, when we are going to see a change in this country, but it is going to be at a time when the President of the United States and the Democratic Party are going to say to the people of the United States, "Now, we are through with experimenting, we are now going forward and transact business as we used to transact it in this country."

There have been many fine things that have been done, but there have been so many nonsensical things done that the American people are sick and tired of it, and they are not going to tolerate it any longer. [Applause.]

Mr. STEAGALL. Mr. Chairman, I think I am accurate when I make the statement that the general support of title I of this bill is greater than with reference to any other provision. Certainly it is the most important provision in the bill so far as we hope to extend the benefits of the measure to the rural sections of the country. The adoption of this amendment would discriminate against those sections and destroy the benefits intended for them. The provision for the insurance of homes at larger cost is to be made permanent law under this bill. We are only asking to extend title I for 2 years. Certainly we should not stop short of that time if we are to give sympathetic consideration to the rural communities of the United States. I hope very much that the amendment will not be adopted.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. JOHNS) there were—ayes 57, noes 80.

So the amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 2, line 10, after the word "tornado", insert the word "hurricane."

Mr. STEAGALL. Mr. Chairman, I have no objection to the amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. Section 2 of such act, as amended, is further amended by adding at the end thereof the following new subsections:

"(f) The Administrator shall fix a premium charge for the insurance hereafter granted under this title, but in the case of any obligation representing any loan, advance of credit, or purchase, such premium charge shall not exceed an amount equivalent to 1 percent per annum of the net proceeds of such loan, advance of credit, or purchase for the term of such obligation, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the Administrator. The moneys derived from such premium charges shall be deposited in an account in the Treasury of the United States, which account shall be available for defraying the operating expenses of the Federal Housing Administration under this title, and any amounts in such account which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this title.

"(g) The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title."

SEC. 3. Section 6 of such act, as amended, is hereby repealed.

SEC. 4. The provisions of sections 1, 2, and 3 of this act shall take effect on the first day of the second calendar month after the date of enactment of this act.

Mr. WOLCOTT. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 4, line 19, add a new section, as follows:

"Section 202 is hereby amended by striking out the word 'create' and inserting in lieu thereof the word 'created.'"

Mr. WOLCOTT. Mr. Chairman, the Government Printing Office or the enrolling clerk inadvertently left out the letter "d" from the word "created." This is to correct that error

in existing law and to avoid the possibility of anybody contesting the validity of a mortgage.

Mr. STEAGALL. Mr. Chairman, I have no objection to the amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 5. Subsection (a) of section 203 of such act, as amended, is amended to read as follows:

"SEC. 203. (a) The Administrator is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Administrator may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title and outstanding at any one time shall not exceed $3,000,000,000, except that with the approval of the President such aggregate amount may be increased to not to exceed $4,000,000,000: *Provided further*, That on and after July 1, 1941, no mortgages shall be insured under this title except mortgages that cover property which is approved for mortgage insurance prior to the completion of the construction of such property."

Mr. LUCE. Mr. Chairman, I move to strike out the section.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Page 4, strike out section 5.

Mr. LUCE. Mr. Chairman, this is the section that provides for continuing the insurance of existing structures for 2 years longer. It is the heart of the criticism of the bill. It is the one provision in the bill to which objection is made by the representatives of the building and loan associations. It is favored by the large insurance companies. The building and loan associations—and I say this simply because there may be some gentlemen present who were not here earlier in the day—see in this section competition by the Government which will deprive them of an important field for the investment of their money. The choice lies between 6,000,000 members of these thrift institutions on the one side and on the other the spokesmen for the large insurance companies. A vote for the amendment is a vote to continue the opportunity for growth of an organization which had its foundation more than a hundred years ago, which grew through the century until it reached the point where Congress decided to supplement it by encouraging the organization of Federal associations of the same sort throughout the country. This growth of thrift associations can stand side by side with that of the savings banks. They were an eastern institution, and even at this time there are but nine between Ohio and the Pacific Ocean, and none in the South. Savings banks and building and loan associations were the only opportunities for the encouragement of thrift and for the building of homes by amortized payments.

That idea of amortization has now been taken over by the national banks, the State banks, trust companies, and other similar institutions. A good idea, but the building and loan associations began it, and have been using it for a hundred years. These organizations are the best things we have in this country for encouraging people to save money and to use that money, if they desire, in the building of homes. About one-fifth of the members are home builders. The other four-fifths are depositors. At great expense very widely the Government has advertised the desirability of using these institutions, but here it comes along and gives the opportunity to other banking institutions to take away the chance to invest the money of the thrifty people of small incomes. Because of their fear, they wish to be let alone. They do not wish to have to compete with a Government that can borrow money for 2 percent, loan it out for 5 percent, and so destroy any competitor. I join in their hope that we may not pass the legislation as it stands, but may continue the law to the state in which it is now.

Mr. STEAGALL. Mr. Chairman, I rise in opposition to the amendment.

Undoubtedly, if the work of the Authority is to continue, it is necessary that there shall be an increase in the amount of insurance liability to be incurred. That is one of the new provisions in the section which is covered by the motion of the gentleman from Massachusetts [Mr. LUCE]. The provision only permits incurring additional liability in the amount of a billion dollars, upon approval of the President, which is intended to take care of the necessities and developments that may be faced before there can be further legislation on this subject.

In this connection, it should be said again that the Government is not making loans on homes or other real property. What is undertaken to be accomplished by this legislation is to set up machinery by which loans may be insured, at the expense of the borrowers, but in a way that will stimulate a revival of building activities, induce capital to make investments of this kind, and to afford citizens opportunity to become home owners. If we strike from this bill the provision which extends authority to insure loans on existing structures, we shall be confronted with many instances where such loans are inseparable and indispensable to new construction and the building of new homes. It is similar to the case of new and second-hand automobiles. In many of the States legislation has been passed to permit citizens to avail themselves of this legislation.

Under statutory regulations in the States lending companies, banks, building and loan associations, and other lending agencies find themselves handicapped by restrictions as to the portion of the value of the property upon which loans may be made, 60 percent being about the highest. The States have passed legislation taking out of these restrictive statutory provisions loans that are insured by the Federal Housing Authority. If the Federal Housing Authority withdraws from that field of service, citizens of those States will find themselves back under statutory restrictions, limiting the amounts of loans to be made, which will leave them under the old system of second and third mortgages, with all the incidental expenses to be incurred.

This provision of the law would be extended under this bill for only 2 years, and we have a provision in the bill which prohibits the insurance of a loan for refinancing an existing mortgage except where the applicant files a certificate that prior to the making of the application he applied to the holder of the existing mortgage and that the mortgagee refused to make a loan of a like amount and at as favorable annual cost as that of the loan secured by the mortgage offered for insurance. It is limited in operation to only 2 years. This legislation has accomplished a great measure of relief to existing home owners who would otherwise suffer unjust discrimination as between them and citizens engaged in the construction of new homes.

I hope the amendment will not be adopted.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. LUCE].

The question was taken; and on a division (demanded by Mr. LUCE) there were—ayes 64 and noes 76.

So the amendment was rejected.

Mr. VORYS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, whatever uses F. H. A. had during the first days of the depression, the billions of funds in private institutions, which are now available, make those uses a thing of the past. Our position now, the present amendment having been voted down, is just simply this: If it is safe and wise to make loans for 25 years at 90-percent valuation, then our laws should be changed to permit private institutions to make such loans. If it is unsafe and unwise for such loans to be made, then our Government should not guarantee them. Insofar as funds available for building are concerned, I wish to read a telegram which I have just received:

For 72 years Columbus building loan and savings associations annually have financed more homes in Columbus than all other lending agencies combined. Today they have surplus money, running into the millions, which is available for home loans. Interest rate varies from 5 to 6 percent, depending on security offered, repayable on monthly plan running from 10 to 15 years, no com-

mission or bonus charged. Loan fees lowest in history—one-half of 1 percent on existing property, 1 percent on construction loans, including inspection.

The reason that F. H. A. loans take the business away from these home institutions is the publicity and propaganda that goes on. If there is anything unsafe about the loans which F. H. A. is making, they should not make them. If the provisions of their loans are safe, then these institutions should be permitted to make them. There is no sense or necessity for extension of the present F. H. A. provisions.

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

Mr. VORYS of Ohio. I yield.

Mr. CRAWFORD. And if the interest rates generally down through the years tend downward your local building and loan associations will meet the situation and keep those rates comparable to the rates charged by the Government lending agency?

Mr. VORYS of Ohio. That is correct. Up to now we have only had usury laws and have not needed competing Government institutions by which the Government attempted to jump in and regulate rates of interest on private construction loans.

Mr. CRAWFORD. I concur in what the gentleman has said.

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

Mr. VORYS of Ohio. I yield.

Mr. RICH. And if the Federal Government would give private institutions and national banks the same privilege it has given the F. H. A., then these banking institutions would lend a lot of the money themselves, would they not?

Mr. VORYS of Ohio. They would, except that they know a 90-percent mortgage loan is not safe for any man's money or any government's money.

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

Mr. VORYS of Ohio. I yield.

Mr. SACKS. If the telegram the gentleman read is correct, under this particular bill a man would have to keep his loan with the building and loan association and could not get it from the F. H. A. because the committee adopted an amendment providing that where the terms were equal the F. H. A. could not insure the mortgage, that it must remain with the building and loan association.

Mr. VORYS of Ohio. That amendment refers only to refinancing of existing mortgages, and has no reference to loans for new construction.

[Here the gavel fell.]

By unanimous consent, the pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 6. Paragraph (3) of subsection (b) of section 203 of such act, as amended, is amended by striking out the words "until July 1, 1939."

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS of California: On page 5, line 15, after the period, add a new section, as follows:

"SEC. 7. Paragraph (5) of subsection (b) of section 203 of such act, as amended, is amended to read as follows:

"'Bear interest (exclusive of premium charges for insurance) at not to exceed 4 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed 5 percent per annum if the Administrator finds that in certain areas or under special circumstances the mortgage market demands it.'"

Mr. VOORHIS of California. Mr. Chairman, this amendment simply reduces by 1 percent the rate of interest on title II loans, reducing it from 5 percent to 4 percent, or from 6 percent to 5 percent in case the Administrator deems such a rate necessary.

The reason for the amendment is as follows:

It means a net realization on the part of the banks of 3½ percent interest after subtracting 1 percent for the insurance premium charge. This 3½ percent return is on a guaranteed loan on which the bank takes no risk. This is as gilt-edged as a Government bond. The reduction of 1 percent will mean to a great many people the possibility of their being able to finance a home.

On a number of occasions during this debate reference was made to the British experience, but always without mentioning the fact that the rate of interest in Great Britain over the period of the last few years has been universally considerably lower than ours, and that one of the thing that caused the increase in housing activity was the fact that the rate of interest on housing loans in Britain was held to a 3½ or 4 percent rate pretty consistently.

Furthermore, if this rate of interest is reduced by this modest amount I have suggested, it will mean in effect that it will be easier for people to pay out their mortgage, it will mean less chance of foreclosure, less likelihood that there will be any difficulty on the part of the borrower to pay out his loan.

In my opinion, as I stated a little while ago, it is generally true that the lower you can keep the rate of interest on money the greater will be the likelihood of people investing in productive enterprise instead of purchasing bonds, mortgages, or other evidences of debt. In this particular instance we have a long experience, and to my mind a very successful experience, with this F. H. A. program. To my mind this would be a logical step for us to take. I believe it can be demonstrated that it is perfectly sound and possible, and I think that for the lending institution to realize 3½ percent on a perfectly safe proposition is ample under the circumstances.

One Member this afternoon said that perhaps we had too much building. As a matter of fact America is short at least 2,500,000 homes that she needs. As a matter of further fact, the more people of a nation who can live in homes that they themselves own, the better the morale of the nation is going to be. I am not impressed at all with the argument that this is a matter of Government paternalism, and so on, and so forth. It is simply a matter of the Government's going along in a day of abundant accumulated capital and channeling investment into productive fields, giving the protection that can be given by Government and nobody else, and taking the steps that they ought to take in order to protect a system of free economy. Believe me, Mr. Chairman, if you go back to the "good old days" when you tried to adjust these things by means of bigger and better bankruptcies and when you abandon all the efforts that are now being made and have been made to increase the consuming purchasing power of the people of America, I hesitate to think how bad the result is going to be for the very business people that you profess yourselves desirous of protecting.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. MURDOCK of Arizona. Have not the building and loan associations for years told us that the best way to build up the morale of our people was to enable them to have their own homes?

Mr. VOORHIS of California. Indeed they have.

Mr. MURDOCK of Arizona. Does not the gentleman believe in this day of preparedness that to have more of the people of the country home owners is a desirable thing?

Mr. VOORHIS of California. I certainly do.

Mr. MURDOCK of Arizona. And that this legislation will enable more extended home ownership on the part of those who have never had an opportunity to have homes? Is not that the object of this legislation?

Mr. VOORHIS of California. Exactly.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think probably it is pretty well known that I and several others are very much concerned about the interest rate. Last year when this bill was before the House a very valiant fight was made to reduce the interest rate. I am sure the gentleman from California must have joined in that fight.

It developed that this was not an agency which lends money. It is an agency which insures loans made by private institutions.

The gentleman from California [Mr. VOORHIS] may say that they are getting a gilt-edged insured mortgage at 3½ percent, but I do not think the gentleman means that. If the gentleman is sincere in wanting to give this act the full effect of which it is capable, he will not press his amendment, for it is pretty well known that the administrative cost to any bank or building and loan association or other lending agency is a little more than 1 percent.

Now, whose money do they lend? They lend the depositors' money and, if the interest on their earnings is reduced so that there is only a spread of one-half of 1 percent between what they pay in interest and what they collect as interest on these insured mortgages, then there will be no inducement whatsoever on the part of the banks and other lending agencies to lend money on real estate. The depositors are the ones who suffer. We thereby defeat the whole purpose of the act.

Let us put ourselves in the position of a board of directors of any bank or lending agency. We have the choice between a 3½-percent mortgage with the expenses attending foreclosure, if any, getting the title in shape to turn over to the Federal Housing Administration, the carrying charges on our books and the administrative cost, and an investment in a 3½- or 4-percent municipal or State bond. If we were practical bankers, we would say: "Let us fill our portfolio with good, attractive municipal bonds at 4 percent rather than take a chance on these houses burning down and the insurance companies not being solvent enough to pay for them, or the carrying charges will eat up all of the profits."

"In other words, we are taking a chance on these F. H. A. insured mortgages, but we are taking no chance on these gilt-edge municipal bonds. After all, why do we not reduce the interest rate that we pay our depositors and invest all our capital and surplus to protect the liability of our depositors in Government bonds?"

It is a simple matter for the banks to say to the depositors: "We can only afford to pay you 1 percent because we have been forced into a situation where we have to invest only in Government bonds which only pay 2, 2¼, or 2½ percent and the spread is so narrow we cannot afford to pay you more than 1 percent."

I like to feel when I stand up here and advocate that the gentleman's amendment be defeated that I am doing so in the interest of the home owner, in the interest of the man who wants to borrow this money at a reasonable rate of interest. If the gentleman is sincere about this, and I hope he is, why will he not offer an amendment to title I where the interest rate is not 5½ percent but 9.7 percent? Why does he not offer his amendment to title I where the interest rate is 9.7 percent instead of to title II where the interest rate is only 5½ percent?

[Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Michigan [Mr. WOLCOTT] has said, I believe, everything to be said in opposition to the amendment offered by the gentleman from California [Mr. VOORHIS]. There is no one here who is more interested in reducing the interest rate to the home owners of the country than I am, but at the same time we have to look at this from a practical viewpoint. If we put in this bill the requirement that the interest rate be reduced to 3½ percent, it will absolutely kill the effect of the legislation. The lending institutions and building and loan associations of this country are already complaining about the low rate of interest. They are complaining about the F. H. A. taking away their business now. If we put in a provision of this kind it will add to that claim and will more or less absolutely destroy the effect of the bill.

Mr. Chairman, I hope the amendment will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. VOORHIS].

The amendment was rejected.

The Clerk read as follows:

SEC. 7. Subsection (b) of section 203 of such act, as amended, is amended by adding at the end thereof a new paragraph, as follows:

"(8) Any contract of insurance heretofore or hereafter executed by the Administrator under this title shall be conclusive evidence of the eligibility of the mortgage for insurance and render the validity of such contract of insurance incontestable in the hands of an approved mortgagee from the date of such execution, except for fraud or misrepresentation on the part of the insured mortgagee."

SEC. 8. Section 203 of such act, as amended, is amended by adding at the end thereof a new subsection, as follows:

"(e) No mortgage which in whole or in part refinances a then existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Administrator that prior to the making of the application the mortgagor applied to the holder of such existing mortgage and that, after reasonable opportunity, such holder failed or refused to make a loan of a like amount and at as favorable an annual cost to the mortgagor, including amortization provisions, commission, interest rate, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges as those of the loan secured by the mortgage offered for insurance."

Mr. SPENCE. Mr. Chairman, I offer a committee amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Committee amendment offered by Mr. SPENCE: Strike out all of section 8 and insert in lieu thereof the following:

"SEC. 8. Section 203 of such act, as amended, is amended by adding at the end thereof a new subsection, as follows:

"'(e) No mortgage which in whole or in part refinances a then existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Administrator that prior to the making of the application the mortgagor applied to the holder of such existing mortgage for such refinancing and that, after reasonable opportunity such holder failed or refused to make a loan of a like amount and on as favorable terms as those of the loan secured by the mortgage offered for insurance after taking into account amortization provisions, commission, interest rate, mortgage insurance premium, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges.'"

Mr. SPENCE. Mr. Chairman, the purpose of this amendment is to prevent the raiding of the portfolios of the independent, uninsured, lending institutions by those who are the beneficiaries of these insured mortgage loans. I may say that the amendment has the approval of both the Housing Administration and the uninsured lending institutions. It merely provides that where a man desires to refinance his mortgage, before he can obtain an insured mortgage he must make an affidavit that the present holder of his mortgage refuses to give him as favorable terms, as he can obtain from an insured institution.

This is a matter of vital importance to the uninsured building and loan associations, as well as the uninsured other lending institutions of the United States.

While I am in favor of this legislation generally and believe it is beneficial, I am also confident the future of America and her prosperity lies along the lines of encouragement of private enterprise. I believe we should encourage the local uninsured lending institutions. The building and loan associations in my community, and I presume most of the Members have had the same experience, have encouraged a community spirit, they have encouraged thrift, they have encouraged home building, and I believe they should be assisted in every way in order to continue the useful functions they have performed in the past.

This amendment makes very little change in the present section except that it strikes out the words "at as favorable an annual cost" and substitutes therefor "as favorable terms" inasmuch as the Housing Administration officials said they would have difficulty in administering the act under the "as favorable annual cost" provision. There is also added the words "mortgage insurance premiums," so all the elements of the cost of an insured mortgage are taken into consideration in this amendment. If after taking into account all those costs, the present holder of the mortgage fails to make as favorable a loan as can be made under the insured mortgage provision, the mortgagor is then at liberty to obtain an insured loan.

I do not suppose there will be any objection to this amendment because it meets with the approval not only of

the lending institutions but of the Housing Administration. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the Committee amendment offered by the gentleman from Kentucky [Mr. SPENCE].

The Committee amendment was agreed to.

The Clerk read as follows:

SEC. 9. Subsection (a) of section 204 of such act, as amended, is amended to read as follows:

"SEC. 204. (a) In any case in which the mortgagee under a mortgage insured under section 203 or section 210 shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Administrator, or shall, with the consent of the Administrator, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Administrator of title to the property which meets the requirements of rules and regulations of the Administrator in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Administrator. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Administrator shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Administrator, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens prior to the mortgage, and special assessments which either become liens after the date of the insurance of the mortgage or which are noted on the application for insurance, insurance on the mortgaged property, and any mortgage insurance premiums paid after either of such dates, and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided*, That with respect to mortgages which are accepted for insurance prior to July 1, 1941, under section 203 (b) (2) (B) of this act, and which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 percent of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Administrator, on account of foreclosure costs actually paid by the mortgagee and approved by the Administrator an amount not in excess of 2 percent of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event in excess of $75."

SEC. 10. Subsection (g) of section 204 of such act, as amended, is amended by adding at the end thereof the following new sentence: "The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Administrator pursuant to the provisions of this act, may be exercised by the Administrator or by any Assistant Administrator appointed by him, without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this subsection shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint."

Mr. COCHRAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN: After line 11 on page 9 insert a new section to read as follows:

"SEC. 10 A. Subsection (c) of section 207 is amended by adding at the end thereof the following proviso: '*Provided*, That in estimating the value of the property or project for the purpose of determining the amount of insurance eligible under this section, the Administrator shall determine the value of the property as of the date of the application for insurance, and in no case shall he estimate the value of the property or project for insurance under this section to be in excess of the value of the property at such time plus the value of the proposed improvements thereon.'"

Mr. COCHRAN. Mr. Chairman, yesterday there was a lengthy discussion in reference to two projects in the metropolitan area of the city from which I come, St. Louis. It was pointed out by the gentleman from Massachusetts [Mr. GIFFORD] how land values had been written up in making up the 20 percent that it is necessary under the law for the promoters to advance. My amendment does not touch anything except the land value at the time the application is filed. The amendment is offered for the purpose of preventing a recurrence of what happened in my city. As the gentleman from Massachusetts well pointed out, it was not the fault of the Federal Housing Administration but the fault of the law. If this be so, it is our duty to change the law.

Paragraph (c) of section 207 of the act, which I seek to amend, gives the Administrator the power in this way:

And not to exceed 80 percent of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed.

This shows the F. H. A. acted within the law. My contention is that we should change the law.

What happened? Promoters in my city purchased land for $44,000 in the name of a stenographer of a firm and the next day they wrote the value up in excess of $170,000 without spending one cent on it. That was included in the 20 percent. On another project the purchase price was about $170,000 and that was written up to about $300,000.

Do we mean what we say, that the promoter shall put up 20 percent before the Government will guarantee the mortgage of 80 percent? Remember now the write-ups were before one dollar had been spent in improvements. In the end it is admitted by F. H. A. the promoters spent none of their own money inside the property line. My amendment provides that the Administrator shall make the appraisal of the value of the property at the time the application is made. If the property is purchased 6 months in advance and $100,000 in improvements made thereon, certainly the promoter should have the right to add that $100,000 he has expended.

I appeal to my Democratic colleagues to support my amendment. I can say to you there has been no criticism of the Roosevelt administration that has been more severe in the city of St. Louis than there has been in connection with these two projects. The newspapers have been full of it. This is the way to stop it. I repeat, if we mean what we say, that 20 percent should be advanced by the promoters, then 20 percent should be advanced and they should not be permitted to write up land values as they did in my city. Not only the papers and real-estate operators protest, the general public protested and voiced their disapproval.

Mr. ANDERSON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I yield to my colleague.

Mr. ANDERSON of Missouri. If this amendment had been written into the law previous to this time, what occurred at St. Louis could not have happened.

Mr. COCHRAN. It never could have happened. They would have been required to have placed the land value in on the basis of what it cost. I say if they make any improvements after they buy the land and before the application is filed they are in a position to add that to the cost of the property under my amendment.

This is a fair amendment. I say it is our duty to change the law, when those in control of the Banking and Currency Committee admit that it was the law and not the Federal Housing Administration that was responsible. I again appeal to my colleagues on the Democratic side of the aisle to support this amendment so there will not be a recurrence of what has happened in my home city and save our administration from criticism. [Applause.]

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I move to strike out the last word.

If I had not paid one tribute this afternoon to the gentleman from Missouri I would pay him one now. We rejoice in the amendment. I rejoice that what I said yesterday has now been fully confirmed and acknowledged. We had thought of offering some such amendment from this side, but

had decided to offer an amendment to strike out the entire section. However, like the Spence amendment, this amendment does help a very great deal. We are pleased enough that they acknowledge the situation which we claim exists and have gone at least halfway to correct it.

Again I am glad to comment on it and extend another word of praise to my highly respected friend from Missouri. Who could afford not to vote for his amendment? Has it come to pass that so-called watered stock is actually defended? [Applause.]

Mr. STEAGALL. Mr. Chairman, let me say at the outset that no citizen in the district that I represent will ever receive any possible benefit under section 207 of this bill; certainly not any direct benefit. It is a provision the benefits of which are limited to cities, and I am sure, I will say, that I have no less interest in the provision because of that fact. I merely call attention to the situation in order that Members of the House may know what is involved.

I have stood here this afternoon to plead for an extension of the benefits of this legislation to the rural sections of this country. I think it is right. I am sure other Members of this House feel as I feel about it, whether they come from urban or from rural districts. But Members of the House from our cities should understand that if this provision of the bill is destroyed or its usefulness curtailed, the loss will fall upon citizens in the urban centers of the Nation.

Mr. Chairman, the fact is that Congress cannot administer laws of this kind. We must simply pass the legislation and set up the best possible methods for the administration of the law. There may have been some mistakes made in the administration of the Federal Housing Act. I do not believe I have ever heard of any complaint except in this one particular instance, and which, it seems to me, is quite a tribute to the officials who administer this law. Mr. Chairman, there can be but one true test by which to appraise property from the standpoint of the lender, and that is to see what sort of security is to stand back of the loan. In determining this the appraiser must look at the value of the property out of which the money is to be derived in case of foreclosure, and that means that the solvency of the mortgage must depend upon the value of the property at the time of default. This being the case, there can be no fast and hard rule such as is attempted by this amendment to eliminate consideration of improvement in value.

Everybody knows that where a project, involving millions of dollars, such as contemplated by this provision of the bill, is undertaken in any section of a city, vast enhancements in value will take place in that community. It is inevitable. There is no good reason why the people who live there should be penalized and deprived of the benefits of that development. It simply discriminates against loans of this kind. No such measure is laid down in making appraisals in any other instance. As the bill now provides loans are permitted to only 80 percent of the value of the property, whereas in other loans insurance is allowed up to 90 percent of value. Certainly the Administrator should be left free to appraise the value of property of this type of loans fairly and equitably and from the standpoint of the security and protection afforded the Authority that insures the loan.

The provision offered by the gentleman from Missouri would chain the people of a community where a development takes place to existing values in the present depressed status of real-estate values. All of us would like to see values restored to normal at the earliest possible day, and that is one of the purposes of this bill.

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

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

Mr. COCHRAN. I will say to the gentleman from Alabama that as far as the majority of the people of St. Louis are concerned, they want no more projects of this character, if you are going to permit them to write up the land values as they have done in the two projects we already have. [Applause.]

Mr. STEAGALL. Mr. Chairman, I respectfully insist that the gentleman's statement is not warranted. There is no writing up of values so far as we have information in this instance, but an orderly, regular ascertainment of the value of the security back of the loan as in other cases, and there is no good reason why a discrimination should be made in loans of this type.

Mr. SACKS. Mr. Chairman, I move to strike out the last two words.

At this late hour I am not going to take the entire 5 minutes, but in view of the fact this St. Louis matter has been brought up, I may say that I was shocked myself when I first heard the facts, but when Mr. Brigham, the gentleman I mentioned earlier in the day was testifying before the committee, we specifically asked him about this St. Louis matter. As a matter of fact, he testified that the reason he looked up that very project was because my good colleague the gentleman from Massachusetts [Mr. GIFFORD] had talked to him about it, and we asked him by a direct question what he thought about it. He said that as far as the land is concerned the act protects the public, because it states that although it can lend up to 80 percent, the total amount of the loan can be no more than the actual cost of the construction of the building. Now, the only thing that the promoter of the project would get would be some stock, the income from which is also limited by this act. If the property is paying and the Government risk is relieved, then he has the property. If, on the other hand, he defaults, the Government gets the property at the value on which it lent the money, which is not more than the cost of the actual construction, and whether you write the value of the land at $150,000 or $30,000, the Government in addition to getting this property gets also the land and the improvements, while they lose everything.

Now, how is this added cost made up? It is made up, as testified, in cash for architect fees, sewers, and other things, and, for example, when a piece of land is bought and improved, it certainly becomes more valuable.

Take, for instance, any other manufacturer or producer of some article, say, an automobile. He buys his raw materials and puts them together and he is allowed a profit on that property. The same should be given to the promoter of a project, and the Government is protected because it gets the first lien and its 80 percent insurance cannot exceed the actual cost of the construction of the property.

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

Mr. SACKS. Yes.

Mr. COCHRAN. If the 20 percent was put up in actual money rather than in water, that would be reflected in the cost in the end, and it would be reflected in the rent, and the public would get the property for cheaper rent than they would when you put in a lot of water and paper and not money, and I say to the gentleman that there was not 1 cent spent on that land prior to the time that they wrote up the value. It was bought one day and written up the next.

Mr. SACKS. But the Government in committing itself bases it upon the finished product. The rent was not affected, and it was so testified before our committee, because the Government limited the amount of income, and limited it within the wage group that is supposed to rent the property. The trouble has been that we are looking at this thing as a simple property that is bought and then offered for resale at a higher price, and the value increased. That is not true in this project. Under this section its investment is based upon an insurance by the Government on a loan, which is based on the actual cost of construction. The rent, which of course added to it, goes to the Government only in default, and the stock is only as good as the project is itself.

Mr. SUMNERS of Texas. Mr. Chairman, I rise in opposition to the pro forma amendment. I very much hope that the House will adopt this amendment. If we are not careful the effort of the Government to help in these projects is going to wind up in a lot of national scandals despite the best our administrative officers may do. How it comes about

that anybody would want the Government to put up guaranty of any more than 80 percent of the cost of the project, holding the price of the land at its value at the time application is made, I cannot understand. When we consider who is the Government, in this matter, who is guaranteeing these payments, it is all of the rest of the people. Here comes an individual who wants to build some houses for profit. He does not put up all of the money himself. That money is provided indirectly by the people who do not share in his profit. If as a matter of fact a Government activity in a community does increase the value of property, then the Government—the rest of the people—ought to have the advantage of it, in the reduction of their guaranty, in the reduction of the probability or possibility that they will be left to hold the bag. The rest of the people who are putting up the guaranty ought to have the advantage resulting from their guarantee which makes the project possible. We know, as a matter of practical knowledge, that some, if not many of these projects, are so jockeyed that the Government puts up all of the money—guarantees it, which is the same thing in effect, insofar as Federal liability is concerned. I hope we adopt the Cochran amendment.

Mr. WILLIAMS of Missouri. Mr. Chairman, in accordance with what the distinguished chairman of our committee said, I can say this, that I, perhaps, come from the most rural district of any man in this entire Congress. There never will be a single individual in my district who will be able in any way to enjoy the benefits of these projects erected under section 207. There certainly has been more misunderstanding about this section and the projects erected under it than anything else that has been discussed here this afternoon. The F. H. A. has made a remarkable record with reference to the handling of these projects. So far there has not been one single cent of loss, and it must be remembered that these projects are being conducted under a limited dividend corporation, which prevents the loss of any money to the Government and prohibits the making of profits by the stockholders in the concern. Until all installment and interest payments are made, until all repairs are paid for, until the taxes are paid, and until the insurance is paid, until the operating expenses are paid, there is not a possibility, under the supervision of the Administrator and under the jurisdiction of a limited dividend corporation, for the so-called promoters to get one dollar out of it. Then why all this talk about somebody writing up the false value of the property? That is the fact. Under this law and under the provisions in it, everything must be taken care of before the stockholders can get anything.

What is the equity in one of these projects? The equity represents the difference between the appraised value fixed by the F. H. A. and the amount of the mortgage. That equity is made up of land values; it is made up of architect's and builder's fees; it is made up of cash advanced; it is made up of outside improvements such as streets, sidewalks, sewer and water connections; it is made up of all those things—highways that are built, schoolhouses that are constructed in the community, trading centers that are established, and all that. This amendment seeks to limit the value of that land to its original value before any improvements were made, notwithstanding the fact that everybody knows that every other landholder in that community will have his land increased perhaps 50 percent by reason of these improvements. They are going to deny the man who has the energy, the ability, and the foresight and courage to undertake the development of one of these projects any increased value in his land, by reason of his interest in it and his improvement of it, and at the same time every other one in that community whose land has been increased by reason of that improvement will reap the benefits of it. You have only to go across the river into Virginia to find that. Right over at Colonial Village that land was bought and valued at a very modest figure, but since the Garden Apartments were put up the surrounding land has increased 10 times in value. Those people who own the adjoining land get the benefit of the improvement in increased value of their land, yet this amendment offered by the gentleman from Missouri [Mr. COCHRAN] would prohibit any increased value of the land owned by the sponsors of the project by reason of the improvements that have been put upon it by their enterprise and by the expenditure of their own money and at their risk to give employment to labor and furnish low-rent housing for those of modest income. It is unreasonable. It is unworkable. It will destroy the program. It will increase unemployment. It is unfair to those who want to engage in this enterprise. Not only that, it will absolutely and completely destroy the action of the F. H. A. under section 207. The adoption of this amendment will play into the hands of a few real-estate dealers who have old apartments to rent for which they charge unreasonable and exorbitant rent. As I say, as far as I am personally concerned and the people I represent, it will never make one cent of difference to me or them, but in the interest of this program, in the interest of fairness and justice to those who are undertaking this work and in the name of men who want work and who desire to live in modern quarters and enjoy some of the comforts and conveniences of life at a reasonable rent, do not kill this project by voting this amendment. [Applause.]

[Here the gavel fell.]

Mr. POAGE. Mr. Chairman, I rise in opposition to the amendment.

It just occurred to me that this amendment is striking at a situation very similar to that of a man who owns a stock of baled cotton, we will say, and he wants to borrow money on it with the idea that he will manufacture it into cloth and the cloth into shirts, and sell those at retail at about 100 times the price per pound of the raw cotton. Under the present regulations he could reasonably expect the Government or a very generous banker with his loans guaranteed by the Government to lend him money not on the value of his cotton, which is 8½ cents a pound, but upon the value of the finished product, the increased value of the cotton, the increase which he proposes to make by reason of the loan which is advanced to him.

Now, if there ever was a banking institution that could exist and lend money on any such basis as that, it has escaped my observation, or else I would be borrowing from that institution and engaging in that kind of financing rather than serving in this body.

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

Mr. POAGE. I yield.

Mr. PATMAN. Is it not more like desert land that is worth 25 cents an acre until a contract is made that provides water for that land, and then it is worth $1,000 an acre?

Mr. POAGE. There is not any desert land in my viewpoint that would ever increase from 25 cents an acre to $1,000 an acre by reason of any contract that was ever entered into. There is desert land that has been increased in value by reason of bringing water to it, and when the water was on it the land was worth more than it was before there was any water on it. After these houses are on this land, after these buildings are there, the land undoubtedly does increase in value, but the loan must be made, if we are to call it a loan and not a gift, on land values as they exist and not on values which someone hopes to create. The loan is being made upon the land, and if this Government is going to attempt to lend money to people with the idea of going out and creating value that is not there, lending on a speculative value, a purely fictitious value, a problematical value, I might say, a value that does not exist but which somebody simply hopes will exist at some future time; then we are headed to the proposition of buying up these projects rather than talking about making any kind of loans whatever.

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

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

Mr. COCHRAN. The gentleman knows, however, in this instance that the money that improved the land inside the

property line did not come out of the 20 percent that the promoters will put up. It came out of the 80 percent that the promoters got through the F. H. A. That is what I am complaining about.

Mr. POAGE. Certainly, and it is exactly what I want to help you stop, because it never was sound banking to loan 100 cents on the dollar on any kind of development.

Eighty cents on the dollar is a good deal higher than any of our commercial organizations ever felt they could safely lend. There never was a private banking institution or land-lending institution that felt it could safely lend 80 cents on the dollar of actual existent value. The Government is being extremely generous. I am glad it is; I am glad to see it go to a reasonable extent; but we are extremely generous when we guarantee 80 percent of the money necessary to provide the construction. When, however, we open it up and say that we are going to let you put in not the value that is there but the value that you hope may be there at some time in the distant future, then we have gone far beyond the realm of reasonable banking and into the proposition of pure subsidy; but it is a subsidy not to home owners, not to the people we want to help, but to real-estate speculators, and I cannot think it is the policy of this Government to go into the business of subsidizing real-estate speculators.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. SUMNERS of Texas. As I understand it, the gentleman from Missouri, who just addressed the House, said that this project increased the price which the people who want to buy homes had to pay for land in the neighborhood of these projects.

Mr. POAGE. Of course it does; of course it increases the price to the people who want to buy; and usually the speculator who is borrowing the money will be the man who will own that vacant property. He is going to reap the reward of the increased price, not only on the adjoining property but also on the rental from the property built by a Government-guaranteed loan. It is true, as some of the gentlemen have said, there is a limit on the rate of return. But this very rate of return is calculated on the entire investment, including any water. If there is a real value of $100,000 and a $100,000 write-up; and the promoter is limited to a 6-percent return, his return will still be just twice as large and the cost to the tenants will still be just twice as great as if the promoter had been confined to actual value.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am glad to see this thing get a thorough airing. It was aired quite thoroughly in the committee, and in consequence those who contended that there was something bad about it later complimented the Administrator, believing, I assume, that it was as much the fault of the Congress as the Administrator.

I think we should appreciate what we would be doing if we adopt this amendment. We will confine the activity of the F. H. A. to the insurance of mortgages on single dwellings, or at least to dwellings to house not more than four families. If in anticipation of the construction of a $5,000,000 project by an institution legally chartered by a sovereign State a municipality spends thousands of dollars in the construction of sewers, waterworks, roads, sidewalks, what is crooked, what is unfair about the Federal Government's insuring 80 percent of the value of that property? What is the difference between that property at that stage when this insurance applies and a home built on a lot to which there has already been built a sidewalk, a street, a sewer, and water mains?

Those gentlemen who would scuttle the F. H. A. should vote for this amendment. There is something ironical in the fact that I, a simple—perhaps a simple-minded—Republican representing a district largely rural without a section 207 project in my district, am standing here defending this bill because I think that it is perfectly safe and sound. How many of you Representatives on the Democratic side will stand by your administration, will stand by your Administrator, will stand by the promises which have been made to the people of this Nation that they are going to have clean, sanitary homes in which to live, will stand by the workers in the building trades of this Nation to whom you said that you had set up F. H. A. to give them employment? Gentlemen, here is the test as to how sincere you were when you passed the United States Housing Authority Act, when you originally passed this act to give employment in the building trades. Gentlemen, if you vote for this amendment, you defeat the very purpose of the F. H. A. You will have not only your conscience to answer to but you will have to answer to the people who sent you here upon the promise that you would give them decent, safe housing and substantial employment.

Mr. Chairman, I do not feel too keenly about this; as a matter of fact, when the country can stand it—and I hope it will be within the next 2 years—I will vote to eliminate any such activity on the part of the Federal Government. But this is a condition we must face. Unless you want to demoralize the real-estate market, you have got to get out gradually; you cannot jump out. I hope that 2 years from now this administration will have eased out of all of these activities, because I do not want to disrupt the economy of this Nation.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SUMNERS of Texas. As I understand the amendment offered by the gentleman from Missouri, it provides that the value of the proposed improvement shall be included. I understood the gentleman to mention the cost of sewers, streets, and so forth.

Mr. WOLCOTT. Certainly; because when a mortgage is placed on property it is placed with relation to its entire value, the value of the land on which the house stands, not the value of the land before the house is built; the value of the property when it is improved. If the property is improved, the actual land value increases. What is crooked about taking into consideration consequential increases in value in determining the amount of the mortgage? I may have a field planted with corn or cotton, and it may be worth 50 cents an acre. Surely the Federal Housing Administration would not come along and insure a loan on that field for $5,000,000; but if I put improvements on it making the land more valuable, they would insure the loan on the basis of the actual value after the improvements have been completed.

Mr. GIFFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is a question of whether watered stock will turn quickly into wine. It is now pleaded that when a house is built on the land the water will turn at once into wine. Why not wait and increase the mortgage when the fact has been established?

May I say, in answer to the gentleman from Missouri [Mr. WILLIAMS], that, of course, the owners of the stock cannot make any money until the proposition makes money. The promoter makes his money on the mortgage he gets to construct the house, or he would not generally be interested. If you adopt the amendment offered by the gentleman from Missouri perhaps there will not be quite so many promoters.

The promoter may afterward become the manager. The common stock may be worth nothing except to control the management. I will try to relieve the discussion by asking, "What is a stockholder?" He buys a clay pipe and a 10-cent plug of tobacco. But the manager does the smoking. The stockholder says, "What can I do?" The manager says, "You can spit," and that is what the minority stockholder usually does when the manager is in control.

Now, there is a peculiar situation when this House will say that watered stock to this degree will be condoned. I do not say this business is crooked. You cannot blame a promoter too much. The law allows it if the F. H. A. will approve. The gentleman from Missouri says, "Let us base values on actualities and not on imagination." It is amazing that so many of the Committee members will try so hard to block this

amendment. They should not expect Members to subject themselves to such censure as would follow approval of a write-up of this sort.

Mr. COCHRAN. Will the gentleman yield?

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

Mr. COCHRAN. The gentleman certainly will admit that the promoters are going to make a great deal of money when they construct the building out of the 80 percent that they receive through the guaranty of the F. H. A.

Mr. GIFFORD. Yes; and we may expect that they may not be interested after the construction, unless they are made managers and can milk it. I showed you yesterday how they could do that if they wanted to be dishonest. We should not need to comment further on that. I am sure the House now understands the purpose of the amendment.

[Here the gavel fell.]

Mr. THOMAS F. FORD. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, we have just listened to the distinguished gentleman from Massachusetts tell us how this proposition could be milked. When he makes the statement that the proposition can be milked in the course of its being built up, he simply casts an aspersion on the entire F. H. A. organization. On the contrary, they check every piece of lumber and every bit of plumbing, every bit of brickwork and every bit of concrete that goes into the building before they pass on any of it. So, as far as the structure is concerned, you can depend on the fact that the F. H. A. inspection gives a first-class structure.

Let us analyze this situation about the lot. If the building were erected on a million-dollar lot and a million dollars worth of improvements put on it, it would still not produce any more than a similar building on a $50,000 lot. The F. H. A. makes the loan; the insurance company puts its money in a proposition that will show, when completed, that it will pay interest, principal, or amortization, insurance, taxes, and, in addition, about $50 per room to be set aside each year to take care of replacements and as a reserve. After all that is paid the man who owns an equity can get not to exceed 6 percent on that equity. If he gets over 6 percent, it goes toward amortizing the loan. They are always under the management, control, and direction of the F. H. A., and they cannot make a move without approval of the Administrator of the F. H. A.

Mr. SPENCE. Will the gentleman yield?

Mr. THOMAS F. FORD. I yield to the gentleman from Kentucky.

Mr. SPENCE. I want to read this amendment so that it may be properly considered. The amendment is as follows:

SEC. 10–A. Subsection (c) of section 207 is amended by adding at the end thereof the following proviso: *"Provided,* That in estimating the value of the property or project for the purpose of determining the amount of insurance eligible under this section, the Administrator shall determine the value of the property as of the date of the application for insurance, and in no case shall he estimate the value of the property or project for insurance under this section to be in excess of the value of the property at such time plus the value of the proposed improvements thereon."

Is it not a matter of fact that there is an increment in the value of the land by reason of the construction of improvements?

Mr. THOMAS F. FORD. That is true.

Mr. SPENCE. Not only the banks but every private developer of land understands that is the fact.

Mr. THOMAS F. FORD. Absolutely.

Mr. COCHRAN. Will the gentleman yield for a correction?

Mr. THOMAS F. FORD. No.

Mr. COCHRAN. The gentleman's statement is misleading.

Mr. THOMAS F. FORD. It is not misleading.

Mr. Chairman, I am informed that the major opposition to this particular project in St. Louis, which is the bone of contention, is made by a group of men who at the depth of the depression bought a lot of apartment houses in St. Louis for about 10 cents on the dollar. Now they are trying to collect rents based on 100 cents on the dollar and they are opposed to this. They are doing everything in their power to discredit it because it will cut in on the profit they would make from the poor devil who built the places in the first place.

Mr. GORE. Will the gentleman yield?

Mr. THOMAS F. FORD. I yield to the gentleman from Tennessee.

Mr. GORE. May I read one statement out of the hearings, as follows:

It may be noted that an appraisal independently made by the New York Life Insurance Co. before making the loan compared within $16,000 of this figure.

Mr. THOMAS F. FORD. Yes.

Mr. Chairman, under the law the F. H. A. made the loan because the law said that it should lend 80 percent of the completed income to produce the structure, and that is what they have done. If you agree to the amendment that is being proposed, you might as well throw that title completely out of the window because it will stop right there.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN].

The question was taken; and the Chair being in doubt, the Committee divided and there were—ayes 100, noes 79.

Mr. STEAGALL. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. STEAGALL and Mr. COCHRAN.

The Committee again divided, and the tellers reported that there were—ayes 113, noes 78.

So the amendment was agreed to.

Mr. WOOD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOOD: Page 9, after line 11, insert the following:

"SEC. 11. Section 207 (b) (1) of the National Housing Act is amended by deleting the words 'Federal or State, instrumentalities, municipal corporate instrumentalities of one or more States, or.'"

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. RANKIN, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee, having had under consideration the bill H. R. 5324, to amend the National Housing Act and for other purposes, had come to no resolution thereon.

AUXILIARY VESSELS FOR THE NAVY

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution for printing in the RECORD:

House Resolution 135

Resolved, That immediately upon 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 consideration of S. 828, a bill to permit the President to acquire and convert, as well as to construct, certain auxiliary vessels for the Navy. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

ALTERATIONS AND REPAIRS TO CERTAIN NAVAL VESSELS

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution for printing in the RECORD:

House Resolution 136

Resolved, That immediately upon 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 consideration of S. 829, a bill to authorize alterations and repairs to certain naval vessels, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment,

the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AUTHORIZING THE SECRETARY OF THE NAVY TO PROCEED WITH THE CONSTRUCTION OF CERTAIN PUBLIC WORKS

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution for printing in the RECORD:

House Resolution 137

Resolved, That immediately upon 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 consideration of H. R. 2878, a bill to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. TREADWAY, Mr. RANKIN, and Mr. SPENCE asked and were given permission to revise and extend their own remarks in the RECORD.

Mr. KITCHENS and Mr. HARRINGTON asked and were given permission to extend their own remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. BOLLES. Mr. Speaker, I ask unanimous consent that the time I was granted to address the House this afternoon may be deferred until Thursday.

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

There was no objection.

CALENDAR WEDNESDAY

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday, tomorrow, may be dispensed with.

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

There was no objection.

MILITARY ESTABLISHMENT APPROPRIATION BILL, 1940

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4630) making appropriations for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. SNYDER, TERRY, STARNES of Alabama, COLLINS, KERR, POWERS, ENGEL, and BOLTON.

CIVILIAN CONSERVATION CORPS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

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

There was no objection.

Mr. RANDOLPH. Mr. Speaker, today is the sixth anniversary of the Civilian Conservation Corps, which I believe is one of the most meritorious agencies of this administration.

I ask unanimous consent, Mr. Speaker, to include as a part of my remarks at this point a letter I have addressed to the editor of Happy Days, the authorized weekly of the Civilian Conservation Corps, in which I tell of my high regard for the work being done by that agency.

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

There was no objection.

Mr. RANDOLPH. Mr. Speaker, the letter to which I have referred is as follows:

MARCH 20, 1939.

Mr. RAY HOYT,
Editor, Happy Days,
Daily News Building, Washington, D. C.

MY DEAR HOYT: I want to take this opportunity to extend my sincere congratulations to the Civilian Conservation Corps upon the sixth anniversary of its inception.

I have visited many of the C. C. C. camps and always my admiration has been increased for the program which is so successfully being carried forward. This is the type of work which can effectively be carried on under Government guidance and control. The conservation program, from the material side, means that through Civilian Conservation Corps activities we are building a better land in this Nation. On the human side, the program has certainly gone far toward building better men.

I believe the investment made in the Civilian Conservation Corps has been a wise one. It is my considered opinion that it should be carried on. I shall cooperate enthusiastically in support of the permanent establishment of this worth-while agency.

With personal good wishes, I am

Very sincerely yours,

JENNINGS RANDOLPH.

FAVORITE SON VERSUS FAVORITE STATE

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point.

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

There was no objection.

Mr. PATRICK. Mr. Speaker, it is fine to see so many Members together on the floor of the House this afternoon. Let us consider a practice that has grown up and now deprives the people of this country of much of the highest use, choice leadership, character, and brains; the practice indulged in by both our leading political parties of nominating the party standard bearer with an eye and ear to geographical position rather than personal qualifications.

It is a great and glorious thing to be made President of these United States. It is no mean thing, whether or not successful, to be nominated by a major political party for President or for Vice President. But with 130,000,000 people, with its 3,000,000 square miles of area, its near 2,000,000,000 acres of land, has not the day come to America when she can look simply to the man to be chosen and to the program his selection should indicate?

Every 4 years the officials and effective adherents of each of the leading parties hold a great convention. All eyes are turned to the city of meeting and all ears attuned to the loud voice of pronouncement and proclamation. A platform is presented to the people of the United States, and then comes the naming of party standard bearers, candidates for President and Vice President.

How is this done?

Election results for the past 4 to 8 years are carefully studied, and the more highly populated States, with patronizing consideration of central location, as well as political border-line history, are given the overwhelming odds. Far into the night are figures compiled, results noted, and trends followed. Experts—who never agree among themselves—are called together. They cast about as to what will be the vote-getting probability of nominating a man from this State or that State. This always highly speculative and hectic session results in a small handful of States coming out with the ball. Then comes the matter of choosing the most likely two sons—never yet have they turned to a daughter—from remote points among these States.

Now, we have 48 States in this country—48 of them. Each State gets 2 Senators and its quota of Congressmen. Each State may choose these from Democratic, Republican, other party, or nonpartisan; but, as to the average State, what chance has it at getting its representative in the White House? State X may have the best man in the party or in the political field, the man of the hour, a "natural," were it not for the fact that this man of the hour is not the man of the State.

Presidents and Vice Presidents have been elected under our party system for 150 years and in that time Presidents have been elected from only 14 States, 8 from Ohio. Thirty-two

different Presidents have been elected, not to mention second termers.

Mr. THOMAS of Texas. Will the gentleman from Alabama be kind enough to name the States from which these Presidents have come?

Mr. PATRICK. Yes; I think I can name them: Vermont, Virginia, Massachusetts, South Carolina, Tennessee, New York, North Carolina, Louisiana, New Hampshire, Pennsylvania, Kentucky, Ohio, New Jersey, and California.

Mr. SOUTH. Can you name the States of the Vice Presidents?

Mr. PATRICK. My answer is "No; not right offhand." You boys expect too much of a new Congressman.

Virginia, South Carolina, Tennessee, and Louisiana have enjoyed the distinction in the past, but are apparently out of the picture nowadays. Virginia, once called the Mother of Presidents, has, since she saw John Tyler elected in 1841, been forced to be satisfied with past history. Two of her bright sons did move into other States and later became Chief Executives—Zachary Taylor and Woodrow Wilson—it is true. The best she can now do is to land an occasional Cabinet member.

Somebody somewhere was able to sell the idea that if a man is nominated President from a State that State will vote with the party presenting such native son. If this is true, the pay-off is brief indeed. Every one of the eight men elected to the Presidency from Ohio were Republicans—Democrats have diligently nominated Ohioans but never elected one—yet the past two elections have seen Ohio go Democratic while Maine, which never enjoyed the honor, was one of the two Republican States to hold out faithful during the past two Democratic victories. Is it not, in this day of rapid transit and radio, conceivable that the people of the land will vote for the man who stands tall in camp and carries the true colors, and that they will do so without thought of what geographic subdivisions of the country claims him?

Of our 48 States, 34 have never presented to us a President. Would it not be more democratic were this practice abandoned? Would it not insure fairer leadership and better executive government?

The party first to abandon it will have a much stronger point of appeal to those 34 States, together with States who have in the past elected sons to the Presidency but who are now in the outer garden. Why this practice holds so strongly is a mystery. Perhaps the last question the average group found in any part of the United States discussing political activity will call up is any leader's State or nativity. It is nothing more than a case of oversalesmanship and gullibility but a case that took and has held.

It is our sincere hope that when delegates and left-outs among the 48 States next get together to choose the party representatives for the two chief offices of state they can remember that when they vote for a representative of the select group they are voting against their own interests, unless the representative is the best in point of individual merit and program. Of course, it would be equally foolish to refuse to support a strong, capable, and representative person coming from within this area, but there remains little reason why the preference should further be given.

It has a hollow tone when a likely name is mentioned and you hear this sort of remark, "Oh, he'd be the best man in the field if he were from Ohio, Indiana, or New York." What is the reaction of Arizona, Georgia, Oregon, North Dakota, Texas, to that sort of philosophy in a democracy?

It is a chance to get closer to all the people in the Nation, closer than we have ever been. Andrew Jackson found American politics in the parlors of the few and left it in the country grocery store and crossroads post office, where it belongs if we are truly to be a democracy. Every move toward the people is helpful. How many a boy has heard his teacher say, "You may some day be President," a thought that has inspired so many thousands of American boys? How many a boy failed to realize when the teacher made this statement that the door of opportunity was forever shut to him unless he moved far away?

The Republicans had great trouble in proving Hoover had any, except the remotest country connection at all. They were able to deduct that he was born in Iowa and lived for awhile in California—well, California was an either-way State with a strong popular vote. Enough! Hoover was nominated and elected, but—and imagine it—California shot right back with a wide Democratic victory on the next deal and left her native son standing on the bleak Sierra Nevada mountainside. This should be a plain lesson. This should clearly prove our case, but from the talk we hear we fear they are still oversold on the old, old border-line State gag. The man to be nominated should be a man who can be heard because he has voice enough and can be seen because he stands tall enough. If he is the best man in the land, the whole people are entitled to get a chance to make him their President.

Our idea of popular sovereignty is that all the people—East, West, North, and South—shall have an equal voice in the National Government. Under this practice now prevailing our conventions—Democratic and Republican—this very idea is defeated. The proper thing to do in convention is this plain and simple thing: Bring forward the very best, and leave the geography to the children in school.

I thank you.

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter I have received from the National Retail Lumber Dealers' Association.

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

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a brief statement from the Colorado State Senate.

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

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein some resolutions adopted by the National Rivers and Harbors Congress.

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

There was no objection.

The SPEAKER. Under the previous order of the House, the gentleman from Pennsylvania [Mr. RICH] is entitled to recognition for 15 minutes.

Mr. RICH. Mr. Speaker, the Federal Government, through its various independent offices and agencies, now operates the world's greatest publicity and propaganda bureau.

The offices and agencies of the Government not only supply press and information service for the newspapers of the Nation but they also carry forward propaganda to sell the New Deal to the people.

The agencies supply not only the usual press releases and printed copies of various reports provided for by Congress but they in some instances go a step further and provide clip sheets and summaries of press information for private users. A typical clip sheet of this character is put out weekly by the Federal Housing Administration. Immediately above the notice, "Supplied without charge," is the following:

All information in this clip sheet is for immediate use in your real-estate section, business pages, home-building issues, or for any other related use. Mats of illustrations or actual photographs of homes are available without charge on written or wired request. Special articles on Federal Housing Administration operations will be prepared, also on request, without charge.

It was from this clip sheet of the Federal Housing Administration that notice was brought to the attention of the

Banking and Currency Committee of this House that the Administration was representing itself to the public as a permanent agency of the United States Government, when, in fact, it is only a temporary agency subject to continuation by legislative action by the Congress.

To operate this huge publicity and propaganda bureau, to furnish those interested with mats, photographs, and prepared articles, as well as other materials, requires the use of moneys which have been appropriated by Congress for other purposes.

In none of the appropriation acts before this Congress has there been a request for funds to furnish mats, photographs, or to prepare special articles for private parties who may be interested. There have been appropriations for printing and binding, in considerable amounts. The work is presumed to be a function of the Government Printing Office, but notwithstanding this fact several agencies have set up complete printing and publishing plants, out of appropriated funds to carry out the work of propaganda.

A specific instance where the authority to divert funds to such uses has been challenged may be found in the operations of the Tennessee Valley Authority's reproduction plant at Chattanooga, Tenn., which have been questioned by the General Accounting Office.

The sum involved amounted to about $60,000 and later run up to $80,000 a year, for paper and materials used in turning out and binding folders, speeches, pamphlets, circulars describing education, recreational, athletic, and social activities and other printed matters.

The General Accounting Office protested these expenditures as not authorized under the law. The matter is still unsettled. The money has been spent and is gone forever. The wisdom of continuing such activities remains in doubt.

Practically every department has its high-power publicity staff and an information section as well.

To check up on the workings of the publicity and to find out whether or not the propaganda is effective a great deal of time and money is being spent every year in operating clipping bureaus in the various agencies.

Magazines, newspapers, and all forms of printed literature are gathered, read, and clipped. The Works Progress Administration alone has a press-clipping bureau employing three or four men at an average annual salary of $2,000 according to the recent statement of Colonel Harrington.

The Tennessee Valley Authority has been spending sums in excess of $10,000 a year for subscriptions to newspapers and periodicals. This item was also challenged by the General Accounting Office. But the spending goes on.

Mr. Speaker, every day in the year hundreds of press releases and mimeographed copies of speeches about to be made by New Deal officials find their way into the hands of the press representatives and the publicity agencies. Copies are frequently sent to Members of Congress, but the record is strangely missing as to what all these activities are costing the taxpayers of the United States.

In operating these propaganda bureaus there is a great danger to our democratic ideals and fundamental principles. Without this Government participation, hundreds of capable newspaper men forced to subsist through the medium of such subterfuges as the Federal Writers' Project would probably find employment with private news-gathering agencies.

Without these propaganda bureaus the public would get a fair, unbiased picture of Federal activities on all fronts. There can be no bureaucracy more dangerous to the American way of doing things, than these Federal propaganda bureaus, operated under the guise of information sections, which operate only to put out information favorable to the continuation of the greatest spending spree in the history of the world.

Let us put an end to propaganda, let us put an end to these clipping bureaus in the Federal Government agencies. Let us turn over to the gentlemen of the press the function of informing the American people on the operations and the spendings of their Government.

Mr. Speaker, the materials I have assembled here are part of the bulletins prepared by the Division of Press Intelligence, an activity of the National Emergency Council during the past year.

The National Emergency Council was created by Executive Order No. 6433 A, dated November 17, 1933.

The Council maintains headquarters in the Commercial Building at Fourteenth and G Streets NW., in the city of Washington. Their rentals for office space last year amounted to $46,754. This year they are asking for $50,260. Now, part of this office space is rented to house this Press Intelligence Division, which is nothing more nor less than a huge clipping bureau, ostensibly operated for the United States Government.

The funds by which the National Emergency Council operates were appropriated by Congress. Previously they were set aside from emergency appropriation acts by Executive order.

Title 5, section 54, United States Code, provides:

> No money appropriated by any act shall be used for the compensation of any publicity expert unless specifically appropriated for that purpose.

While the Press Intelligence Division is not mentioned in the United States Government Manual under the heading of "Activities," a two-line notice describing the organization of the National Emergency Council furnishes the information, "The Press Intelligence Division maintains a daily file of press material for the use of all Federal Government agencies." Nowhere in the United States Government Manual is the fact made known that the Press Intelligence Division issues a daily bulletin. They simply say they maintain a file. Now, maintaining a file and issuing a daily bulletin, costing the taxpayers of the United States thousands upon thousands of dollars, are horses of different colors. Furthermore, there is nothing on this Press Intelligence bulletin to identify it as coming from or through the National Emergency Council, much less to show that it was prepared by their authority.

Last year the National Emergency Council spent $28,480 for supplies and materials, according to the Budget. A lot of this money I believe was used to purchase mimeograph stencils, mimeograph paper, and ink, used in the preparation and issuance of this Press Intelligence bulletin. Yesterday I requested a bid on what the cost of cutting the stencils, mimeographing, and gathering and assembling 500 copies of this Press Intelligence bulletin as now being regularly issued would be.

An expert stenographer who does this kind of work regularly submitted a price of $333 per day. On the basis of this estimate, the bare mechanical cost of producing this daily bulletin for only 303 days out of a year would amount to exactly $100,000. I recently received a letter from the head of the press-intelligence section informing me that the section employed 64 persons at total annual salaries of $101,520. If we add to the salaries just one-half the estimated cost of producing this daily bulletin by a private individual, we find the total probable cost for this year will amount to $152,121. Now, this is the story of only one division of Uncle Sam's scissors brigade. They have other units in practically every department and agency of the Government. I wonder just how many Members of Congress find use for this kind of service. I wonder just how many Members of Congress know that all this money is being spent to check up on how the New Deal propaganda is taking with the press and the people. I wonder just how long we are going to continue appropriating money without knowing how and where and why it is being spent.

Mr. Speaker and Members of the House, this truckload of mimeographed indexes, about 100 pages each day at a cost of over $150,000 a year, and I dare say that not 1 Member

in 20 knows what it is all about, not 1 in 20 knew that such an agency has been created by Executive order. A waste of the taxpayers' money. A political organ used by the New Deal. A disgrace to our form of government; a folly of the New Deal. Why not stop the waste? Why not get some sense and revamp this Government?

Mr. Roosevelt and the Democratic Party had this statement in their platform of 1932:

The Democratic Party solemnly promises by appropriate action to put into effect the principles, policies, and reforms herein advocated, and to eradicate the policies, methods, and practices herein condemned. We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance to accomplish a saving of not less than 25 percent in the cost of Federal Government, and we call upon the Democratic Party in the States to make a zealous effort to achieve a proportionate result.

We favor maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate Executive estimates within revenues raised by a system of taxation levied on the principle of ability to pay.

* * * * * * *

We condemn the improper and excessive use of money in political activities.

We condemn paid lobbies of special interests to influence Members of Congress and other public servants by personal contact.

Why does the party not carry out its promise made in good faith to the American people? It was a sensible statement; it would be honorable to carry out the promise to our people.

Mr. Roosevelt also made the following promises to our people, and he has repudiated them:

For 3 long years I have been going up and down this country preaching that Government * * * costs too much. I shall not stop the preaching. (Franklin D. Roosevelt, acceptance speech, July 2, 1932.)

* * * * * * *

I propose to you, my friends, that Government * * * be made solvent and that the example be set by the President of the United States. (Franklin D. Roosevelt, acceptance speech, July 2, 1932.)

Mr. Roosevelt made some noble promises to the American people before he was elected. He has repudiated them. Oh, what a pity he did not do as he said he would do. He has with the rubber-stamp Congress that he dominated, increased our national debt in a period of a little over 6 years and 1 month over $20,000,000,000 until our national debt on April 7 amounted to over $40,066,000,000. Since July 1 of last year we have gone in the red $2,547,351,685.37. That means over $9,000,000 a day. That means over $379,000 an hour. That means over $6,400 a minute. A horrible situation for future generations to face—children yet unborn—they will be burdened by the debt of this New Deal administration all their lives. It shows the fallacy of the New Deal laws, the New Deal propaganda. Let Mr. Roosevelt put this promise of his made in 1932 into effect. He has the power. Why does he not do it?

The people of America demand a reduction of Federal expenditure. It can be accomplished not only by reducing the expenditures of existing departments but it can be done by abolishing many useless commissions, bureaus, and functions; and it can be done by consolidating many activities of the Government. (Franklin D. Roosevelt, Brooklyn, November 4, 1932.)

Oh, Mr. President, you promised America security. You are breaking the backs of those who worked and want to work, and making a haven for loafers and spineless people. Real Americans want jobs to earn a livelihood, not a dole. You have 12,000,000 unemployed and if you do not get new and sensible advisers and follow the principle of Thomas Jefferson you will wreck this Nation. Will you do it, Mr. President? We want it so bad; we need it.

Now to the Congress. Men, use your heads; change some of the laws you have enacted; stop the Government from trying to do everything; get the Government out of business; give the American people a chance before it is too late. We need opportunity, we need more freedom, we need less Government regulation. Give the people a chance and they will create jobs and the mills will give people employment; the farmers will plant more, creating jobs; the worker will have a job, a happy home; the full dinner pail will again be the password.

America will not be at war when the President takes his next fishing vacation and all will be happy.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CELLER, indefinitely, on account of illness.

To Mr. EVANS (at the request of Mr. HART), for 1 week, on account of illness.

To Mr. HEALEY, indefinitely, on account of illness in his family.

HOUR OF MEETING TOMORROW

Mr. RAYBURN. Mr. Speaker, after consultation with the minority and majority members of the Committee on Banking and Currency, and also the gentleman from Massachusetts [Mr. MARTIN], I ask unanimous consent that when the House adjourn today it adjourn to meet at 11 o'clock a. m. tomorrow.

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

There was no objection.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 3790. An act relating to the taxation of the compensation of public officers and employees.

The Speaker announced his signature to enrolled bills of the Senate of the following titles:

S. 754. An act for the relief J. G. Mayfield;

S. 1253. An act for the relief of John B. Dow; and

S. 2021. An act to authorize the Department of Labor to continue to make special statistical studies upon payment of the cost thereof, and for other purposes.

JOINT RESOLUTION AND 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 joint resolution and a bill of the House of the following titles:

H. J. Res. 225. Joint resolution amending the joint resolution entitled "Joint resolution providing for the construction and maintenance of a National Gallery of Art," approved March 24, 1937; and

H. R. 3790. An act relating to the taxation of the compensation of public officers and employees.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 5 o'clock and 55 minutes p. m.) the House adjourned to meet tomorrow, Wednesday, April 12, 1939, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON THE JUDICIARY

There will be a public hearing before Subcommittee No. 3 of the Committee on the Judiciary at 10 a. m., Wednesday, April 12, 1939, on the bill (H. R. 5138) to make unlawful attempts to overthrow the Government of the United States, to require licensing of civilian military organizations, to make unlawful attempts to interfere with the discipline of the Army and Navy, to require registration and fingerprinting of aliens, to enlarge the jurisdiction of the United States Circuit Court of Appeals in certain cases, and for other purposes. The hearing will be held in the Judiciary Committee room, 346 House Office Building.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10:30 a. m. on Thursday, April 13, 1939, for the consideration of House Joint Resolution 171.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

Thursday, April 13, 1939:

H. R. 4220, load-line bill for seagoing vessels (BLAND).

On Wednesday, April 19, 1939, at 10 a. m., the Committee on Merchant Marine and Fisheries will resume hearings on the bill (H. R. 5130) to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes.

On Tuesday, April 25, 1939, at 10 a. m., the committee will hold public hearings on the following bills: H. R. 2383, H. R. 2543, H. R. 2558, to increase further the efficiency of the Coast Guard by authorizing the retirement, under certain conditions, of enlisted personnel thereof with 20 or more years of service.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Through Routes Subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Tuesday, April 18, 1939. Business to be considered: Hearing on H. R. 3400, through-routes bill.

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs, Wednesday, April 12, 1939, at 10 a. m., in the committee rooms, Capitol, to begin hearings on the following bills and resolutions pertaining to neutrality: House Resolution 100, to prohibit the transfer, loan, or sale of arms or munitions (by Mrs. ROGERS of Massachusetts); House Joint Resolution 3, to prohibit the shipment of arms, ammunition, and implements of war from any place in the United States (by Mr. LUDLOW); House Joint Resolution 7, to implement the Kellogg-Briand Pact for World Peace (by Mr. GUYER of Kansas); House Joint Resolution 16, to prohibit the exportation of arms, ammunition, or implements or materials of war to any foreign country when the President finds a state of war to exist between or among two or more foreign states or between or among two or more opposing forces in the same foreign state (by Mr. KNUTSON); House Joint Resolution 42, providing for an embargo on scrap iron and pig iron under Public Resolution No. 27 of the Seventy-fifth Congress (by Mr. CRAWFORD); House Joint Resolution 44, to repeal the Neutrality Act (by Mr. FADDIS); House Joint Resolution 113, to prohibit the shipment of arms, ammunition, and implements of war from any place in the United States (by Mr. FISH); House Joint Resolution 226, to amend the Neutrality Act (by Mr. GEYER of California); House Joint Resolution 254, to keep the United State out of foreign wars, and to provide for the neutrality of the United States in the event of foreign wars (by Mr. FISH); House bill 79, to keep America out of war by repealing the so-called Neutrality Act of 1937 and by establishing and enforcing a policy of actual neutrality (by Mr. MAAS); House bill 163, to establish the neutrality of the United States (by Mr. LUDLOW); House bill 4232, to limit the traffic in war munitions to promote peace, and for other purposes (by Mr. VOORHIS of California); House bill 5223, Peace Act of 1939 (by Mr. HENNINGS); House bill 5432, to prohibit the export of arms, ammunition, and implements and materials of war to Japan, to prohibit the transportation of arms, ammunition, implements, and materials of war by vessels of the United States for the use of Japan, to restrict travel by American citizens on Japanese ships, and otherwise to prevent private persons and corporations subject to the jurisdiction of the United States from rendering aid or support to the Japanese invasion of China (by Mr. COFFEE of Washington); House bill 5575, Peace Act of 1939 (by Mr. HENNINGS).

Hearings will continue from Wednesday, April 12 to April 26, beginning at 10 a. m. each day with the exception of Saturdays and Sundays.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

613. A communication from the President of the United States, transmitting a supplemental estimate of appropriation in the amount of $32,500,000, for the War Department, for educational orders, production of munitions (H. Doc. No. 249); to the Committee on Appropriations and ordered to be printed.

614. A letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to modify sections 68 and 87, title 25, United States Code, so as to permit employees of the Government to purchase arts, crafts, and other products controlled by Indians; to the Committee on Indian Affairs.

615. A letter from the Secretary of the Interior, transmitting the draft of a proposed bill for the relief of Guy F. Allen; to the Committee on Claims.

616. A letter from the Acting Secretary of War, transmitting the draft of a proposed bill to authorize an appropriation to meet such expenses as the President may deem necessary to enable the United States to cooperate with the Republic of Panama in completing a highway; to the Committee on Military Affairs.

617. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed bill to correct the list of approved Pine Ridge allotment claims; to the Committee on Indian Affairs.

618. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed bill to reserve certain public-domain lands in California and Nevada for the use and benefit of the Indians of the Fort Mojave Reservation; to the Committee on Indian Affairs.

619. A letter from the Acting Secretary of the Treasury, transmitting the draft of a proposed bill to increase further the efficiency of the Coast Guard, etc.; to the Committee on Merchant Marine and Fisheries.

620. A letter from the Secretary of the Interior, transmitting the draft of proposed legislation to approve the action of the Secretary of the Interior deferring the collection of certain irrigation construction charges against lands under the San Carlos and Flathead Indian irrigation projects; to the Committee on Indian Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SABATH: Committee on Rules. House Resolution 159. Resolution providing for the consideration of Senate Joint Resolution 90. Joint resolution to amend the joint resolution approved June 16, 1938, entitled "Joint resolution to create a Temporary National Economic Committee"; without amendment (Rept. No. 396). Referred to the House Calendar.

Mr. HOBBS: Committee on the Judiciary. H. R. 5643. A bill to invest the circuit courts of appeals of the United States with original and exclusive jurisdiction to review the order of detention of any alien ordered deported from the United States whose deportation or departure from the United States otherwise is not effectuated within 90 days after the date the warrant of deportation shall have become final; to authorize such detention orders in certain cases; to provide places for such detention; and for other purposes; without amendment (Rept. No. 397.) Referred to the Committee of the Whole House on the state of the Union.

Mr. DELANEY: Committee on Rules. House Resolution 135. Resolution providing for the consideration of S. 828; without amendment (Rept. No. 399). Referred to the House Calendar.

Mr. DELANEY: Committee on Rules. House Resolution 136. Resolution providing for the consideration of S. 829; without amendment (Rept. No. 400). Referred to the House Calendar.

Mr. DELANEY: Committee on Rules. House Resolution 137. Resolution providing for the consideration of H. R.

2878; without amendment (Rept. No. 401). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. POAGE: Committee on War Claims. H. R. 1881. A bill for the relief of Anne Boice; without amendment (Rept. No. 398). 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. 2117) granting a pension to Martha Pace; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 2485) granting a pension to Arminta B. Chestnut; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FLANNAGAN:

H. R. 5671. A bill to provide for the punishment of persons transporting stolen animals in interstate commerce, and for other purposes; to the Committee on the Judiciary.

By Mr. MAY:

H. R. 5672 (by request). A bill to amend section 4a of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended; to the Committee on Military Affairs.

By Mr. BATES of Kentucky:

H. R. 5673. A bill to clarify title of resident physicians at Gallinger Municipal Hospital; to the Committee on the District of Columbia.

By Mr. ENGLEBRIGHT:

H. R. 5674. A bill to authorize the rehabilitation of the Indians of the Auburn Rancheria, and affiliated Indians, California; to the Committee on Indian Affairs.

By Mr. GREEN:

H. R. 5675. A bill to amend the World War Veterans' Act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War; to the Committee on World War Veterans' Legislation.

H. R. 5676. A bill to make temporary disability ratings of World War veterans permanent after 1 year; to the Committee on World War Veterans' Legislation.

By Mr. MALONEY:

H. R. 5677. A bill to provide a right-of-way; to the Committee on Military Affairs.

H. R. 5678. A bill to provide a right-of-way; to the Committee on Military Affairs.

By Mr. RANDOLPH:

H. R. 5679. A bill to amend the Code of Law of the District of Columbia in respect to fees of the United States marshal; to the Committee on the District of Columbia.

H. R. 5680. A bill to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States Navy Yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (Public, No. 187, 72d Cong.); to the Committee on the District of Columbia.

By Mr. CALDWELL:

H. R. 5681. A bill to authorize the Federal Surplus Commodities Corporation to purchase and distribute surplus products of the fishing industry; to the Committee on Merchant Marine and Fisheries.

By Mr. GREEN:

H. R. 5682. A bill to further limit the application of certain health inspection requirements of section 2 of the act of February 15, 1893, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. GWYNNE:

H. R. 5683. A bill to authorize the establishment of certain bank offices in communities which have no banking facilities; to the Committee on Banking and Currency.

By Mr. PIERCE of Oregon:

H. R. 5684. A bill amending the act of Congress of June 25, 1938 (C. 710, 52 Stat. 1207), authorizing the Secretary of the Interior to pay salaries and expenses of the chairman, secretary, and interpreter of the Klamath General Council, members of the Klamath business committee and other committees appointed by said Klamath General Council, and official delegates of the Klamath Tribe; to the Committee on Indian Affairs.

By Mr. RANDOLPH:

H. R. 5685. A bill to amend the act of Congress entitled "An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a real-estate commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes," approved August 25, 1937; to the Committee on the District of Columbia.

H. R. 5686. A bill to promote the general welfare through the appropriation of funds to assist the States and Territories in establishing and developing programs in adult civic education providing for (a) removal of illiteracy, (b) naturalization education, and (c) public affairs forums, during a 3-year yeriod; to the Committee on Education.

By Mr. JOHNSON of Oklahoma:

H. R. 5687. A bill to provide funds for cooperating with the school board of district No. 102, Blaine County, Okla., in the construction of a public-school building to be available to Indian children; to the Committee on Indian Affairs.

By Mr. SMITH of Virginia:

H. R. 5688. A bill to provide for the operation of the recreational facilities within the Chopawamsic recreational demonstration project, near Dumfries, Va., by the Secretary of the Interior through the National Park Service, and for other purposes; to the Committee on the Public Lands.

By Mr. WELCH:

H. R. 5689. A bill to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. DEMPSEY:

H. R. 5690. A bill authorizing Federal participation in the commemoration and observance of the four hundredth anniversary of the explorations of Francisco Vasquez De Coronado; establishing a commission for that purpose; and authorizing an appropriation therefor; to the Committee on Foreign Affairs.

By Mr. SUTPHIN:

H. R. 5691. A bill to designate injuries and diseases compensable by the United States Employees' Compensation Commission, by amendment of the Federal Emergency Relief Act of 1933; to the Committee on the Judiciary.

By Mr. WOODRUFF of Michigan:

H. R. 5692. A bill for the relief of the State of Michigan; to the Committee on the Judiciary.

By Mr. WOOD:

H. J. Res. 263. Joint resolution authorizing the Bureau of Labor Statistics to make studies of productivity and labor costs in industry; to the Committee on Labor.

By Mr. BULWINKLE:

H. Res. 160. Resolution relating to the holding of memorial services; to the Committee on Memorials.

By Mr. DEMPSEY:

H. Res. 161. Resolution amending rule XXXV of the Rules of the House of Representatives relating to the press gallery; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Nevada, memorializing the President and the Congress of the United States to consider their Senate Joint Resolution No. 13, with reference to an international conference to avert wars; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARNES:

H. R. 5693. A bill granting an increase of pension to Louisa Bowman; to the Committee on Invalid Pensions.

H. R. 5694. A bill granting a pension to Clemence H. Wallkoff; to the Committee on Invalid Pensions.

H. R. 5695. A bill granting an increase of pension to Ada A. Peak; to the Committee on Pensions.

By Mr. BREWSTER:

H. R. 5696. A bill granting a pension to Geneva P. Lindsey; to the Committee on Invalid Pensions.

By Mr. BRYSON:

H. R. 5697. A bill for the relief of Charlie Cheek; to the Committee on Claims.

By Mr. BULWINKLE:

H. R. 5698. A bill for the relief of H. H. Rhyne, Jr.; to the Committee on Claims.

H. R. 5699. A bill granting an increase of pension to Henry G. Jones; to the Committee on Pensions.

By Mr. CHAPMAN:

H. R. 5700. A bill for the relief of Jesse Lee Griggs; to the Committee on Naval Affairs.

By Mr. CLUETT:

H. R. 5701. A bill granting a pension to Ella B. Atwater; to the Committee on Invalid Pensions.

By Mr. CROWE:

H. R. 5702. A bill granting a pension to Isaac A. Chandler; to the Committee on Pensions.

By Mr. DARDEN:

H. R. 5703. A bill for the relief of Joseph Marshall Harrell; to the Committee on Military Affairs.

By Mr. DEMPSEY:

H. R. 5704. A bill to amend Private Law No. 310, Seventy-fifth Congress, first session, an act for the relief of D. E. Sweinhart; to the Committee on Claims.

By Mr. EATON of California:

H. R. 5705. A bill granting a pension to Margaret Teed; to the Committee on Invalid Pensions.

By Mr. FLANNAGAN:

H. R. 5706. A bill conferring jurisdiction upon the Court of Claims or any district court of the United States to hear, examine, adjudicate, and render judgment on the claim of the legal representative of the estate of Robert Lee Wright; to the Committee on Claims.

By Mr. HARE:

H. R. 5707. A bill granting an increase of pension to John W. Hudson; to the Committee on Pensions.

H. R. 5708. A bill for the relief of J. C. Cleveland; to the Committee on Military Affairs.

By Mr. JOHNSON of Indiana:

H. R. 5709. A bill granting an increase of pension to Mary St. Clair; to the Committee on Invalid Pensions.

H. R. 5710. A bill granting an increase of pension to Elizabeth A. Jordan; to the Committee on Invalid Pensions.

H. R. 5711. A bill to carry out the findings of the Court of Claims in the case of Frank T. Foster; to the Committee on Claims.

By Mr. JOHNSON of Oklahoma:

H. R. 5712. A bill granting a pension to Arellie E. Ferguson; to the Committee on Invalid Pensions.

H. R. 5713. A bill for the relief of Charles Shull; to the Committee on Claims.

By Mr. LECOMPTE:

H. R. 5714. A bill granting an increase of pension to Harriet Reynolds; to the Committee on Invalid Pensions.

H. R. 5715. A bill granting an increase of pension to Mariam Story; to the Committee on Invalid Pensions.

By Mr. O'BRIEN:

H. R. 5716. A bill to authorize the cancelation of deportation proceedings in the case of Antonios Apostolis Malles; to the Committee on Immigration and Naturalization.

By Mr. RANDOLPH:

H. R. 5717. A bill for the relief of the Preston County Hunting Club; to the Committee on Claims.

H. R. 5718. A bill for the relief of the Philippi Improvement Co.; to the Committee on Claims.

By Mr. REED of Illinois:

H. R. 5719. A bill conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Joliet National Bank, of Joliet, Ill., and Commercial Trust & Saving Bank of Joliet, Ill., arising out of loans to the Joliet Forge Co., of Joliet, Ill., for the providing of additional plant facilities and material for the construction of steel forgings during the World War; to the Committee on War Claims.

H. R. 5720. A bill for the relief of Capt. Roger H. Young; to the Committee on War Claims.

By Mrs. ROGERS of Massachusetts:

H. R. 5721. A bill for the relief of Leo Joseph Berry; to the Committee on World War Veterans' Legislation.

By Mr. ROMJUE:

H. R. 5722. A bill for the relief of Evelyn Gurley-Kane; to the Committee on War Claims.

By Mr. SUTPHIN:

H. R. 5723. A bill for the relief of Isadore J. Friedman; to the Committee on Claims.

By Mr. THOMAS of New Jersey:

H. R. 5724. A bill granting a pension to Mary Thompson; to the Committee on Invalid Pensions.

By Mr. WINTER:

H. R. 5725. A bill granting an increase of pension to Rosa B. Sutherlin; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

2420. By Mr. ALEXANDER: Petition of the State Legislature of the State of Minnesota, proposing a revision of the Social Security Act; to the Committee on Ways and Means.

2421. By Mr. ANDERSON of California: Resolution opposing building construction under the Works Progress Administration program, adopted by Painters Local Union No. 1146, of Redwood City, Calif., signed by Frank M. Shearer, president, and W. B. McFarland, secretary; to the Committee on Appropriations.

2422. Also, resolution of the San Mateo Painters Local Union 913, signed by Frank A. Fay, secretary, San Mateo Painters Local Union 913, and F. S. Pease, president, protesting against the encroachment of the Works Progress Administration upon the building and construction trades industry; also urging support of House bill 4576, introduced by Congressman STARNES of Alabama, and Senate bill 591, introduced by Senator WAGNER, of New York; to the Committee on Labor.

2423. Also, resolution, signed by E. H. Henderson, president, and Frank A. Fay, secretary, Building and Construction Trades Council of San Mateo County, Calif., protesting against the encroachment of the Works Progress Administration upon the building and construction trades industry, and urging support of House bill 4576, by Congressman STARNES of Alabama, and Senate bill 591, by Senator WAGNER, of New York; to the Committee on Appropriations.

2424. Also, Assembly Joint Resolution No. 2, signed by J. C. Greenburg, clerk of the assembly, and J. A. Beek, secretary of the senate, relative to defense of the California coast; to the Committee on Appropriations.

2425. Also, Assembly Joint Resolution No. 4, signed by Jack Carl Greenburg, chief clerk of the assembly, and J. A. Beek, secretary of the senate, relative to Pacific coast shipyards; to the Committee on Appropriations.

2426. Also, Assembly Joint Resolution No. 30, signed by J. C. Greenburg, clerk of the assembly, and J. A. Beek, secretary of the senate, relative to memorializing the President and Congress to take favorable action on House bill 4102, introduced at the Seventy-sixth Congress, first session, to provide for the coinage of fractional minor coins; to the Committee on Coinage, Weights, and Measures.

2427. By Mr. ANDREWS: Resolution adopted by Buffalo Typographical Union, No. 9, protesting against amendment of the Wagner Labor Act; to the Committee on Labor.

2428. Also, communication received from B'nai B'rith Lodge, of Niagara Falls, N. Y., urging passage of legislation permitting admission of refugee children from Germany; to the Committee on Immigration and Naturalization.

2429. By Mr. ASHBROOK: Petition of Mrs. James E. Atha and 75 others, of Newark, Ohio, urging favorable consideration of House bill 11; to the Committee on Ways and Means.

2430. By Mr. CONNERY: Petition of the City Council of Revere, Mass., opposing the Federal tax on municipal bonds; to the Committee on Ways and Means.

2431. Also, petition of the General Court of Massachusetts, urging Congress to consider and discuss the provisions of the Townsend national recovery plan, so-called, and the provisions of bills of similar import; to the Committee on Ways and Means.

2432. By Mr. CORBETT: Petition of Joseph P. Plascjak and 446 members of Chartiers Lodge, No. 12, American Federation of Railroad Workers, protesting against the proposed Ohio River to Lake Erie Canal; to the Committee on Rivers and Harbors.

2433. By Mr. CURLEY: Letter of Local Union 366, United Brotherhood of Carpenters and Joiners of America, Bronx, New York City, endorsing House bill 4576 and Senate bill 591; to the Committee on Appropriations.

2434. By Mr. EATON of California: Petition of the Rotary Club of Long Beach, Calif., signed by 90 members, opposing the adoption by the United States Congress of Senate Joint Resolution 24; to the Committee on the Judiciary.

2435. Also, resolution adopted by the American Association of Engineers, Long Beach Chapter, of Long Beach, Calif., and signed by James R. Bole as president and J. E. Solem as secretary, urging that all possible means be taken to defeat the Nye resolution and the Hobbs bill; to the Committee on the Judiciary.

2436. Also, resolution adopted by the Taxpayers Council, of Long Beach, Calif., and signed by E. Curtis Clark, as president, and T. M. Brown, as secretary, urging the defeat of the Nye and Hobbs resolutions or any other similar bills that may be submitted to Congress; to the Committee on the Judiciary.

2437. Also, communication addressed to the city of Long Beach's official committee to defeat the Nye resolution and Hobbs bill, by the East Long Beach Cirgonian Club, signed by Val R. Moore, secretary, advising that the said club had adopted a resolution opposing the Nye resolution; to the Committee on the Judiciary.

2438. Also, resolution adopted by board of directors of Associated Property Owners of Long Beach, Long Beach, Calif., protesting against the passage of the Nye resolution or any similar measures concerning submerged lands; to the Committee on the Judiciary.

2439. By Mr. ENGLEBRIGHT: Joint Resolutions Nos. 2, 4, and 30, of the California State Assembly; to the Committee on Ways and Means.

2440. By Mr. MARTIN J. KENNEDY: Petition of the Schwab Bros. Corporation, New York City, urging support of the amendment to House bill 3951; to the Committee on Interstate and Foreign Commerce.

2441. Also, petition of Harmon Lodge, No. 753, International Association of Machinists, Ossining, N. Y., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2442. Also, petition of Knapp Engraving Co., Inc., New York City, concerning the Social Security Act; to the Committee on Ways and Means.

2443. Also, petition of the American Train Dispatchers Association, St. Albans, Vt., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2444. Also, petition of the New Deal Lodge, No. 380, Brotherhood Railway Carmen of America, Buffalo, N. Y., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2445. Also, petition of Carquinez Lodge, No. 1492, International Association of Machinists, Vallejo, Calif., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2446. Also, petition of Local Unions Nos. 604–678, Clarks Summit, Pa., International Brotherhood of Electrical Workers, urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2447. Also, petition of Denver Lodge, No. 47, International Association of Machinists, Denver, Colo., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2448. Also, petition of Arsenal Lodge, No. 81, International Association of Machinists, Rock Island, Ill., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2449. By Mr. KEOGH: Petition of the Chamber of Commerce of the State of New York, concerning Senate bill 1526; to the Committee on Interstate and Foreign Commerce.

2450. Also, petition of the Central Civic Association of Hollis, Inc., Hollis, N. Y., favoring certain amendments to the Home Owners' Loan Corporation Act; to the Committee on Banking and Currency.

2451. Also, petition of Fred H. Sexauer, president, Dairymen's League Cooperative Association, Inc., New York City, concerning House bill 2179; to the Committee on Agriculture.

2452. Also, petition of Stulman Box & Lumber Co., Inc., Brooklyn, N. Y., concerning House bill 4036 and Senate bill 1364; to the Committee on Agriculture.

2453. By Mr. PFEIFER: Telegram from Fred H. Sexauer, president, Dairymen's League Cooperative Association, Inc., New York City, urging support of House bill 2179; to the Committee on Agriculture.

2454. By Mr. KEOGH: Petition of Lillian M. Henkel, secretary, Central Civic Association of Hollis, Inc., Hollis, N. Y., favoring House bill 5136 with an amendment; to the Committee on the Library.

2455. By Mrs. NORTON: Petition of Frank Hoffman, secretary of the Maritime Council of Puerto Rico, urging the extension of the Social Security Act to Puerto Rico; to the Committee on Ways and Means.

2456. By Mr. PFEIFER: Petition of the Chamber of Commerce of the State of New York, New York City, urging favorable consideration of the Barbour bill (S. 1626); to the Committee on Interstate and Foreign Commerce.

2457. Also, petition of the Stulman Box & Lumber Co., Inc., Brooklyn, N. Y., opposing the passage of House bill 4036 and Senate bill 1364; to the Committee on Agriculture.

2458. Also, petition of the National Retail Lumber Dealers Association, Washington, D. C., urging support of the Banking and Currency Committee's recommendations to amend the National Housing Act (H. R. 5324); to the Committee on Banking and Currency.

2459. By Mr. SHAFER of Michigan: Resolution of the Detroit Federation of Post Office Clerks, favoring enactment of Wagner-Gavagan-Van Nuys antilynching bill; to the Committee on the Judiciary.

2460. Also, resolution of United Federal Workers of America, Local No. 88, Veterans' Hospital, Wood, Wis., asking correction of unsatisfactory working conditions at said facility; to the Committee on World War Veterans' Legislation.

2461. By Mr. SCHIFFLER: Petition of Hon. Robert L. Bruce, mayor, city of New Martinsville, W. Va., opposing the construction of Lake Erie to Ohio River Canal; to the Committee on Appropriations.

2462. By Mr. THOMAS of New Jersey: Joint resolution of the New Jersey State Legislature, approved March 28, 1939, memorializing the Congress of the United States to refuse enactment of legislation which would becloud the sovereign rights of the State of New Jersey in its submerged lands; to the Committee on the Public Lands.

2463. By the SPEAKER: Petition of Alida A. Patts, of San Francisco, Calif., petitioning consideration of their resolution with reference to Works Progress Administration deficiency appropriation; to the Committee on Appropriations.

2464. Also, petition of Omega Psi Phi Fraternity, by William P. Robinson, petitioning consideration of their resolution with reference to military affairs and House bills 3317 and 3318; to the Committee on Military Affairs.

SENATE

WEDNESDAY, APRIL 12, 1939

The Senate met at 2 o'clock and 15 minutes p. m.

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

O God, forasmuch as without Thee we are not able to please Thee, mercifully grant that Thy holy spirit may now guide and direct our thoughts; and may the words of our mouths and the meditation of our hearts in this sacred, holy service be acceptable unto Thee, O Lord, our strength and our redeemer. Amen.

FUNERAL OF SENATOR LEWIS

The casket containing the body of the deceased Senator had been previously brought into the Senate Chamber and placed in the area in front of the desk, surrounded by many floral tributes.

The committee appointed by the Vice President, on the part of the Senate, to take order for superintending the funeral of the deceased Senator, consisting of Senators LUCAS, BARKLEY, MCNARY, BORAH, ASHURST, PITTMAN, KING, CAPPER, GEORGE, WAGNER, VANDENBERG, BAILEY, AUSTIN, CLARK of Missouri, GERRY, and MINTON were seated to the right of the Vice President.

The committee appointed by the Speaker of the House to attend the funeral of the deceased Senator, consisting of Messrs. SABATH, MCANDREWS, PARSONS, BEAM, KELLER, KELLY, SCHUETZ, ALLEN of Illinois, DIRKSEN, KOCIALKOWSKI, SCHAEFER of Illinois, ARENDS, CHURCH, MCKEOUGH, MITCHELL, REED of Illinois, ARNOLD, FRIES, MASON, BARNES, CHIPERFIELD, JOHNSON of Illinois, MACIEJEWSKI, MARTIN of Illinois, SMITH of Illinois, WHEAT, and Miss SUMNER of Illinois, entered the Chamber and were seated to the left of the Vice President.

The VICE PRESIDENT. The invited guests of the Senate will be escorted to the places assigned them.

The Members of the House of Representatives, preceded by the Sergeant at Arms and the Clerk and by the Speaker, entered the Senate Chamber. The Speaker was escorted to a seat on the left of the Vice President, and Members of the House were given the seats provided for them.

The members of the Diplomatic Corps entered the Chamber and were seated to the left of the Vice President's desk.

Members of the Supreme Court of the United States, accompanied by the Marshal and the deputy clerk, entered the Chamber and were seated in the area to the left of the Vice President's desk.

The Chief of Staff of the Army, the Chief of Naval Operations, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard entered the Chamber and were seated in the area to the left of the Vice President's desk.

Mrs. Lewis and relatives and friends of the deceased Senator entered the Chamber and were seated in the area below and to the left of the Vice President's desk.

Rev. ZeBarney T. Phillips, D. D., Chaplain of the Senate, and Rev. James Shera Montgomery, D. D., Chaplain of the House of Representatives, took their places at the Secretary's desk.

The President of the United States, accompanied by his military and naval aides, and the members of his Cabinet, preceded by the Sergeant at Arms of the Senate, entered the Chamber and were seated in the area in front and to the right of the Vice President's desk.

Mr. Arthur O'Brien, representative of Hon. Henry Horner, Governor of the State of Illinois, and five Members of the Senate and six Members of the House of Representatives of the General Assembly of the State of Illinois, appointed to attend the funeral of the deceased Senator, were seated in the west reserved gallery.

Miss Helen Howison, of the city of Washington, sang Lead, Kindly Light.

Lead, Kindly Light, amid the encircling gloom,
Lead Thou me on!
The night is dark, and I am far from home—
Lead Thou me on!
Keep Thou my feet; I do not ask to see
The distant scene—one step enough for me.

I was not ever thus, nor prayed that Thou
Shouldst lead me on.
I loved to choose and see my path; but now
Lead Thou me on!
I loved the garish day, and, spite of fears,
Pride ruled my will; remember not past years.

So long Thy power hath blessed me, sure it still
Will lead me on,
O'er moor and fen, o'er crag and torrent, till
The night is gone;
And with the morn those angel faces smile
Which I have loved long since, and lost a while.

The Chaplain of the Senate recited from the Episcopal burial office as follows:

I am the resurrection and the life, saith the Lord. He that believeth in Me, though he were dead, yet shall he live; and whosoever liveth and believeth in Me shall never die.

* * * * * * *

I know that my Redeemer liveth, and that He shall stand at the latter day upon the earth, and though this body be destroyed, yet shall I see God, whom I shall see for myself, and mine eyes shall behold, and not another.

* * * * * * *

We brought nothing into this world, and it is certain we can carry nothing out. The Lord gave and the Lord hath taken away; blessed be the name of the Lord.

* * * * * * *

Lord, let me know mine end and the number of my days, that I may be certified how long I have to live.

Behold, Thou hast made my days as it were a span long, and mine age is even as nothing in respect of Thee; and verily every man living is altogether vanity.

For man walketh in a vain shadow and disquieteth himself in vain; he heapeth up riches and cannot tell who shall gather them.

And now, Lord, what is my hope? Truly my hope is even in Thee.

Deliver me from all mine offences, and make me not a rebuke unto the foolish.

When Thou with rebukes dost chasten man for sin, Thou makest his beauty to consume away, like as it were a moth fretting a garment; every man therefore is but vanity.

Hear my prayer, O Lord, and with Thine ears consider my calling; hold not Thy peace at my tears; for I am a stranger with Thee and a sojourner, as all my fathers were.

Oh, spare me a little, that I may recover my strength before I go hence and be no more seen.

Lord, Thou hast been our refuge: from one generation to another.

Before the mountains were brought forth, or ever the earth and the world were made: Thou art God from everlasting, and world without end.

Thou turnest man to destruction: again Thou sayest, Come again, ye children of men.