Congress of the United States to enact suitable legislation designed to improve and stabilize the railroad industry and to help solve the national transportation problem; to the Committee on Interstate and Foreign Commerce.

3204. By Mr. GUYER of Kansas: Petition of 63 citizens of Olathe, Johnson County, Kans., petitioning the enactment by the Seventy-sixth Congress of House bill 5620, designated as the improved General Welfare Act; to the Committee on Ways and Means.

3205. By Mr. JARRETT: Petition of R. W. McClelland, president, Townsend Club No. 1, Franklin, Pa., and other signers, urging passage of House bill 2; to the Committee on Ways and Means.

3206. By Mr. JOHNSON of Illinois: Petition of Victor C. Wilke and 148 signers, endorsing the strengthening of the Neutrality Act; to the Committee on Foreign Affairs.

3207. By Mr. MARTIN J. KENNEDY: Petition of the Notre Dame College, South Euclid, Ohio, urging a strong Neutrality Act; to the Committee on Foreign Affairs.

3208. Also, petition of New York State Forestry and Park Association, Inc., Albany, N. Y., concerning appropriation for Dutch elm disease eradication and gypsy and brown-tail moth control; to the Committee on Appropriations.

3209. Also, petition of the Federal-Postal Employees Association, Inc., Denver, Colo., urging support of House bill 960; to the Committee on the Civil Service.

3210. By Mr. MICHAEL J. KENNEDY: Memorial of the Golden Hill Chapter of the Daughters of the American Revolution, advocating the retention of all post exchanges without limitation on class of merchandise sold and that post exchanges be established in Army encampments and forts, so that enlisted men and officers may receive their benefits; to the Committee on Military Affairs.

3211. By Mr. KEOGH: Petition of Edwin Frank Goldman, the Goldman Band, New York City, favoring the passage of Senate bills 1306 and 1354 and House bills 3840 and 5471; to the Committee on Military Affairs.

3212. Also, petition of the Hudson River Conservation Society, Inc., concerning the Dutch elm disease eradication and Gypsy and brown-tail moth control appropriations; to the Committee on Appropriations.

3213. Also, petition of the Federal Postal Employees Association, Inc., Denver, Colo., favoring the passage of House bill 960; to the Committee on the Civil Service.

3214. Also, petition of the Associated Cooperage Industries of America, Inc., St. Louis, Mo., concerning rail legislation; to the Committee on Ways and Means.

3215. Also, petition of the World War Reconstruction Aides Association., Inc., New York City, concerning recognition which military status would bestow; to the Committee on Military Affairs.

3216. Also, petition of the Izaak Walton League of America, Inc., Chicago, Ill., concerning the Barkley bill (S. 685); to the Committee on Interstate and Foreign Commerce.

3217. By Mr. LUCE: Resolutions of the Commonwealth of Massachusetts, memorializing Congress relative to the Jewish National Home in Palestine; to the Committee on Foreign Affairs.

3218. By Mr. MILLER: Petition of 276 residents of the First Congressional District of Connecticut, asking for enactment of the General Welfare Act; to the Committee on Ways and Means.

3219. By Mr. PFEIFER: Petition of the metropolitan section of the American Society of Civil Engineers, New York City, concerning the Starnes bill (H. R. 4576); to the Committee on Appropriations.

3220. Also, petition of the Hudson River Conservation Society, Inc., headquarters 542 Fifth Avenue, New York City, favoring Senate amendments for Dutch elm disease eradication and Gypsy brown-tail moth control; to the Committee on Agriculture.

3221. Also, petition of Federal-Postal Employees Association, Inc., Denver, Colo., favoring the passage of House bill 960; to the Committee on the Civil Service.

3222. By Mr. RICH: Petition of members of the Covenant-Central Presbyterian Church of Williamsport, Pa., relative to social-security legislation; to the Committee on Ways and Means.

3223. By Mr. SCHIFFLER: Petition of Mrs. Allie McConnell, of Mannington, W. Va., a World War mother, urging that we be kept out of foreign alliances, intrigues, and entanglements as George Washington wisely admonished the United States to do; to the Committee on Foreign Affairs.

3224. By Mr. SECCOMBE: Petition of the women of the Methodist Church of Wooster, Ohio, urging Congress to oppose the development of any influence that may directly or indirectly involve America in a European entanglement; to the Committee on Foreign Affairs.

3225. By the SPEAKER: Petition of the Associated General Contractors of America, Inc., Washington, D. C., petitioning consideration of their resolution with reference to Works Progress Administration and construction works; to the Committee on Appropriations.

3226. Also, petition of the Alabama Bankers Association, Tuscaloosa, Ala., petitioning consideration of their resolution with reference to Federal Banking Act of 1935; to the Committee on Banking and Currency.

3227. Also, petition of the Louisiana Public Welfare Association, Baton Rouge, La., petitioning consideration of their resolution with reference to the National Youth Administration; to the Committee on Appropriations.

3228. Also, petition of the Associated Cooperage Industries of America, Inc., St. Louis, Mo., petitioning consideration of their resolution with reference to the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

3229. Also, petition of the National Business Associates, Washington, D. C., petitioning consideration of their resolution with reference to Wagner-Rogers bill with reference to immigration; to the Committee on Immigration and Naturalization.

3230. Also, petition of the United Federal Workers of America, Danville, Ill., petitioning consideration of their resolution with reference to House bill 960 with reference to Works Progress Administration; to the Committee on the Civil Service.

3231. Also, petition of the Citizens' League of Nurses, Philadelphia, Pa., petitioning consideration of their resolution with reference to House bill 6270 relative to the Social Security Act; to the Committee on Ways and Means.

3232. Also, petition of the San Juan Tean Teachers' Union, Local No. 582, San Juan, P. R., petitioning consideration of their resolution with reference to House bill 3517 and Senate bill 1305, with reference to education; to the Committee on Education.

3233. Also, petition of the United Federal Workers of America, Local No. 134, Huntington, W. Va., petitioning consideration of their resolution with reference to House bill 960 with reference to Works Progress Administration; to the Committee on the Civil Service.

3234. Also, petition of the Fayette Exchange Club, Fayette, Ala., petitioning consideration of their resolution with reference to National Youth Administration; to the Committee on Appropriations.

SENATE

TUESDAY, MAY 23, 1939

(Legislative day of Friday, May 19, 1939)

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

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

Dear Lord and Father, who art our only source of light and life: We thank Thee this day not only for the dawn as it came fresh from Thy creative love but also for this hour of noontide, when, in the midst of life's feverish, anxious

ways, we may find the rest that comes to those who through Thy life are led to the wells of peace.

If there be any of us who walk among the shadows, restore to us the sense of proportion, the salt of kindly reasonableness, the modesty and sympathetic geniality which are the very essence of Christian character, that we may rise from our lethargy to the splendor of the divine call and feel upon our faltering lips the touch of glowing embers from off Thine altar, enabling each one to say, "Tell me, O Thou whom my soul loveth, where Thou makest Thy flock to rest at noon." So lead us by the footsteps of the flock to the place of refreshment where we shall be re-created, where large horizons shall be opened up to eyes long weakened by the dust of life, and where we shall find our strength to be the might of God's almightiness. We ask it for the sake of Jesus Christ our Lord. 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, May 22, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations and a convention were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the bill (S. 1579) to extend the time during which orders and marketing agreements under the Agricultural Adjustment Act, as amended, may be applicable to hops.

The message also announced that the House had passed the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 1096) to amend section 8c of the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to Pacific Northwest boxed apples, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 4434. An act to provide for the abatement of personal taxes from insolvent building associations in the District of Columbia;

H. R. 5137. An act to prohibit the purchase of beer on credit by retailers in the District of Columbia;

H. R. 5680. An act 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.);

H. J. Res. 247. Joint resolution to provide minimum national allotments for cotton; and

H. J. Res. 248. Joint resolution to provide minimum national allotments for wheat.

CALL OF THE ROLL

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

Mr. MINTON. I announce that the Senator from South Carolina [Mr. SMITH] is detained from the Senate because of illness in his family.

The Senator from New Mexico [Mr. HATCH] is absent on official business for the Committee on the Judiciary.

The Senator from Mississippi [Mr. BILBO], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], and the Senator from New York [Mr. WAGNER] are detained on important public business.

The Senator from California [Mr. DOWNEY] is absent on official business.

Mr. AUSTIN. The junior Senator from Massachusetts [Mr. LODGE] is necessarily absent on public business.

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

PACIFIC NORTHWEST BOXED APPLES

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1096) to amend section 8c of the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to Pacific Northwest boxed apples, which were, in line 5, to strike out "(k)" and insert "(m)"; in line 7, to strike out "Pacific Northwest boxed apples" and insert "apples produced in the States of Washington, Oregon, and Idaho"; and to amend the title so as to read: "An act to amend the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to apples produced in the States of Washington, Oregon, and Idaho."

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

The motion was agreed to.

LANDS IN TRUST FOR INDIAN USE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to declare that the United States holds certain lands in trust for Indian use, which, with the accompanying papers, was referred to the Committee on Indian Affairs.

LIMITATION OF COST OF BUILDINGS IN NATIONAL PARKS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to amend the act of August 24, 1912 (37 Stat. 460), as amended, with regard to the limitation of cost upon the construction of buildings in national parks, which, with the accompanying paper, was referred to the Committee on Public Lands and Surveys.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a memorial from the national organization of Masters, Mates, and Pilots of America, signed by John J. Scully, secretary, New York City, remonstrating against the enactment of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, especially as the bill affects transportation by water, which was ordered to lie on the table.

Mr. MEAD presented the petition of sundry post-office employees of Brooklyn, N. Y., praying for the enactment of House bill 5479, to alleviate the hardships of substitutes and increase the efficiency and morale of the Postal Service,

which was referred to the Committee on Post Offices and Post Roads.

Mr. PEPPER presented the following memorial of the Legislature of Florida, which was referred to the Committee on Claims:

Senate Joint Memorial 1

Joint resolution as a memorial to Congress to pass an act for the relief of property owners who suffered damages from the campaign to eradicate the Mediterranean fruitfly

Whereas property owners in the State of Florida suffered great damage from quarantine regulations and destruction of property during the successful efforts to suppress the late invasion of the Mediterranean fruitfly; and

Whereas the damage so wrought under the direction and regulations of the Federal Government was for the primary purpose of protecting the health of citizens of the United States and in order to prevent the invasion of other States by this destructive pest, and thereby benefited other States and the United States by an incalculable amount far in excess of the damages sustained by the property owners of Florida; and

Whereas the citrus growers of Florida and the business interests and people of Florida who are dependent directly or indirectly upon the income of citrus growers have, during the present season, experienced great losses due to low prices of citrus fruits; and

Whereas there has already been many years delay in laying before the Congress, for final determination, the claims of the said property owners: Therefore be it

Resolved by the Legislature of the State of Florida:

SECTION 1. That the attention of the President of the United States and the Congress be drawn to the facts hereinbefore set forth, and that they be urgently requested to consider the claims of the property owners who suffered damages incident to the eradication of the Mediterranean fruitfly, and to provide the necessary appropriations to pay said claims at the earliest possible moment.

SEC. 2. The secretary of state shall provide copies of this resolution, suitably prepared as a memorial, and to respectfully present such copies to the President of the United States, the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, and to each of the Senators and Representatives in Congress from the State of Florida.

Mr. PEPPER also presented the following memorial of the Legislature of Florida, which was referred to the Committee on Foreign Relations:

Senate Memorial 3

Joint resolution as a memorial to Congress to pass an act terminating the selling of munitions and war materials by citizens of the United States to the country of Japan

Whereas in the interests of humanity and world peace it becomes necessary that the President of the United States and the Congress of the United States take such action as will deny aid or assistance of any kind to the country of Japan in the furtherance of the war against the country of China; and

Whereas denial of the right to purchase munitions and materials of war would effectively accomplish such purpose: Now, therefore, be it

Resolved by the Legislature of the State of Florida:

SECTION 1. That this body memorialize the President of the United States and the Congress of the United States to take immediate action to terminate the selling of munitions and war materials by citizens of the United States to the country of Japan.

SEC. 2. That the Senators and Representatives of the State of Florida, in the Congress of the United States, give their support to any measure that will accomplish the purpose of this resolution, and that copies of this memorial be forwarded to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives of the Congress of the United States, and to the Senators and Representatives of the State of Florida in Congress.

NATIONAL HEALTH—RESOLUTION OF PENNSYLVANIA OSTEOPATHIC ASSOCIATION

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Education and Labor a resolution of the Pennsylvania Osteopathic Association with reference to a resolution adopted by the American Osteopathic Association and agreed to by its forty-second annual session at Cincinnati, Ohio, in July 1938.

There being no objection, the resolution was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

Resolution of Pennsylvania Osteopathic Association

Whereas the American Osteopathic Association, a democratic and representative federation of State osteopathic societies, by its house of delegates assembled in forty-second annual session at Cincinnati, Ohio, in July 1938, resolved to cooperate "with employers and employees, with representatives of lay organizations, with other medical organizations, and with those departments of Government interested in the program, in working out a program of care (which will include, for the individual, the option of free choice of physician) for those not now receiving adequate medical care because of medical indigency"; and

Whereas osteopathy is recognized, regulated, and licensed in the State of Pennsylvania and osteopathic physicians are engaged in the practice of their profession in said State; and

Whereas osteopathic physicians in this State are concerned with the promotion of maternal and child health, maternity care and care of infants, medical care for children and services for crippled and other physically handicapped children in need of such care, and public health work, and the construction and operation of hospitals and health centers, and the furnishing of medical care to those unable to provide adequate care; and

Whereas the national health bill, S. 1620, purports to extend and multiply the medical care provisions of the Social Security Act and to that end authorizes the Federal administrative agencies to set up Federal advisory councils composed of representatives of the professions concerned, and requires the State administrative agencies to do likewise; and

Whereas said national health bill makes no provision for the representation of the osteopathic profession on said Federal and State advisory councils: Now, therefore, be it

Resolved by the Pennsylvania Osteopathic Association, representing the osteopathic profession in said State, That the United States Senators from this State, the author of said bill, and the Senate Committee on Education and Labor, and the President of the Senate, the Vice President of the United States, be informed by transmittal of copies hereof that the aims and purposes of said bill require amendments expressly preserving freedom of choice of physician and school of practice to persons entitled to medical care, and expressly providing for osteopathic representation on said Federal and State advisory councils to the end that the osteopathic profession in this State and in the United States may be enabled to cooperate in implementing the medical-social security program of said bill.

CRISIS IN PALESTINE—EDITORIAL FROM THE PITTSBURGH PRESS

Mr. DAVIS. Mr. President, I also ask unanimous consent to have printed in the RECORD and referred to the Committee on Foreign Relations an editorial from the Pittsburgh (Pa.) Press of May 19, 1939, entitled "Crisis in Palestine." This is a condition of distress that is without parallel in the history of a people oppressed for ages long. Concern is expressed not only because of the fate of one race but also because of the international implications of this perplexing problem.

There being no objection, the editorial was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

[From the Pittsburgh Press of May 19, 1939]

CRISIS IN PALESTINE

Terror stalks through the streets once trodden by the feet of Christ. Riots, strikes, fasts, incendiarism, and sabotage have brought police and troops into action as the Jews of Palestine, foreseeing the end of their long-cherished dream of a homeland, display their anger against the British.

The Jews call this the blackest day in their modern history as protest meetings are held in more than 200 cities, towns, and villages. Only the Arabs are jubilant. The Jews see themselves forever doomed to live as a minority in an Arab-dominated state and charge the British with a betrayal "which condemns Jewish Palestine to the tragic fate of Czechoslovakia."

The situation created by the British White Paper "solution" of the Palestine problem would be serious even were Europe not on the brink of disaster. Britain now needs all the friends she can muster if she is to impress Germany and Italy sufficiently to avert war. It is particularly important to have peace and unity in the Arabian Peninsula—the vital land bridge connecting the Mediterranean and the Persian Gulf.

Accustomed as we are to hearing the British extolled as the world's shrewdest and most far-seeing statesmen, let us have a look at what lies behind this situation. For surely there have been blunders.

During the World War, Britain as now, was desperately in need of all the help she could get and from every possible direction. The war was going badly for her not only in Europe but against the Turks in the Near East. So, to get the Arabs on her side, she promised them an independent Arabia. At the same time, to win over world Jewry, she offered a "national home for the Jewish people" in Palestine.

In so doing, of course, she was borrowing trouble. The two promises were bound to conflict. Aware of this, Britain's policy has wavered weakly for years as if living in hope that a miracle would happen.

But it didn't. Royal commissions tried to find a solution and failed. Conferences got nowhere. Meanwhile relations between Arabs and Jews grew steadily worse and bloodshed more common.

Each side blames the other. They would hardly be human if they didn't. Certainly the British have muddled inexcusably. If

nowhere else they blundered in the beginning; and since, when they failed to state definitely just how far they were prepared to go, both with the Arabs and the Jews. The very haziness of the war-time Anglo-Arabian understanding left room for endless haggling, while the Balfour declaration with regard to the "national home" in Palestine was just as vague.

Britain's World War chickens seem to be coming home to roost. And they are doing so at a particularly inopportune time. She has more than enough trouble without this.

But world Jewry also has its troubles in other quarters. Thus, whatever grievance it may have against Britain in Palestine, to attack her there would weaken her in her stand elsewhere—for instance, against the oppressors of Jewry in central Europe.

REPORTS OF COMMITTEES

Mr. BONE, from the Committee on Patents, to which was referred the bill (S. 547) to amend section 23 of the act of March 4, 1909, relating to copyrights, reported it with an amendment and submitted a report (No. 465) thereon.

Mr. SCHWARTZ, from the Committee on Mines and Mining, to which was referred the bill (S. 1542) to authorize the Director of the Geological Survey, under the general supervision of the Secretary of the Interior, to acquire certain collections for the United States, reported it without amendment and submitted a report (No. 466) thereon.

He also, from the Committee on Interstate Commerce, to which was referred the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, reported it with amendments and submitted a report (No. 467) thereon.

Mr. AUSTIN, as a member of the Committee on Interstate Commerce, submitted minority views on the foregoing bill (S. 162), which were ordered to be printed as a part of Report No. 467.

ENROLLED BILLS PRESENTED

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

On May 17, 1939:

S. 595. An act 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; and

S. 1876. An act to readjust the commissioned personnel of the Coast Guard, and for other purposes.

On May 18, 1939:

S. 965. An act to amend the act entitled "An act authorizing the Port Authority of Duluth, Minn., and the Harbor Commission of Superior, Wis., to construct a highway bridge across the St. Louis River from Rice's Point in Duluth, Minn., to Superior in Wisconsin," approved June 30, 1938.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. HOLMAN:

S. 2469. A bill relating to the exchange of certain lands in the State of Oregon; to the Committee on Public Lands and Surveys.

By Mrs. CARAWAY:

S. 2470. A bill for the relief of R. K. Garfield; to the Committee on Claims.

By Mr. SMATHERS:

S. 2471. A bill conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment on the claim of Robert A. Watson; to the Committee on Claims.

By Mr. BROWN:

S. 2472. A bill to provide for the construction of a Coast Guard vessel designed for ice-breaking and assistance work on Lake Huron, Lake Michigan, and Lake Superior; to the Committee on Commerce.

By Mr. CONNALLY:

S. 2473. A bill to repeal the minimum-price limitation on sale of the Akron, Ohio, old post-office building and site; to the Committee on Public Buildings and Grounds.

By Mr. SHIPSTEAD:

S. 2474. A bill to authorize the city of Duluth, in the State of Minnesota, to construct a toll bridge across the St. Louis River, between the States of Minnesota and Wisconsin, and for other purposes; to the Committee on Commerce.

By Mr. KING:

S. 2475. A bill creating the Puerto Rico Water Resources Authority, and for other purposes; to the Committee on Territories and Insular Affairs.

By Mr. JOHNSON of Colorado:

S. 2476. A bill granting an increase in disability compensation to Richard M. Cleary; to the Committee on Finance.

By Mr. DANAHER:

S. J. Res. 139. Joint resolution to authorize compacts or agreements between or among the States bordering on the Atlantic Ocean with respect to fishing in the territorial waters and the bays and inlets of the Atlantic Ocean on which such States border, and for other purposes; to the Committee on Commerce.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

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

H. R. 4434. An act to provide for the abatement of personal taxes from insolvent building associations in the District of Columbia;

H. R. 5137. An act to prohibit the purchase of beer on credit by retailers in the District of Columbia;

H. R. 5680. An act 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;

H. J. Res. 247. Joint resolution to provide minimum national allotments for cotton; and

H. J. Res. 248. Joint resolution to provide minimum national allotments for wheat; to the Committee on Agriculture and Forestry.

AMENDMENT TO RIVER AND HARBOR AUTHORIZATION BILL—UMATILLA DAM, COLUMBIA RIVER, OREG.

Mr. McNARY submitted an amendment intended to be proposed by him to the bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

AMENDMENT OF INTERSTATE COMMERCE ACT

Mr. BANKHEAD submitted an amendment intended to be proposed by him to the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, which was ordered to lie on the table and to be printed.

CITIZENSHIP INDUCTION CEREMONY IN WISCONSIN

Mr. LA FOLLETTE. Mr. President, on Sunday last there was held at Manitowoc, Wis., a very thrilling ceremony. On that occasion the chief justice of the State, the president of the University of Wisconsin, and others participated in ceremonies inducting into citizenship all the youthful native-born new citizens who had attained the age of 21 years.

Prior to that time there had been educational classes conducted in citizenship in the community.

The idea was originally suggested by Prof. R. J. Colbert, of the University of Wisconsin. It attracted Nation-wide attention, both in the press and as a result of a radio broadcast of the ceremony.

I am advised that since this ceremony was held in Manitowoc County, 38 other counties in the State have requested the extension division of the university to assist them in arranging for similar programs in the coming year, and likewise

there have been inquiries received by the extension division from many other counties scattered over the United States.

One of the prime movers in this ceremony was Judge Albert H. Schmidt, of Manitowoc County.

I ask unanimous consent that as a part of my remarks there may be printed in the RECORD the address of Judge Schmidt, Chief Justice Rosenberry, President Dykstra, the message sent by Mr. J. Edgar Hoover, and a letter which I received under date of May 20 from Prof. Richard C. Wilson, assistant director of the department of extension teaching in the University of Wisconsin.

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

INTRODUCTORY ADDRESS BY JUDGE ALBERT H. SCHMIDT, MANITOWOC, WIS., MASTER OF CEREMONIES, MANITOWOC COUNTY CITIZENSHIP DAY CEREMONIES, MAY 21, 1939

Members of the citizenship class of 1939, Dr. Colbert, Chief Justice Rosenberry, President Dykstra, distinguished guests, and fellow American citizens, we are met on this auspicious occasion, this Sabbath afternoon, to install, in the spirit of America, with appropriate, impressive, dramatic, colorful moving ceremony, the like of which America has never seen before, all young men and women of Manitowoc County, Wis., who have reached the age of 21 during the past current year, into the status of full-fledged American citizenship, the first plan and program of its kind in the United States. These young men and women and all of us who participate in these ceremonies are making history—important history. This is the birth of a new day in American democracy.

Here on these magnificent grounds—none more beautiful or suitable anywhere—at Manitowoc, meaning the "home of the great spirit," overlooking the majestic waters of Lake Michigan, in the very heart of the United States, in the midst of Dame Nature in all her glory, with every tree and every leaf and every blade of grass at attention, in the very spirit of our martyred President, Abraham Lincoln, whose name these grounds bear—what could be more magnificent, appropriate, and inspiring, as if foreordained for this very purpose?—we are inaugurating a movement representing the most essential contribution to our national life ever proposed, and the Nation's most essential educational need, which will contribute more to the security of our liberties than all the purely scientific foundations in the country, a movement already national in its scope and influence, whose far-reaching, beneficial effects upon life and government will last long after we shall have gone to our reward.

The reconsecration of America in America is our greatest need—our task here today.

We are not here concerned with nationalities, sectarian or political beliefs. We are all Americans, of America—for America. The eyes of the entire country, of other countries, are upon us, upon Manitowoc, Wis. Thus while the attention, the honor is great, equally great is our responsibility. And we are ready here and now to meet that responsibility—as free, patriotic, loyal, liberty-loving Americans.

Fortunately for us, only in the United States of America could a program like this take place, for here the people are the Government and the Government is the people—here the men and women of the Nation are the kings and queens of the country, for under our Constitution the powers not delegated to the United States by the Constitution nor prohibited by it to the States are reserved to the States respectively or to the people, and the enumeration in the Constitution of certain rights shall not be construed to deny nor disparage others retained by the people.

We have planned with great care and detail, intending a national, democratic, permanent pattern, building not for a day or a year but for all time. Contemplate, if you please, some 2,500,000 21-year-old voters in the United States every year voluntarily being inducted into full-fledged American citizenship by a proper course of study as to the rights and responsibilities of citizenship, and formal, impressive, democratic, public installation ceremonies in the interests of a more alert and loyal Americanism, under the golden sun of liberty, and you have a picture of the importance, the immensity, and the far-reaching possibilities of the Manitowoc plan. Our aim and our hope is to make this the most impressive, the most dramatic, the most worth-while community undertaking in the history of Manitowoc County and the United States—a grand, graphic, magnificent, inspiring spectacle of Americanism in action—not only to educate and inspire the young people of the country but the older citizens as well—a day when all Americans, irrespective of nationality, creed, or political belief, should reconsecrate themselves to a more vigilant, patriotic, and zealous interest in and devotion to the great, inalienable, living, life, and liberty-giving principles of Americanism with which our Creator has endowed us—Americanism enlightening America, liberty enlightening the world—radiating out from Manitowoc, Wis., on this May 21, 1939, to the four corners of the earth—the United States of America now and forever, one and inseparable—so that in truth and in fact government of the people, by the people, and for the people shall not perish from the earth.

ADDRESS BY HON. MARVIN B. ROSENBERRY, CHIEF JUSTICE OF THE SUPREME COURT OF WISCONSIN

Mr. Chairman, members of the citizenship class of 1933, and fellow citizens, upon the invitation of the committee having charge of these exercises it becomes my privilege to administer to you the oath of allegiance. By reason of your being born in this country you are already under an obligation to support and maintain our constitutional system of government. The taking of the oath is merely a formal recognition on your part of this obligation. From the earliest times and in the most primitive societies those who were responsible for maintaining the Government were inducted into the body corporate of the tribe or the state with appropriate ceremonies. In many cases these ceremonies were participated in by the leading men of the community and were considered important. The object of the ceremony was to impress upon the initiate the seriousness of the step which he was about to take in assuming responsibility for the welfare of the group. The ceremony was designed to acquaint the initiate with the character of the responsibilities which he assumed and the fundamental principles which underlay the government of which he was to become a part. These ceremonies were especially elaborate and impressive when an individual was to become an emperor or king. Two years ago we heard and read a great deal about the coronation of King George VI.

While the coronation ceremony is a survival of former times, as the King of England no longer exercises the sovereign power of the state, it is an example of the great importance attached by peoples to induction into office of a new sovereign. In this country the sovereign power is exercised by the people and not by a king, an emperor, or other potentate. The sovereign power in this country is not exercised by royal edict or imperial proclamation but by the people acting through their chosen representatives in accordance with the limitations of the Constitution and in the manner prescribed therein. At the next election you will by your ballot choose the individuals from the body politic who are to act for you in the exercise of so much of the sovereign or supreme power as the people have vested in their officers—legislative, executive, and judicial. If and when you are called upon to vote upon amendments to the Constitution, you will act in your capacity as sovereigns. The people of the state by a majority vote will themselves determine how much additional sovereign power shall be exercised by their representatives. It is the failure to distinguish between the exercise of sovereign power in the making of the Constitution and the exercise of the right to choose representatives to exercise governmental power under the Constitution that leads many persons to ignore one of the fundamentals of our Government. The chosen representatives of the people exercise only such power as has been committed to them by the Constitution. When the people adopt a constitution, they exercise a different kind of power—the sovereign or supreme power in the state. When they choose officers they name the persons who are to act as their agents or representatives under the constitution.

To prepare you for the performance of these duties, you have been trained in the public schools and you have taken a course of instruction preparatory to this citizenship-day program. The principal purpose and object of your education at public expense—the whole purpose and object of the preparation for citizenship day—is to enable you to exercise this great power wisely and to prepare you to participate as citizens and, if chosen, as officers in the Government of the towns, villages, cities, counties, State, and the United States.

The oath which I shall administer to you is that prescribed by the constitution of the State and required to be administered to all public officers, adapted to use on this occasion. There has been added to it the words, "So help me God," which are not, in fact, a part of the oath but a prayer by which each one of you calls upon Divine Providence to aid and strengthen you in the discharge of the duties you this day solemnly promise to perform.

Our Constitution declares that "The blessings of a free government can only be maintained by a firm adherence to justice, moderation, temperance, frugality, and virtue, and by frequent recurrence to fundamental principles."

It is my hope and prayer that you may square your lives as citizens with this profound declaration of the people speaking through the Constitution and that the pledge to support constitutional government which you are about to take may be fulfilled in your lives as citizens of this great Republic.

FORM OF OATH

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Wisconsin and the laws enacted pursuant thereto, and that I will faithfully discharge the duties and obligations of a citizen of the State of Wisconsin to the best of my ability, so help me God.

ADDRESS BY DR. C. A. DYKSTRA, PRESIDENT OF THE UNIVERSITY OF WISCONSIN

Our tribal ancestors recognized the transition from boyhood to manhood with solemn ceremonies. The dedication of young men to the service of the tribe and the assumption of responsibilities by individuals for the social group was the climax in the lives of the youth. Trials and tortures of many kinds preceded the initiation ceremony. During this period of preparation the young braves were made thoroughly familiar with tribal history, customs, and rituals.

The initiation rites were sacred undertakings of a deeply religious character. Their significance was attested by the fact that from that moment on the initiate was presumed to be invested with a new purpose and a new strength. As an earnest of this new life the youth was given a new garment and a new name, as the tribe, amidst wild rejoicing, proclaimed him a man.

Vestiges of such ceremonies persist in most societies today, particularly in churches and fraternal organizations. Young men—

and in these days young women participate in them—make their pledges and take their vows. In our democratic society which threw overboard all ritual, we have done nothing to impress upon our young people that at 21 they become responsible voting members of the body politic. This ceremony at Manitowoc today is an attempt to repair this long omission. Here is youth 700 strong about to assume the burden of adulthood in a free society.

You have experienced a period of training for this new enterprise. You have caught a new enthusiasm for democratic processes and possibilities. You know something of your obligations as citizens. You are organized as a convention of young voters.

As you look about, as you read your papers, you realize that our governments in many places have become corrupted and are no longer representative of the whole citizenship. Small groups of partisans and sometimes one person use the political device which we call government for exploitation and even for personal gain. Such a course is not wholesome, nor is it wise for a democracy to allow the perversion of its own processes or aims.

The aims of a democratic society lead to the good life for all through the participation of all according to their talents and their merits. They proceed upon the theory that if opportunity is afforded and guaranteed to all, the general good will be approximated.

In accordance with this principle we have provided universal public education so that each individual may make the most of his talents. But to make the most of one's talents does not carry with it the license to exploit others or to trample upon the rights of our fellow men. It carries with it rather the deep obligation to see to it that all are fairly dealt with and that all are allowed to live their lives as individuals and as men.

Deeply imbedded in our legal and social history are the general doctrines of the rights of men. It is the manifest duty of Americans to protect these individual rights as the occasion demands. We must defend to the uttermost our ancient freedoms—free speech and assembly and the right to worship as we will. We must defend life and liberty and what Jefferson called the pursuit of happiness. In modern terms this last phrase means the right to make a living through access to opportunity to work and care for a family. This is a difficult thing to do in the modern world. But it is incumbent upon us to work at it—to bring it to pass. The validity and the perpetuation of the democratic way of life are bound up in a solution of this problem.

Certain challenges face you—who today assume the obligations of citizenship.

First. You must see to it that you have the personal integrity which is expected of the intelligent adult.

Second. You must exercise that integrity and your best judgment besides in the interest of the community in which you live.

Third. You must be loyal to the commitments made to the democratic way by our forefathers.

Fourth. You must be diligent and honorable in exercising the voting trust with which you are now invested.

Fifth. You must realize that patriotism is a quality or attribute which requires daily cultivation and daily service. It is not a cloak to be worn for occasions and cast aside for individual gain or glory. It is not a refuge for weak souls but a badge of opportunity.

Today the democratic way is challenged the world over. Millions—hundreds of millions—have turned their backs upon it. They are persuaded that it is easier to cast their burdens upon someone who will carry the load and give the orders. They have sacrificed their freedoms by so doing. You are a portion of the youth of America who eventually will decide the question as to whether our complex problems can be solved by a democratic process which preserves our freedoms. Democracy is the hard way—the difficult road.

Today I commend to you the hard road. Your fathers have traveled it for centuries. Continue upon it and keep it open. Millions still to be born have the right to be born free—you cannot sell their birthright for a mess of pottage.

Today set out with courage and stout hearts. Sing your marching songs. Hold high the banner. Let freedom ring! Yes; let it ring—but also let freedom live and work.

FEDERAL BUREAU OF INVESTIGATION,
UNITED STATES DEPARTMENT OF JUSTICE,
Washington, D. C., May 12, 1939.

Hon. ALBERT H. SCHMIDT,
927 South Eighth Street, Manitowoc, Wis.

MY DEAR JUDGE: With further reference to my wire of May 10, 1939, and in accordance with the request contained in your letter of May 4, 1939, I am happy indeed to enclose a statement pertaining to the Manitowoc Citizenship Day, which I trust will be of some assistance to you.

I regret so much that a previous commitment in Nashville, Tenn., as I wired you, prevents my accepting the kind invitation to be in Manitowoc on May 21.

With best wishes and kind regards,
Sincerely yours,

J. EDGAR HOOVER.

THE TRUE CITIZEN

Manitowoc's Citizenship Day is indeed commendable and worth while. Designed to protect the ideals of Americanism, it should truly have the wholehearted support and approbation of every citizen. If our democratic institutions are to survive, we must, of necessity, protect them against "isms" and the subversive forces of lawlessness. In the final analysis the basic functions of government center around the principles of maintaining law and order—and lawlessness is the greatest threat to American civil liberties today. It undermines the fundamental concept of our democracy, of insuring to all peoples life, liberty, and the pursuit of happiness. Lawlessness not only threatens national security but in doing so threatens our basic social unit, the home. The task confronting every American citizen today is to insure that law and order shall reign supreme.

A true citizen respects and loves the traditions, laws, and customs of our country. Young men and women who reach the age of 21 view a world with many perplexing problems. They find the public often apathetic toward lawlessness, graft, and corruption. They find that members of their own age group—21—were the most frequently arrested in 1938. This problem of crime can only be definitely solved with the development of law-abiding citizens. It is a tremendous task, but is one of importance and cannot be minimized. Law enforcement cannot fight this battle alone. True citizenship is the answer.

The day set apart in Manitowoc to focus attention on citizenship will prove a powerful sustaining force. Not only will it serve to educate the youthful citizens as to their civic responsibility but will serve to reawaken the sense of public responsibility in general, to instill a constant vigil upon the part of every good citizen, and to reestablish a solid foundation of majesty of law.

Without the wholesome support of the people, the efforts of law-enforcement officials must go for naught. After all, it is the will of the people which determines what sort of conditions shall continue to exist. Any citizen who yearns for good government will, if active in civic affairs, cause an improvement in conditions, ameliorating the crime burden. In the first place, he should give to the laws of the city, county, State, and Nation a scrupulous and conscientious personal obedience. He should take an active part in the administration of justice and become familiar with the workings of the courts and their jurisdiction. Of most importance, he should refuse to tolerate venal political interference with law-enforcement agencies and officials in the discharge of their duties. In the event the ugly head of corruption intrudes itself into the law-enforcement picture, he should, by all means, denounce it. Finally, he should, as a public-spirited citizen, set a needed example for his elder brethren, consider it an honor and privilege to sit upon a jury.

THE UNIVERSITY OF WISCONSIN,
UNIVERSITY EXTENSION DIVISION,
Madison, May 20, 1939.

Senator ROBERT M. LA FOLLETTE,
Senate Office Building, Washington, D. C.

DEAR SENATOR LA FOLLETTE: Wisconsin leads again!

America's first program of citizenship training for native-born new voters is being climaxed on May 21 with Citizenship Day—the occasion upon which all the 21-year-old new voters in Manitowoc County will be inducted into the electorate with appropriate ceremony. Chief Justice Rosenberry, President Dykstra, State Vocational Director Hambrecht, and others will take part in the impressive ceremony.

The Wisconsin plan for training new voters in citizenship includes a careful enumeration of the 21-year-olds in each community, their organization into classes for instruction, and their induction into the electorate. The educational program stresses the organization and function of the county unit of government—the town, village, city, and county—in which the voter has his closest contacts with government. Preparing this instructional material, organizing and conducting the classes, and setting up and carrying out the induction ceremony involve considerable effort and time. Arrangements must be made for their financing.

This plan was conceived by Prof. R. J. Colbert, of the University of Wisconsin Extension Division, and carried out for the first time in Manitowoc County. As a result of the success of the program in that county, citizens of 38 other Wisconsin counties have asked the extension division to assist them in conducting similar programs for their new voters next year.

People in all parts of our Nation have received the plan with open arms. Newspapers and magazines from coast to coast have carried feature stories. Hundreds of newspapers printed editorials urging the adoption of the plan on a Nation-wide basis. Interested citizens in every State of the Union have written to the extension division asking for information about the program. Many have asked how it can be adapted to their communities. The plan is being snapped up in many parts of the country. It is growing, expanding.

Senator JOSH LEE, of Oklahoma, and Representative JENNINGS RANDOLPH, of West Virginia, showed great foresight when they introduced their bill which proposes Federal aid for States conducting programs of citizenship training. Such legislation will make it possible for the citizens of the United States to help their new voters better to understand governmental organization and operation and their relationship to it. The passage of the bill will help generate a more intelligent and creative participating citizenry. It will help make America a better place in which to live.

Wisconsin has laid the ground work for citizenship training programs. Congress has the opportunity to build a mighty structure upon this foundation.

Sincerely yours,

RICHARD C. WILSON, *Assistant Editor.*

DECISION OF SUPREME COURT IN O'MALLEY *v.* WOODROUGH

Mr. BROWN. Mr. President, I desire to call the attention of the Senate to the decision of the Supreme Court of the United States yesterday in the case of O'Malley against Woodrough, which definitely ends the immunity which by court decision heretofore made, particularly the case of Evans against Gore, was attached to the salaries of all Federal judges.

Mr. Justice Frankfurter said, in speaking of Evans against Gore:

> The decision met wide and steadily growing disfavor from legal scholarship and professional opinion.

It is now, in my judgment, definitely overruled.

The case was decided by a 7-to-1 vote, with one of the Justices not participating. I mention it now because the decision squarely upholds the position taken by those of us who advocated the public salary tax bill which the Congress enacted about a month ago. It will be recalled that the Senate adopted my amendment applying the tax to all Federal judges.

I ask that both the majority and the minority opinions be printed in the RECORD.

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

[Supreme Court of the United States. No. 810. October term, 1938. *George W. O'Malley, Individually and as Collector of Internal Revenue, appellant,* v. *Joseph W. Woodrough and Ella B. Woodrough.* On appeal from the District Court of the United States for the District of Nebraska. May 22, 1939]

Mr. Justice Frankfurter delivered the opinion of the Court.

The case is here under section 2 of the act of August 24, 1937 (50 Stat. 751), as a direct appeal from a judgment of a district court whose "decision was against the constitutionality" of an act of Congress. The suit below, an action at law to recover a tax on income claimed to have been illegally exacted, was disposed of upon the pleadings and turned on the single question now before us, to wit: Is the provision of section 22 of the Revenue Act of 1932 (47 Stat. 169, 178), reenacted by section 22 (a) of the Revenue Act of 1936 (49 Stat. 1648, 1657), constitutional insofar as it included in the "gross income," on the basis of which taxes were to be paid, the compensation of "judges of courts of the United States taking office after June 6, 1932."

That this is the sole issue will emerge from a simple statement of the facts and of the governing legislation. Joseph W. Woodrough was appointed a United States circuit judge on April 12, 1933, and qualified as such on May 1, 1933. For the calendar year of 1936 a joint income-tax return of Judge Woodrough and his wife disclosed his judicial salary of $12,500, but claimed it to be constitutionally immune from taxation. Since it was not included in "gross income," no tax was payable. Subsequently a deficiency of $631.60 was assessed on the basis of that item, which, with interest, was paid under protest. Claim for refund having been rejected, the present suit was brought, and judgment went against the collector. The assessment of the present tax was technically under the act of 1936, but that act merely carried forward the provisions of the act of 1932, for the inclusion of compensation of "judges of courts of the United States taking office after June 6, 1932," which had been similarly incorporated in the Revenue Act of 1934 (48 Stat. 680, 686–687). Therefore the power of Congress to include Judge Woodrough's salary as a circuit judge in his "gross income" must be judged on the basis of the validity of section 22 of the Revenue Act of 1932 and not as though that power had been originally asserted by the Revenue Act of 1936. For it was the act of June 6, 1932, that gave notice to all judges thereafter to be appointed, of the new congressional policy to include the judicial salaries of such judges in the assessment of income taxes. The fact that Judge Woodrough, before he became a circuit judge, and prior to June 6, 1932, had been a district judge is wholly irrelevant to the matter in issue. The two offices have different statutory origins, are filled by separate nominations and confirmations, and enjoy different emoluments. A new appointee to a circuit court of appeals occupies a new office no less when he is taken from the district bench than when he is drawn from the bar.

By means of section 22 of the Revenue Act of 1932, Congress sought to avoid, at least in part, the consequences of *Evans* v. *Gore* (253 U. S. 245). That case, decided on June 1, 1920, ruled for the first time that a provision requiring the compensation received by the judges of the United States to be included in the "gross income" from which the net income is to be computed, although merely part of a taxing measure of general, nondiscriminatory application to all earners of incomes, is contrary to article III, section 1, of the Constitution which provides that the "compensation" of the "judges" "shall not be diminished during their continuance in office." (See also the separate opinion of Mr. Justice Field in *Pollock* v. *Farmers' Loan & Trust Co.*, 157 U. S. 429, 586, 604 et seq.) To be sure, in a letter to Secretary Chase, Chief Justice Taney expressed similar views.[1] In doing so, he merely gave his extrajudicial opinion, asserting at the same time that the question could not be adjudicated.[2] Chief Justice Taney's vigorous views were shared by Attorney General Hoar.[3] Thereafter both the Treasury Department[4] and Congress[5] acted upon this construction of the Constitution. However, the meaning which *Evans* v. *Gore* imputed to the history which explains article III, section 1, was contrary to the way in which it was read by other English speaking courts.[6] The decision met wide and steadily growing disfavor from legal scholarship and professional opinion.[7] *Evans* v. *Gore* itself was rejected by most of the courts before whom the matter came after that decision.[8]

Having regard to these circumstances, the question immediately before us is whether Congress exceeded its constitutional power in providing that United States judges appointed after the Revenue Act of 1932 shall not enjoy immunity from the incidences of taxation to which everyone else within the defined classes of income is subjected. Thereby, of course, Congress has committed itself to the position that a nondiscriminatory tax laid generally on net income is not, when applied to the income of a Federal judge, a diminution of his salary within the prohibition of article III, section 1 of the Constitution. To suggest that it makes inroads upon the independence of judges who took office after Congress had thus charged them with the common duties of citizenship, by making them bear their aliquot share of the cost of maintaining the Government, is to trivialize the great historic experience on which the framers based the safeguards of article III, section 1.[9] To subject them to a general tax is merely to recognize that judges are also citizens, and that their particular function in government does not generate an immunity from sharing with their fellow citizens the material burden of the Government whose Constitution and laws they are charged with administering.

After this case came here, Congress, by section 3 of the Public Salary Tax Act of 1939, amended section 22 (a) so as to make it applicable to "judges of courts of the United States who took office on or before June 6, 1932."[10] That section, however, is not now before us. But to the extent that what the Court now says is inconsistent with what was said in *Miles* v. *Graham* (268 U. S. 501), the latter cannot survive.

Judgment reversed.

Mr. Justice McReynolds did not hear the argument in this cause and took no part in its consideration or decision.

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[1] The letter was written on February 16, 1863, and will be found in 157 U. S. 701.

[2] "* * * I should not have troubled you with this letter if there was any mode by which the question could be decided in a judicial proceeding. But all of the judges of the courts of the United States have an interest in the question, and could not therefore with propriety undertake to hear and decide it" (157 U. S. at 702).

[3] 13 Op. A. G. 161; but see the opinion of Attorney General Palmer (31 Op. A. G. 475).

[4] See Mr. Justice Field, concurring, in *Pollock* v. *Farmers' Loan & Trust Co.* (157 U. S. 429, 588, 606–607).

[5] See *Wayne* v. *U. S.* (26 Ct. Cl. 274; act of July 28, 1892, c. 311, 27 Stat. 306.

[6] See Judgments in *Cooper* v. *Commissioner of Income Tax* (4 Comm. L. R. 1304) construing sec. 17 of the Queensland Constitution Act of 1867, which prohibited "any reduction or diminution of the salary of a judge during his term of office"; also *Judges* v. *Attorney General for Saskatchewan* (1937) (2 D. L. R. 209), construing sec. 96 of the British North America Act, 1867, that "the salaries * * * of the judges * * * shall be fixed and provided by the Parliament of Canada" in connection with the Income Tax Act, 1932, of Saskatchewan.

[7] See Clark, Further Limitations Upon Federal Income Taxation (30 Yale L. J. 75); Corwin, Constitutional Law in 1919–20 (15 Am. Pol. Sci. Rev. 635, 641–644); Fellman, Diminution of Judicial Salaries (24 Iowa L. Rev. 89); Lowndes, Taxing Income of Federal Judiciary (19 Va. L. Rev. 153); Powell, Constitutional Law in 1919–20 (19 Mich. L. Rev. 117–118); Powell, The Sixteenth Amendment and Income from State Securities, National Income Tax magazine (July 1923), 5–6 (20 Col. L. Rev. 794; 43 Harv. L. Rev. 318; 20 Ill. L. Rev. 376; 45 L. Q. Rev. 291; 7 Va. L. Rev. 69; 3 U. of Chi. L. Rev. 141).

[8] The cases, pro and con, are collected in the recent dissenting opinion by Chief Judge Bond, of the Court of Appeals of Maryland, in *Gordy* v. *Dennis* (5 A. (2d) 69, 82). Particular attention should be called to the decision of the Supreme Court of South Africa, *Krause* v. *Commissioner for Inland Revenue* (1929) (So. Afr. R. (A. D.) 286), construing section 100 of the South Africa act, which had taken over the identical clause from article III, sec. 1, of our Constitution.

[9] The provisions regarding security of salary came from the Act of Settlement of 1700 (12 and 13 Will. III, c. 2, sec. III), and the act of 1760 (1 Geo. III, c. 23). See Holdsworth, The Constitutional Position of the Judges (48 L. Q. Rev. 25; 2 Holdsworth, The History of English Law, 559–564; 6 id. 234, 514).

[10] Public, No. 32 (76th Cong., 1st sess., c. 59). Section 209 of the same statute, however, provides that "In the case of the judges of the Supreme Court, and of the inferior courts of the United States created under article III of the Constitution, who took office on or before June 6, 1932, the compensation received as such shall not be subject to income tax under the Revenue Act of 1938 or any prior revenue act."

Supreme Court of the United States. No. 810. October term, 1938. *George W. O'Malley, Individually and as Collector of Internal Revenue, appellant,* v. *Joseph W. Woodrough and Ella B. Woodrough.* On appeal from the District Court of the United States for the District of Nebraska. [May 22, 1939.]

Mr. Justice Butler, dissenting.

Concretely, the question is whether, by exacting from United States Circuit Judge Joseph W. Woodrough and his wife $631.60 in the form of income tax on his salary of $12,500 for 1936, the Government diminished the compensation for his services theretofore fixed by Congress. That item excluded, they had no taxable income. The judge's monthly pay was $1,041.66. The tax took at the monthly rate of $52.63.

The material details may be given briefly.

April 12, 1933, Judge Woodrough was appointed judge of the United States Circuit Court of Appeals for the Eighth Circuit. He qualified May 1, 1933. Congress had by the act of December 13, 1926,[1] enacted that "To each of the circuit judges the sum of $12,500 per year" shall be paid as compensation. Since May 1, 1933, appellee has received the specified pay. The Revenue Act of June 6, 1932, applicable only to taxable years beginning after December 31, 1931, contained a provision declaring that in the case of judges taking office after that date "the compensation received as such shall be included in gross income; and all acts fixing the compensation of such * * * judges are hereby amended accordingly."[2] The Revenue Act of 1934,[3] applicable only to taxable years beginning after December 31, 1933, and that of 1936,[4] applicable only to taxable years beginning after December 31, 1935, contain the same language as that just quoted from the act of 1932.

Judge Woodrough and his wife made a joint income tax return for 1936; it disclosed his salary but claimed it was not subject to the tax. The commissioner held the item taxable and made a deficiency assessment of $631.60. Plaintiffs paid under protest and filed claim for refund; it was denied. Claiming the tax that they were so compelled to pay diminished the judge's compensation and that therefore section 22 (a) of the act of 1936 violates section 1, article III, of the Constitution, plaintiffs sued to recover the amount of the tax. The collector moved to dismiss. The court held the act unconstitutional, overruled the motion and, defendant having elected not to plead further, gave plaintiffs judgment as prayed. Defendant appealed.[5]

Article III, section 1, declares: "The judges, both of the Supreme and inferior courts, shall hold their offices during good behavior, and shall, at stated times, receive for their services, a compensation, which shall not be diminished during their continuance in office."

It safeguards the independence of the judiciary. The abuse against which it was intended to be a barrier is included in the list of reasons for our Declaration of Independence. "The history of the present King of Great Britain is a history of repeated injuries and usurpations, all having in direct object the establishment of an absolute tyranny over these States * * *. He has obstructed the administration of justice by refusing his assent to laws for establishing judiciary powers. He has made judges dependent on his will alone, for the tenure of their offices, and the amount and payment of their salaries."

Alexander Hamilton, explaining the reasons for and the purpose of section 1 of article III, said:

"The Executive not only dispenses the honors, but holds the sword of the community. The legislature not only commands the purse, but prescribes the rules by which the duties and rights of every citizen are to be regulated. The judiciary, on the contrary, has no influence over either the sword or the purse; no direction either of the strength or of the wealth of the society; and can take no active resolution whatever. It may truly be said to have neither force nor will, but merely judgment * * *.

"This simple view of the matter * * * proves incontestably that the judiciary is beyond comparison the weakest of the three departments of power; that it can never attack with success either of the other two; and that all possible care is requisite to enable it to defend itself against their attacks. * * *

"The complete independence of the courts of justice is peculiarly essential in a limited constitution. By a limited constitution, I understand one which contains certain specified exceptions to the legislative authority; such, for instance, as that it shall pass no bills of attainder, no ex post facto laws, and the like. Limitations of this kind can be preserved in practice no other way than through the medium of courts of justice, whose duty it must be to declare all acts contrary to the manifest tenor of the Constitution void. Without this, all the reservations of particular rights or privileges would amount to nothing * * *." (The Federalist, No. 78.)

"Next to permanency in office, nothing can contribute more to the independence of the judges than a fixed provision for their support. * * * In the general course of human nature, a power over a man's subsistence amounts to a power over his will. * * * The enlightened friends to good government in every State have seen cause to lament the want of precise and explicit precautions in the State constitutions on this head. Some of these, indeed, have declared that permanent salaries should be established for the judges, but the experiment has in some instances shown that such expressions are not sufficiently definite to preclude legislative evasions. Something still more positive and unequivocal has been evinced to be requisite. * * * This provision for the support of the judges bears every mark of prudence and efficacy; and it may be safely affirmed that, together with the permanent tenure of their offices, it affords a better prospect of their independence than is discoverable in the constitutions of any of the States in regard to their own judges." (The Federalist, No. 79.)

Mr. Justice Story declared that "Without this provision, the other, as to the tenure of office, would have been utterly nugatory, and indeed a mere mockery. * * *" (2 Story, sec. 1628.) Chancelor Kent said: "The provision for the permanent support of the judges is well calculated, in addition to the tenure of their office, to give them the requisite independence. It tends, also, to secure a succession of learned men on the bench, who, in consequence of a certain undiminished support, are enabled and induced to quit the lucrative pursuits of private business for the duties of that important station. The Constitution of the United States, on this subject, was an improvement upon all our previously existing constitutions" (1 Kent Com. 294).

The first judicial construction of the clause was by the circuit court of the District of Columbia in 1803 in the case of *United States* v. *More.*[6] The court was composed of Chief Justice Marshall, Chief Judge Kilty, and Circuit Judge Cranch. The opinion was written by Judge Cranch. The court sustained a demurrer to an indictment charging that More, a justice of the peace, under color of his office, exacted an illegal fee, 12 cents, for giving judgment upon a warrant for a small debt. The issue was whether an act of Congress abolishing fees of justices of the peace in the District of Columbia could affect those who accepted their commissions while the fees were legally annexed to the office. The court said: "The third article of the Constitution provides for the independence of the judges of the courts of the United States, by certain regulations, one of which is, that they shall receive, at stated times, a compensation for their services, which shall not be diminished during their continuance in office. The act of Congress of February 27, 1801, which constitutes the office of justices of the peace * * * ascertains the compensation which they shall have for their services in holding their courts. * * * This compensation is given in the form of fees, payable when the services are rendered. * * * That his—the justice's—compensation shall not be diminished during his continuance in office seems to follow as a necessary consequence from the provisions of the Constitution. * * * If his compensation has once been fixed by law, a subsequent law for diminishing that compensation (a fortiori for abolishing it) cannot affect that justice of the peace during his continuance in office * * *."

The first attempt to tax compensation of Federal judges was during the Civil War. Section 86 of the act of July 1, 1862,[7] levied "on all salaries of officers, or payments to persons in the * * * service of the United States * * * when exceeding the rate of $600 per annum, a duty of 3 percent on the excess above the said $600," and directed disbursing officers to deduct and withhold the duty. These general provisions were construed by the revenue officers to comprehend the compensation of the President and the judges of the United States. By letter of February 16, 1863, Mr. Chief Justice Taney protested to the Secretary of the Treasury. In the course of his letter,[8] he said:

"The act in question, as you interpret it, diminishes the compensation of every judge 3 percent, and if it can be diminished to that extent by the name of a tax, it may in the same way be reduced from time to time at the pleasure of the legislature.

"The judiciary is one of the three great departments of the Government, created and established by the Constitution. Its duties and powers are specifically set forth, and are of a character that requires it to be perfectly independent of the two other departments, and in order to place it beyond the reach and above even the suspicion of any such influence, the power to reduce their compensation is expressly withheld from Congress, and excepted from their powers of legislation.

"Language could not be more plain than that used in the Constitution. It is moreover one of its most important and essential provisions. For the articles which limit the powers of the legislative and executive branches of the Government, and those which provide safeguards for the protection of the citizen in his person and property, would be of little value without a judiciary to uphold and maintain them, which was free from every influence, direct or indirect, that might by possibility in times of political excitement warp their judgments. * * *

"Having been honored with the highest judicial station under the Constitution, I feel it to be more especially my duty to uphold and maintain the constitutional rights of that department of the Government, and not by any act or word of mine, leave it to be

[1] C. 6, 44 Stat. 919.
[2] Sec. 22 (a), c. 209, 47 Stat. 169.
[3] Sec. 22 (a), c. 277, 48 Stat. 680.
[4] Sec. 22 (a), c. 690, 49 Stat. 1648.
[5] Act of Aug. 24, 1937 (sec. 2, c. 754, 50 Stat. 752).

[6] The opinion is set forth in a footnote at p. 160 et seq., 3 Cranch.
[7] c. 119, 12 Stat. 472.
[8] Printed in 157 U. S. at p. 701.

supposed that I acquiesce in a measure that displaces it from the independent position assigned it by the statesmen who framed the Constitution; and in order to guard against any such inference, I present to you this respectful but firm and decided remonstrance against the authority you have exercised under this act of Congress, and request you to place this protest upon the public files of your office as the evidence that I have done everything in my power to preserve and maintain the judicial department in the position and rank in the Government which the Constitution has assigned to it."

The letter of the Chief Justice was not answered and, at his request, the Court, May 10, 1863, ordered the letter entered on its records. In 1869 the Secretary of the Treasury requested the opinion of Attorney General Ebenezer Rockwood Hoar as to the constitutionality of the act construed to extend to judges' salaries. He rendered an opinion in substantial accord with the views expressed in Chief Justice Taney's protest (13 Op. A. G. 161). Accordingly, the tax on the compensation of the President and of judges was discontinued and the amounts theretofore collected from them were refunded—some through administrative channels; others through action of the Court of Claims and ensuing appropriations by Congress. See *Wayne* v. *United States* (26 C. Cls. 274, 290; 27 Stat. 306).

In 1889 Mr. Justice Miller, a member of the Court since 1862, said: [9]

"The Constitution of the United States has placed several limitations upon the general power [of taxation], and * * * some of them are implied. One of its provisions is that neither the President of the United States (art. II, sec. 1, par. 6), nor a judge of the Supreme or inferior courts (art. III, sec. 1) shall have his salary diminished during the period for which he shall have been elected, or during his continuance in office. It is very clear that when Congress, during the late [Civil] war, levied, an income tax and placed it as well upon the salaries of the President and the judges of the courts as those of other people, that it was a diminution of them to just that extent."

Although the Income Tax Act of 1894 said nothing about the compensation of the judges, Mr. Justice Field construed section 33 [10] to tax that compensation and assigned that ground among others for joining in the decision that the act was unconstitutional (*Pollock* v. *Farmers' Loan & Trust Co.*, 157 U. S. 429, 604–606). Mr. Justice Field, who was confirmed the day this Court ordered Chief Justice Taney's letter entered on its records, had taken his place upon this bench at the beginning of the following term. His opinion recited the facts of that incident and quoted extensively from the letter, which was printed as an appendix to the volume of the reports containing the opinions in the *Pollock* case (157 U. S. 701). The Justice ended his discussion of the matter by stating his belief, based on information, that the opinion of Attorney General Hoar had been followed ever since without question by the Treasury. And, upon reargument of the cause, Attorney General Olney said in his brief: "There has never been a doubt since the opinion of Attorney General Hoar that the salaries of the President and judges were exempt."

The Revenue Acts of 1913 [11] and 1916,[12] being the first two after adoption of the sixteenth amendment, expressly excluded from gross income the compensation of judges then in office. But after this country engaged in the World War the Revenue Act of 1918, approved February 24, 1919, defined gross income to include "in the case of the President * * * [and] the judges of the Supreme and inferior courts * * * the compensation received as such." [13] The reports of the congressional committees having the measure in charge indicate that the Congress was in doubt as to the constitutional validity of that provision and intended to have the question decided by the courts.[14] The question was raised and presented for decision in *Evans* v. *Gore* (253 U. S. 245). The collector included the salary for 1918 of Judge Evans, appointed before enactment of the taxing statute, in gross income. Had it been excluded he would have had no taxable income. He paid the tax and brought suit to recover the amount so exacted. The United States District Court for the Western District of Kentucky held him not entitled to recover. But after argument by eminent counsel, including the Solicitor General, this court held that the clause declaring that compensation of judges "shall not be diminished during their continuance in office" prevents diminution by taxation and that it has been so construed in the actual practice of the Government.

For the purpose of disclosing the reasons for and true meaning of the clause forbidding diminution of compensation of judges, the opinion of the Court, written by Mr. Justice Van Devanter, brought forward statements of Alexander Hamilton, Chief Justice Marshall, Justice Story, Chancelor Kent, Chief Justice Taney, Justice Field, Attorneys General Hoar and Olney, and others.

Speaking for the Court, he said:

"With what purpose does the Constitution provide that the compensation of judges 'shall not be diminished during their continuance in office'? Is it primarily to benefit the judges or, rather, to promote the public weal by giving them that independence which makes for an impartial and courageous discharge of the judicial function? Does the provision merely forbid direct diminution, such as expressly reducing the compensation from a greater to a less sum per year, and thereby leave the way open for indirect, yet effective, diminution, such as withholding or calling back a part as a tax on the whole? Or does it mean that the judge shall have a sure and continuing right to the compensation whereon he confidently may rely for his support during his continuance in office so that he need have no apprehension lest his situation in this regard may be changed to his disadvantage?"

"* * * The primary purpose of the prohibition against diminution was not to benefit the judges, but, like the clause in respect of tenure, to attract good and competent men to the bench and to promote that independence of action and judgment which is essential to the maintenance of the guaranties, limitations, and pervading principles of the Constitution and to the administration of justice without respect to persons and with equal concern for the poor and the rich. Such being its purpose, it is to be construed, not as a private grant, but as a limitation imposed in the public interest; in other words, not restrictively, but in accord with its spirit and the principle on which it proceeds.

"Obviously, diminuition may be effected in more ways than one. Some may be direct and others indirect or even evasive, as Mr. Hamilton suggested. But all which by their necessary operation and effect withhold or take from the judge a part of that which has been promised by law for his services must be regarded as within the prohibition. Nothing short of this will give full effect to its spirit and principle. Here the plaintiff was paid the full compensation, but was subjected to an involuntary obligation to pay back a part, and the obligation was promptly enforced. Of what avail to him was the part which was paid with one hand and then taken back with the other? Was he not placed in practically the same situation as if it had been withheld in the first instance? Only by subordinating substance to mere form could it be held that his compensation was not diminished. * * *

"The prohibition is general, contains no excepting words, and appears to be directed against all diminution, whether for one purpose or another; and the reasons for its adoption, as publicly assigned at the time and commonly accepted ever since, make with impelling force for the conclusion that the fathers of the Constitution intended to prohibit diminution by taxation as well as otherwise—that they regarded the independence of the judges as of far greater importance than any revenue that could come from taxing their salaries. * * *

"When we consider * * * what is comprehended in the congressional power to tax—where its exertion is not directly or impliedly interdicted—it becomes additionally manifest that the prohibtion now under discussion was intended to embrace and prevent diminution through the exertion of that power; for, as this court repeatedly has held, the power to tax carries with it 'the power to embarrass and destroy'; may be applied to every object within its range 'in such measure as Congress may determine'; enables that body 'to select one calling and omit another, to tax one class of property and to forebear to tax another'; and may be applied in different ways to different objects, so long as there is 'geographical uniformity' in the duties, imposts, and excises imposed [citing]. Is it not therefore morally certain that the discerning statesmen who framed the Constitution and were so sedulously bent on securing the independence of the judiciary intended to protect the compensation of the judges from assault and diminution in the name or form of a tax? Could not the purpose of the prohibition be wholly thwarted if this avenue of attack were left open? Certainly there is nothing in the words of the prohibition indicating that it is directed against one legislative power and not another; and in our opinion due regard for its spirit and principle requires that it be taken as directed against them all."

Mr. Justice Holmes wrote a dissenting opinion, in which Mr. Justice Brandeis joined. With that expression, his opposition to the decision ended. Two years later, in *Gillespie* v. *Oklahoma* (257 U. S. 501), writing for the Court, invalidating a State tax upon net income of a lessee from sales of his share of oil and gas received under leases of restricted Indian land, he said (p. 505): "In cases where the principal is absolutely immune from interference an inquiry is allowed into the sources from which net income is derived, and if a part of it comes from such a source the tax is pro tanto void; *Pollock* v. *Farmers' Loan & Trust Co.* (157 U. S. 429); a rule lately illustrated by *Evans* v. *Gore* * * *." And in that case he relied on the truth, as put by Chief Justice Marshall in *McCulloch* v. *Maryland* (4 Wheat. 316, 431), that "the power to tax involves the power to destroy." He quoted (p. 505) with approval from *Indian Oil Co.* v. *Oklahoma* (240 U. S. 522) the statement of the opinion (p. 530) that "a tax upon the leases is a tax upon the power to make them, and could be used to destroy the power to make them." [15]

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[9] Miller on the Constitution of the United States, p. 247.

[10] Sec. 33, 28 Stat. 557, in terms was much like sec. 86 of the act of 1862; it levied "on all salaries of officers or payments * * * to persons in the service of the United States, * * * when exceeding the rate of $4,000 per annum, a tax of 2 percent on the excess above the said $4,000" and made it the duty of disbursing officers to deduct and withhold the tax.

[11] Sec. 2B, 38 Stat. 168.

[12] Sec. 4, 39 Stat. 759.

[13] Sec. 213 (a), 40 Stat. 1062.

[14] H. Rept. No. 767, 65th Cong., 2d sess., p. 29; S. Rept. No. 617, 65th Cong., 3d sess., p. 6; 56 CONGRESSIONAL RECORD, p. 10370.

[15] *Gillespie* v. *Oklahoma* is one of the decisions subjected to condemnatory comment in the concurring opinion in *Graves* v. *New York ex rel. O'Keefe*, No. 478, October term, 1938. It is there said: "A succession of decisions (*Gillespie* v. *Oklahoma* is the first cited) thereby withdrew from the taxing power of the States and Nation

Miles v. *Graham* (1925) (268 U. S. 501) held invalid section 213 (a), Revenue Act of 1918 (condemned in *Evans* v. *Gore*), when applied to compensation of Judge Graham, appointed after its enactment. Mr. Justice Holmes joined in the decision. Mr. Justice Brandeis merely noted dissent.

In the course of the opinion we said:

"Does the circumstance that defendant in error's appointment came after the taxing act require a different view concerning his right to exemption? The answer depends upon the import of the word 'compensation' in the constitutional provision.

"The words and history of the clause indicate that the purpose was to impose upon Congress the duty definitely to declare what sum shall be received by each judge out of the public funds and the times for payment. When this duty has been complied with, the amount specified becomes the compensation which is protected against diminution during his continuance in office.

"* * * The compensation fixed by law when defendant in error assumed his official duties was $7,500 per annum, and to exact a tax in respect of this would diminish it within the plain rule of *Evans* v. *Gore*.

"The taxing act became a law [February 24, 1919] prior to the statute prescribing salaries for judges of the Court of Claims [approved February 25, 1919]; but if the dates were reversed, it would be impossible to construe the former as an amendment which reduced salaries by the amount of the tax imposed. No judge is required to pay a definite percentage of his salary, but all are commanded to return, as a part of 'gross income,' 'the compensation received as such' from the United States. From the 'gross income' various deductions and credits are allowed, as for interest paid, contributions or gifts made, personal exemptions varying with family relations, etc., and upon the net result assessment is made. The plain purpose was to require all judges to return their compensation as an item of 'gross income' and to tax this as other salaries. This is forbidden by the Constitution.

"The power of Congress definitely to fix the compensation to be received at stated intervals by judges thereafter appointed is clear. It is equally clear, we think, that there is no power to tax a judge of a court of the United States on account of the salary prescribed for him by law."

In *O'Donoghue* v. *United States* (1933) (289 U. S. 516) we construed the act of June 30, 1932,[16] reducing the salaries of all judges "except judges whose compensation may not, under the Constitution, be diminished during their continuance in office." We there held that the Supreme Court and Court of Appeals of the District of Columbia were constitutional courts, and therefore that the judges of those courts were excepted from the salary reduction. We cited the authorities, adopted the reasoning, and reaffirmed the conclusions on which rest the Court's judgment in *Evans* v. *Gore* and *Miles* v. *Graham*. And see *Booth* v. *United States* (291 U. S. 339).

Evidently the Court intends to destroy the decision in *Evans* v. *Gore*. Without suggesting that there is any distinction between that case and *Miles* v. *Graham*, it declares that the latter "cannot survive." But the decision of today fails to deal with, much less to detract from the reasoning of those cases. The opinion would imply that the letter of Chief Justice Taney to the Secretary of the Treasury and the separate opinion of Mr. Justice Field in the Pollock case were treated as having weight as judicial decisions. But nowhere has that ever been suggested. However, all who are familiar with our judicial history know that entitled to great respect are the reasoned conclusions of these eminent American jurists as to the true intent and meaning of the Constitution of the United States. And similarly worthy of attention are the opinions of the Attorneys General and other public officials following the reasoning of Chief Justice Taney.

Now the Court cites, as if entitled to prevail against those well-sustained opinions and the deliberate judgments of this Court, opposing views—if indeed upon examination they reasonably may be so deemed—of English-speaking judges in foreign countries.

It refers, footnote 6, to the decision of the Privy Council in *Judges* v. *Attorney General of Saskatchewan* ((1937), 2 D. L. R. 209) construing income-tax statutes of Saskatchewan. Neither the Dominion nor the Province has any law forbidding diminution of compensation of judges while in office and that decision has nothing to do with the question before us. The Australian and South African cases cited, footnotes 6 and 8, involved construction of income-tax statutes under constitutions or charters created by legislative enactments and subject to authoritative interpretation or change by the local or British Parliament. They shed no light upon the issue in this case.

The opinion claims no support from any State court decision. The one it cites, footnote 8, that of the Maryland Court of Appeals in *Gordy* v. *Dennis* (5 A. (2d) 69) held that under a clause in the Constitution of Maryland like that in article III, section 1, the compensation of State judges may not be taxed.

The opinion also cites, footnote 7, selected gainsaying writings of professors—some are lawyers and some are not—but without specification of or reference to the reasons upon which their views rest. And in addition it cites notes published in law reviews, some signed and some not; presumably the latter were prepared by law students.

The suggestion that, as citizens, judges are not immune from taxation begs the question here presented. The Constitution itself puts judges in a separate class, declaring that at stated times they shall receive for their services compensation which "shall not be diminished." And so their salaries are distinguished from income of others. The immunity extends only to compensation for their services. No question of comparison or reasonableness is involved.

Admittedly the Court now repudiates its earlier decisions upon the point here in issue. The provision defining tenure and providing for undiminishable compensation was adopted with unusual accord. There has been unanimity of opinion that, because in comparison with the legislative and executive the judicial department is weak, its independence is essential to our system of government. These safeguards go far to insure that independence. And, from the beginning, statesmen and jurists have agreed that the clause forbids diminution of judges' compensation by any form of legislation. The clause in question is plain; no exception is expressed; none may be implied. Its unqualified command should be given effect.

For one convinced that the judgment now given is wrong, it is impossible to acquiesce or merely to note dissent. And so this opinion is written to indicate the grounds of opposition and to evidence regret that another landmark has been removed.

I am of opinion that the judgment of the district court should be affirmed.

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a very considerable range of wealth without regard to the actual workings of our federalism, and this, too, when the financial needs of all governments began steadily to mount."

At another place in that concurrence the writer stated: "The volume of the Court's business has long since made impossible the early healthy practice whereby the Justices gave expression to individual opinions. But the old tradition still has relevance when an important shift in constitutional doctrine is announced after a reconstruction in the membership of the Court. * * * The arguments upon which *McCulloch* v. *Maryland* (4 Wheat. 316) rested * * * have been distorted by sterile refinements unrelated to affairs. These refinements derived authority from an unfortunate remark in the opinion in *McCulloch* v. *Maryland*. Partly as a flourish of rhetoric and partly because the intellectual fashion of the times indulged a free use of absolutes, Chief Justice Marshall gave currency to the phrase that 'the power to tax involves the power to destroy.' * * * The web of unreality spun from Marshall's famous dictum was brushed away by one stroke of Mr. Justice Holmes' pen: 'The power to tax is not the power to destroy while this Court sits' (*Panhandle Oil Co.* v. *Mississippi*, 277 U. S. 218, 223 (dissent))."

But, in the Gillespie case, Mr. Justice Holmes, speaking for the Court, had definitely applied the doctrine that the power to tax does involve the power to destroy.

In the Panhandle case neither the Court, nor, indeed, another Justice dissenting, was impressed by "The power to tax is not the power to destroy while this Court sits." The statement is vague and may be read to imply a power that this Court never possessed. If taken to mean that we are empowered to regulate or to limit the exertion by Congress of its power of taxation, it justly may be regarded as hyperbole; if taken to mean that this Court has power to prevent imposition by Congress of taxes laid to discourage, to destroy, or to protect, then it is in the teeth of the law. See, e. g., *Veazie Bank* v. *Fenno* (8 Wall. 533, 548); *McCray* v. *United States* (195 U. S. 27, 53, et seq.); *Magnano Co.* v. *Hamilton* (292 U. S. 40, 44, et seq.); *Cincinnati Soap Co.* v. *United States* (301 U. S. 308).

[16] Secs. 106, 107, 47 Stat. 401, 402.

POLITICAL USE OF W. P. A. MONEY

Mr. HOLT. Mr. President, I have addressed to the residents of Kanawha County, W. Va., a letter concerning W. P. A., and I shall ask to have it printed in the RECORD, but first I desire to make a short statement regarding the matter.

No amount of beautiful poetry or nice-sounding words can cover up or excuse the political usage of the W. P. A. money as is shown by the facts. The W. P. A. workers are finding out that many of those shedding crocodile tears for the W. P. A. funds are interested only in protecting their political friends as bosses and are trying to use the funds for political purposes.

This story of one county in my State is duplicated throughout the United States. In this one county the monthly pay roll of bosses earning more than $1,000 each charged to project—not charged to administration—amounted to $20,380. This would mean an annual expenditure of $244,560 and does not count those who received less than $1,000. That is the amount spent to pay the salaries of only 160 individuals.

If thousands are begging for food, why not take part of this tremendous overhead and feed some of the needy?

This shedding of tears by the politician cannot convince the unemployed relief client that she should be fired while the high paid continue to receive salary increases. This

subject is now being investigated by me, and a further report will be made to the people of West Virginia.

Many well-to-do individuals are being paid high salaries as W. P. A. officials. They were not named because of their knowledge of the relief problem but because they had political value through their large family connections or their financial connections.

The letter sent to the residents of Kanawha County reads as follows:

To the Residents of Kanawha County.

DEAR FRIENDS: Why are W. P. A. being fired? Where does the workers W. P. A. money go? Those questions are asked me nearly every day. The W. P. A. says it is due to lack of funds. Let's see some of the expenses of the organization:

If one were to believe the statistics of the W. P. A. staff (who are paid out of the Public Treasury to convince the people that the present handling of W. P. A. is the best), you would think that only a few cents out of every dollar went to the bosses. They try to say only 3 to 5 percent is spent for administration. The facts will disprove their statements. One of the ways they get around this administrative cost is to charge much of the expense to the projects. They claim there are only a few more than 500 administrative employees in West Virginia, but they do not include the hundreds and hundreds of high-paid employees whose salaries and expenses are charged to the projects. They admit a State administrative cost of $966,217.

But a thorough check-up will show the tremendous overhead cost. I shall give you the story of Kanawha County, as based on a pay-roll survey. It was impossible for me to get the pay rolls for the entire year, but the pay rolls checked showed the following story:

In Kanawha County I found 160 individuals on the W. P. A. who draw more than $1,000 a year, whose salaries were charged to the projects, not to administration. I may find more. These 160 drew $244,560 a year. One hundred sixty W. P. A. workers in Kanawha County would draw only $86,720 a year if they worked every week of the year without a single lay-off for any cause. The difference between the bosses and the workers amounts to $157,840 a year, or approximately $1,000 average difference for each boss. It pays to be a boss.

The difference between the amount paid 160 W. P. A. bosses and 160 W. P. A. workers would be enough to employ approximately 700 persons for 5 months. Why fire the workers and pay the high-salaried overhead?

One W. P. A. project official in Kanawha County is paid approximately $2 per hour for every hour he is employed. Yet I know there are hundreds and hundreds of men who are trying to get that much a day to keep their families.

Think of that! Almost a quarter of a million dollars a year for project supervision not being charged to administration. It is easy to figure. The pay-roll check shows over $20,000 a month. Multiply that by 12, and you can figure the yearly cost.

You will note that I have referred to those who make $1,000 or more per year. I have confined my study to their cost. When they talk about the needy, ask them if they mean the ones who draw from $1,000 to $6,000 a year from the W. P. A.?

I believe while thousands in West Virginia are begging for enough to feed and clothe their families it is not wise to give a few favorites exorbitant salaries. The bosses don't want me to say this.

They are giving the needy workers 403's. They claim it is necessary to reduce expenses. Why do they start the reduction with the needy rather than with the favorite bosses?

I want to make it clear that the above figures do not include the salaries of those in the district or State offices. Add this to the above and you will see where the W. P. A. money goes.

I have been saying more money should go to the workers and less to the high-paid bosses. The politicians don't like that.

It is to the advantage of the W. P. A. worker to cooperate in helping to clean up W. P. A.

Some time ago I showed where more than 200 office employees of the W. P. A. in West Virginia had their salaries raised by more than $78,000 a year. If you want a copy of that record, just send me a postal card or letter to Washington and I shall be glad to send it to you. I want the people to know the facts.

I am sending this letter to those who do and do not work for the W. P. A., because everyone is interested in finding out the story.

Sincerely,

RUSH D. HOLT.

ADDRESSES BY THE PRESIDENT AND SECRETARY HOPKINS TO THE AMERICAN RETAIL FEDERATION

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD addresses delivered by the President and Secretary Hopkins on Monday, May 22, 1939, before the American Retail Federation, which appear in the Appendix.]

GOVERNMENT SPENDING AND THE NATIONAL DEBT—ADDRESS BY SENATOR MINTON

[Mr. MCKELLAR asked and obtained leave to have printed in the RECORD a radio address delivered by Senator MINTON on Sunday evening, May 21, 1939, on the subject, "Government Spending and the National Debt," which appears in the Appendix.]

THE AMERICA I WANT—ADDRESS BY SENATOR BRIDGES

[Mr. GURNEY asked and obtained leave to have printed in the RECORD an address on the subject, "The America I Want," delivered by Senator BRIDGES on the occasion of the rededication of the Wigwam at Chicago, May 18, 1939, on the Seventy-ninth anniversary of the nomination of Abraham Lincoln, which appears in the Appendix.]

PROPOSED ANTIALIEN LEGISLATION—ADDRESS BY SENATOR MURRAY

[Mr. MINTON asked and obtained leave to have printed in the RECORD an address delivered by Senator MURRAY before the National Emergency Conference, Hotel Raleigh, Washington, D. C., on May 14, 1939, on the dangers which threaten American democracy, which appears in the Appendix.]

TRIBUTES TO THE LATE J. D. ROSS

[Mr. NORRIS asked and obtained leave to have printed in the RECORD a tribute to the memory of the late J. D. Ross by Frank Farrand, published in the Journal of Electrical Workers and Operators, of the issue of May 1939, and also an article by Richard L. Neuberger published in the magazine, The Coast, which appear in the Appendix.]

POPULATION AND RESOURCES—ADDRESS BY E. B. MAC NAUGHTON

[Mr. MCNARY asked and obtained leave to have printed in the RECORD an address on the subject of Population and Resources From a Business Viewpoint, delivered by E. B. MacNaughton, president of the First National Bank of Portland, Oreg., at a meeting of the Seattle Chamber of Commerce on April 28, 1939, which appears in the Appendix.]

NATIONAL DEBT WEEK—ARTICLE BY RAYMOND CLAPPER

[Mr. BROWN asked and obtained leave to have printed in the RECORD an article entitled "National Debt Week," by Raymond Clapper, published in the Washington Daily News of Tuesday, May 23, 1939, which appears in the Appendix.]

CREDIT NEEDS OF BUSINESS—ARTICLE BY DAVID LAWRENCE

[Mr. ANDREWS asked and obtained leave to have printed in the RECORD an article by David Lawrence on the credit needs of business, published in the Washington (D. C.) Evening Star of May 20, 1939, which appears in the Appendix.]

THE PROBLEM OF PALESTINE—EDITORIAL FROM ATLANTA CONSTITUTION

[Mr. GEORGE asked and obtained leave to have printed in the RECORD an editorial entitled "Whose Country?" and dealing with the problem of Palestine, published in the Atlanta Constitution of May 20, 1939, which appears in the Appendix.]

SILVER ACQUIRED BY THE TREASURY

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD a table entitled "Foreign and domestic silver acquired by the Treasury in 1934–39, in percent of total weight," which appears in the Appendix.]

THE BEET-SUGAR INDUSTRY

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD a letter and table prepared by S. K. Warrick, of Scottsbluff, Nebr., on the beet-sugar problem, which appears in the Appendix.]

REGULATION OF MODES OF TRANSPORTATION

The Senate resumed the consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

The VICE PRESIDENT. When the Senate took a recess yesterday the Senator from Kansas [Mr. REED] expressed the hope that he might proceed this morning to discuss the pending bill. The Chair now recognizes the Senator from Kansas.

Mr. REED. Mr. President, I shall continue the discussion which began yesterday on Senate bill 2009, known as the omnibus transportation bill. For the information of Sen-

ators I wish to say that the particular subject to which I shall address myself will be found at the bottom of page 49 of the bill, in line 21, beginning with the words "Provided further." This is the provision for what is known as the pooling of revenue.

Before I enter upon the discussion of that subject I desire, as a minority Member and a new Member of this body, to pay my tribute to the distinguished chairman of the committee for the thoroughness, the fairness, and the courtesy with which he has conducted the hearings upon the bill. I also wish to pay the chairman of the Interstate Commerce Committee the deserved personal compliment of saying that it would be very difficult for me to conceive of a man carrying on a running discussion in this body for 4 hours with more ability, more knowledge, and a clearer capacity for statement than the distinguished Senator from Montana.

I shall now refer to what is known as pooling, and as a preface I want to say to some of the Senators who are a little uncertain that the principle involved in the provision of which I shall speak has twice been passed upon by the Supreme Court of the United States in unanimous decisions.

The distinguished Senator from Montana [Mr. WHEELER] yesterday referred to me as a conservative Republican. I do not know where he obtained that idea. William Allen White and I all our lives have been known as members in good standing of the lunatic fringe of the Republican Party. I am going to establish my reputation as a liberal by concurring with the Supreme Court of the United States in an opinion written by the great Mr. Justice Brandeis, and then I am going to establish my reputation as a conservative by agreeing with a unanimous decision of the Supreme Court written by the late Chief Justice Taft, father of one of the distinguished Members of this body. When I can establish upon such a solid foundation a reputation both as a liberal and as a conservative, I think what I propose is entitled to careful consideration.

Mr. President, when we concluded 4 hours' discussion of this bill yesterday we had covered the field of competition between carriers. We talked about the railroads and their competition with the bus lines and the waterways; we discussed contract carriers and common carriers on the highway and on the sea; we talked about the inland waterways and the various modes of transportation and the competition between them; but, as I recall, hardly any Senator mentioned the shipper. The shipper is the man who pays the freight for any and all of these agencies of transportation; and in any consideration of a measure so important as this, the shipper is certainly entitled to consideration.

Mr. President, what brings up this question at this time? All agencies of transportation are in bad financial straits. More attention is focused upon the railroads than upon the trucks and busses and the steamship carriers; but, after all, the reason why the railroads take first place is twofold: First, their desperate situation; secondly, their relative importance in any scheme of a national transportation system.

I read from a statement prepared for me last week by the Bureau of Statistics of the Interstate Commerce Commission, in which the relative importance of the various forms of transportation is set down in percentages of revenue ton-miles moved, which is the best way to set out that fact.

Assuming that all the revenue ton-miles moving by all agencies of transportation amount to 100 percent, the waterways moved 20 percent. The Bureau of Statistics did not separate the revenue ton-miles by water by the various divisions of water transportation, but the Committee of Six did. It reported, and I think correctly, that 16 percent of the total ton-miles were moved on the Great Lakes. We all know that most of the traffic moving on the Great Lakes is bulk cargo composed of iron ore, grain, limestone, and coal; and, as a matter of fact, that traffic is not in effective competition with any other form of transportation. So from the 100 percent we might just as well deduct that 16 percent to start with, which leaves 84 percent.

Then, according to the Interstate Commerce Commission, in 1937 the pipe lines handled 8.4 percent of the revenue ton-miles. Again, that is a form of transportation which is so economical that where there are trunk pipe lines there is no effective competition between those pipe lines and any other form of transportation.

Mr. BORAH. Mr. President, would it disturb the Senator to ask him to repeat the proportion of transportation passing through pipe lines?

Mr. REED. Oh, no; I am very happy to answer any question at any time. The statement which the Interstate Commerce Commission sent me last week for use at this time sets forth that the pipe lines—trunk lines only—handled 8.4 percent of the total revenue ton-miles. So, from the 84 percent we had after deducting the Great Lakes transportation we may take away 8 percent for the pipe lines, ignoring the fraction, leaving 76 percent of the total transportation as the amount handled by the railroads and the waterways in their various phases; and of that remainder, according to the Interstate Commerce Commission report which I hold in my hand, the steam railways handled 66 percent. In other words, 66 as compared with 76 after including pipe lines and the Great Lakes.

Mr. President, that is why no scheme of regulation, no consideration of a national transportation system, can ignore the railroads. We may charge them with many sins of omission—and I do; we may charge them with many sins of commission—and I do. I am familiar with many such instances; but, when all is said and done, the railways of the United States are the backbone of our whole transportation system. Today the situation is such that one-third of the railroad lines is in the hands of receivers or trustees, another third of the total railroad mileage of the country totters upon the brink of bankruptcy, and only one-third of the railroad mileage may be reasonably expected to survive bankruptcy if conditions should continue as they are perhaps for 3 or 5 years.

Mr. President, I make the statement upon mature consideration that there are but three exits from the present situation so far as the railroads are concerned. The first is an improvement in general business conditions which would give them 20 or 25 percent more traffic than they now handle. I am not sure, nor can any other Senator be sure, that such an improvement will come about. I fondly hope it will.

The second alternative is a blanket increase in freight rates.

The third alternative, which we will have to face within 5 years, is Government ownership of the railroads.

A railroad system cannot be operated with two-thirds of it in bankruptcy. So I shall address myself, not to the question of an improvement in business, which is so highly problematical; not to the question of Government ownership, to which I am opposed; I shall address myself to the feasibility of a general increase in freight rates and, if that is to come, how it should be handled.

It may be of interest to the Senate to know that in years starting in 1913 there have been eight percentage or horizontal increases in freight rates.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER (Mr. HERRING in the chair). Does the Senator from Kansas yield to the Senator from Oregon?

Mr. REED. I am glad to yield to the Senator from Oregon.

Mr. McNARY. Of course, we are all hungry, I might say, to hear the Senator's discussion of the committee amendment, which we assumed he would cover in his address. Does the language employed in the amendment contemplate increased freight rates?

Mr. REED. No.

Mr. McNARY. The discussion now is wholly apart from the Senator's amendment?

Mr. REED. No; it is a part of the bill, because this section of the bill, which was approved in the committee, deals with the avails of a percentage increase in freight rates.

Mr. McNARY. Mr. President, in common with most other Senators I have not had an opportunity to dissect the bill. Does the Senator contemplate by his amendment that the rates which will be charged will represent increases over existing rates?

Mr. REED. Yes; if the Commission should authorize increased rates. I think the point of the Senator from Oregon is well taken. Of course, I really think that in his capacity as minority leader he should have read the bill through, but in order to get before the Senate an intelligent set-up, let me read the provision to which I am referring. I had hoped Senators would read the bill, so that I might save my voice. This is the provision which we are discussing:

That whenever the Commission is of opinion, after hearing upon general application of carriers in any rate area or territory or group, or in the country as a whole, or upon its own initiative, after hearing, that increases in rates, fares, or charges should be permitted upon a percentage or other uniform basis because of the revenue needs of the affected carriers, considered collectively, it may provide for the pooling or division of the avails of such increases, or any part thereof, among the affected carriers so as to enable, to the extent reasonably practicable, each of them to afford adequate transportation service, giving due consideration, among other things, to the efficiency with which the carriers concerned are operated, the amount of revenue required to pay their respective operating expenses, taxes, and a fair return on their railway property held for and used in the service of transportation, and the importance to the public of the transportation services of such carriers.

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

Mr. REED. I yield.

Mr. McCARRAN. The Senator having made a study of this question, I should like to ask him how the provision he has read is comparable with the recapture clause which Congress repealed some years ago.

Mr. REED. Will the distinguished Senator from Nevada have patience with me while I develop the theme? I shall return to that point, I assure the Senator.

It has been suggested from the floor and in conversation that perhaps this pooling provision went into the bill by the back door. Nothing could be farther from the fact. I hold in my hand a message from the President of the United States to the Seventy-fifth Congress, House Document 583, in which he transmitted recommendations to meet the transportation emergency which he declared existed at that time. Upon page 40 of that document will be found this question alluded to, and a method of dealing with the situation proposed.

Later, when the subject came up in the Congress, the House of Representatives started hearings before the Senate did. The House asked the Interstate Commerce Commission for an expression of opinion upon various and sundry phases of the bill.

The question was raised here yesterday as to whether or not a letter from the legislative committee of the Interstate Commerce Commission reflected the sentiment of the entire Commission. The Interstate Commerce Commission has a legislative committee. Joseph B. Eastman happens to be chairman of that committee. I think, though I am not certain, that the other members are Commissioners Mahaffie and Splawn, and possibly Chairman Caskie may be a member, though I do not recall.

This document, which is a House committee print, has been extensively used, because the Commission offered it to us in order to save duplication. For the benefit of the junior Senator from Virginia [Mr. BYRD], who raised the question yesterday as to the extent to which a report from the legislative committee represented the views of the entire Commission, in transmitting the letter to the House of Representatives the chairman of the legislative committee used this language on page 1:

These matters have had the careful consideration of the Commission, and I am authorized to submit this report on its behalf.

On page 12 of the document from which I shall now read briefly, and perhaps I will come back to it later, the committee made the following statement as reflecting the views and recommendations of the Interstate Commerce Commission:

We believe it probable that there are numerous situations in which railroad traffic, especially less-than-carload traffic or earnings, could be pooled to the advantage of both railroads and the public, and that it is desirable that the Commission be given authority not only to permit but to require such arrangements under appropriate conditions.

Mr. WHITE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Maine?

Mr. REED. I yield.

Mr. WHITE. I myself should not want to suggest that the provision in question was brought in by the "back door," but it is true, is it not, that it was not in the bill as it was originally introduced?

Mr. REED. That is correct.

Mr. WHITE. So far as my recollection goes—and, of course, I was not present at all the hearings—I cannot recall that the matter was discussed in the hearings held on the bill. Am I right or wrong about that?

Mr. REED. There was reference made to the matter of pooling in the course of the hearings. The distinguished Senator from Maine is familiar with the history of the bill?

Mr. WHITE. Yes.

Mr. REED. As a member of the committee, I took the bill as it was written, and the hearings were held upon the bill as it was written. Since the hearings terminated the committee made a number of additions, a number of deletions, a number of changes.

Mr. WHITE. I understand that.

Mr. REED. And the clause in question is one of the additions.

Mr. WHITE. I wanted to understand the history of the provision. It was not in the bill as it was originally introduced in the Senate?

Mr. REED. The railroads are opposed to it.

Mr. WHITE. I was going to say that. It was not recommended by the railroad management when representatives of the railroad management appeared before the committee. I am correct in that statement, am I not?

Mr. REED. The Senator from Maine has stated the matter very mildly. The railroads not only did not approve it, but the Association of American Railroads, which is the servant of the rich railroads of America, and which talks much about a national transportation system but does not do anything about it, is opposed to the provision.

Mr. WHITE. The railroads are opposed to it. Let us leave it right there.

Mr. REED. Not all the railroads, but those speaking through the Association of American Railroads.

Mr. WHITE. Those who appeared before the committee by their representatives were opposed to it?

Mr. REED. So far as Judge Fletcher and Mr. Gray are concerned, that is correct.

Mr. WHITE. The representatives of the railroad brotherhoods did not urge the adoption of the provision before the committee, did they?

Mr. REED. I do not think they took any position on the pooling of revenues.

Mr. WHITE. They did not urge it, did they?

Mr. REED. Two representatives of the brotherhoods appeared before the committee, but they took no position on this particular matter.

Mr. WHITE. Then the answer to my question is that they did not urge it upon the committee?

Mr. REED. That is correct.

Mr. WHITE. That is all I wanted to ask about that particular matter. Who appeared before the committee to urge the inclusion of the provision in question?

Mr. REED. In the course of his testimony, Mr. Luther Walter, a leading practitioner before the Interstate Commerce Commission and a trustee of the Chicago Great Western Railroad, discussed it. My impression is that Mr. Eastman and myself discussed it when he appeared before the committee.

Mr. WHITE. My recollection is that the first witness the Senator named was the only one who urged the matter upon

the committee, and I do not recall that that witness devoted any particular time or attention to it.

Mr. REED. Oh, yes, Mr. President; he was very strongly in favor of it.

Mr. WHITE. So really he is the single witness who affirmatively urged the provision upon the committee, and it was put into the bill by the subcommittee. Is that not an accurate statement of the situation?

Mr. REED. It was put into the bill by the committee which worked upon it; yes.

Mr. WHITE. The inclusion of the provision in the bill was recommended by the subcommittee.

Mr. REED. I am sorry that the distinguished Senator from Maine did not spend more time working on the bill.

Mr. WHITE. I regret it also, but I was compelled to be away.

Mr. REED. We would have been very happy to have had the aid and cooperation of the distinguished Senator from Maine, who happens to be the ranking minority member, but we could not often reach him.

Mr. WHITE. I agree that is true.

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

Mr. REED. I yield to the junior Senator from Virginia.

Mr. BYRD. I should like to call attention, on page 381 of the hearings, to the following which occurred while Mr. Norman was a witness before the committee. Mr. Norman asked whether it was contemplated to consider a mandatory pooling provision, and the chairman said:

> It is not going to be done—not at this session of Congress, anyway.

No hearings were held before the full committee with respect to the provision, and I think no hearings were held on it before the subcommittee, and notification was given by the chairman that it was not contemplated to put it in the bill, and no effort was made to have hearings on it.

Mr. REED. I think the chairman made an offhand answer to the question, such as anyone might make. Let me say to the Senator from Virginia that the recommendation of the Interstate Commerce Commission—and that is probably what the chairman had in mind—goes very much further than the amendment does. The Interstate Commerce Commission, on page 12 of their letter to the House of Representatives, recommend the enactment of a law which would give the Commission authority to pool not only revenues from rate increases but existing revenues, existing traffic, and existing facilities. I think that is what the chairman had in mind when he made that reply to Mr. Norman, from Louisville, whom I know very well.

Mr. WHEELER. Mr. President, if I may interrupt the Senator from Kansas, I will say that I found on examining the record that the Senator from Virginia [Mr. BYRD] is correct, and that it was wrong when I said yesterday that I had not made that statement. I must confess that I did not have any recollection of having made the statement, but it was called to my attention that I had made the statement.

Mr. REED. Mr. President, I think the Senator was referring to a general pooling proposition.

Mr. WHEELER. Yes.

Mr. BYRD. Recurring to the question by Mr. Norman with respect to the matter of pooling, the chairman said:

> It is not going to be done—not at this session of Congress anyway.

No effort was made to have hearings, and no request was made by those in opposition to pooling to be heard. The point I am making to the Senator from Kansas is that this most important matter was inserted in the bill by the subcommittee without hearings either by the subcommittee or the full committee, although all other parts of the bill were very carefully considered and full hearings were had.

Mr. REED. If the Senator from Virginia will permit, I wish to say that in the hearings Mr. Norman was talking about this matter, which appears on page 381 of the hearings:

> House bill 2531 provides that the Commission may compel pooling of earnings. There again we say you are going back to the fallacy that was in the recapture-clause provision, which had to be abandoned for a number of reasons.

That will be found on page 381 of the hearings.

It is not because I have any particular fancy for a pooling of revenues that I urged upon the committee the inclusion of the amendment, but it is because I have concern for the shippers of America who have to pay the bill. They are the most important factor in the situation.

It was testified by a competent authority in the hearings before the committee that in 1937, when about half the railroads had a net income and the other half had no net income, that if a 3.9 percent addition had been made to the freight rates, either in the form of increased rates or as a surcharge upon freight bills, that the avails of such 3.9 percent increase would have been sufficient to meet the legitimate needs of all the carriers, provided the increase could be gotten to the railroads which needed it, whereas if it were undertaken to make a general increase which would be sufficient to accomplish the same purpose but which would permit the railroads which did not need the increase to keep all the increase, the shippers would have to pay a 12- or 15-percent increase in rates. That is the heart of this question.

I shall answer the distinguished Senator from Virginia [Mr. BYRD] as well as the distinguished Senator from Maine [Mr. WHITE], for no voice from New England should ever be raised against the pooling of railroad revenues. I shall show that no section of this country has so directly benefited by the application of this very principle as has New England.

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

Mr. REED. I yield.

Mr. MILLER. The pooling order is predicated, as I understand, upon an authorized increase in the rates?

Mr. REED. Yes.

Mr. MILLER. If authority were given the Commission to order pooling, I wonder if such authority could be given without being predicated upon increasing the rates, having in mind that the rates in the official territory are one thing; the rates in the able Senator's region are 71 percent higher than the rates in official territory; and the rates in the southwest region, from which I come, are 75 percent higher. I am afraid of anything that even smacks of an increase in rates. I do not want to give the carriers, the Interstate Commerce Commission, or anybody else the opportunity to raise freight rates in our territory. If pooling could be predicated upon a decrease in rates, to use a common expression, we "might have something."

Mr. REED. I am very much afraid that that could not be done. Very few railroads are in a prosperous condition at this time. The Chesapeake & Ohio, the Norfolk & Western, the Union Pacific, the Pennsylvania, and perhaps half a dozen others are in pretty fair shape. However, many railroads whose credit is usually good, whose earnings are usually adequate for their needs, and which have always been in the habit of meeting their fixed charges are either in the hands of receivers or trustees or are threatened with that fate. In my solemn judgment, they face a situation which, if continued, will result in Government ownership of railroads in 5 years. I am trying to avoid that result.

As was stated yesterday, all the provisions of the bill would stabilize transportation and give equality of regulation. However, very few provisions of the bill would help the financial situation of the railroads. I concur in the statement made by the chairman of the committee near the end of the debate yesterday that the bill is the first proposal which has come to the Senate that means anything in the way of preserving the weaker roads.

I shall prove the remainder of my case from the decisions of the Supreme Court.

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

Mr. REED. I shall be glad to yield to the Senator from Minnesota.

Mr. SHIPSTEAD. As I understand, the funds which are raised for the purpose of pooling can only come from increased rates.

Mr. REED. That is correct; and if there should be no increased rates, there could be no pool.

Mr. SHIPSTEAD. If the common carriers by water should receive an increase in rates, the funds from the increase would go into a pool to be paid to the poor railroads.

Mr. REED. I will say to the Senator from Minnesota that when we wrote this provision we failed, through an oversight, to include, in line 23 on page 49, the language "upon general application of carriers by railroad." It is my purpose at the proper time to offer an appropriate amendment. The pooling applies only to railroads.

There is no thought of trying to pool the earnings of railroads with the earnings of water carriers and of motor carriers. That provision was an inadvertency that slipped into the bill.

Mr. SHIPSTEAD. That may be true. The bill as it now reads is very plain.

Mr. REED. The Senator is correct. I have tried to make the explanation. I assure the Senator that such an amendment will be offered.

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

Mr. REED. Certainly.

Mr. McNARY. In reading the amendment hastily a few moments ago, I concluded that restrictions are not applicable to motor carriers or water carriers, but only to railroads.

Mr. REED. In order to make it clear——

Mr. McNARY. I think it is clear. If we have a coordinated system of transportation, including railroads, water carriers, and motor carriers, would not the bill throw out of line the rate structure of the country?

Mr. REED. No.

Mr. McNARY. If we should increase the rates of the railroads, and divide the increased earnings among the railroads, without touching the competitive water and motor carriers, would we not disturb the harmony and balance between the various divisions of the rate structure?

Mr. REED. Certainly not.

Mr. McNARY. I merely ask the question. The Senator knows, and I do not.

Mr. REED. Certainly not. We may decrease the rates of the railroads, or we may increase the rates of the railroads. The water carriers and motor carriers are at liberty at any time to come before the Interstate Commerce Commission and move to raise or lower their rates. The bill specifically prohibits the Interstate Commerce Commission from undertaking to relate railroad rates to the rates upon water or the rates upon highways.

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

Mr. REED. I yield.

Mr. WHITE. In confirmation of what the Senator has said, I wish to call attention to the fact that in the same amendment, on page 50, there is specific reference in the text to railroad property. That reference confirms what the Senator intended to imply.

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

Mr. REED. I yield.

Mr. CONNALLY. I should like to ask the Senator a question. Is there anything in the bill which would require the Interstate Commerce Commission, in fixing rail and water rates, to see that no rate is fixed which would kill the water carrier? If the water rate is not high enough, that is one thing; but it seems to me the railroads would not be so highly concerned about including water carriers in the bill if they did not think their inclusion would help the railroads.

If there is not already such a provision in the bill, I intend to offer an amendment to the effect that the Interstate Commerce Commission may not so manipulate rates as to put water carriers out of business or drive business away from them when, perhaps, the traffic ought to move by water. Certain kinds of traffic, under any conditions, ought to move by water rather than by rail.

Mr. REED. I shall be very happy to answer the question of the Senator from Texas. The declaration of policy says that the act shall be so administered as to recognize and preserve the inherent advantages of each form of transportation.

Mr. CONNALLY. That is a beautiful, mouth-filling phrase; but what does it mean?

Mr. REED. On page 27, there is this provision:

> That differences in the classifications, rates, fares, charges, rules, regulations, and practices of a water carrier in respect of water transportation from those in effect by a rail carrier with respect to rail transportation shall not, in and of themselves, be deemed to constitute unjust discrimination, prejudice, or disadvantage, or an unfair or destructive competitive practice within the meaning of section 1 of this act.

Then we have a rate-making rule which I shall read for the benefit of the Senator from Texas:

> SEC. 30. It shall be the duty of the Commission in the exercise of its power to prescribe just and reasonable rates, to give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient transportation service by such carrier or carriers at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable such carrier or carriers, under honest, economical, and efficient management to provide such service. When used in this section the term "rates" means "rates, fares, and charges, and all regulations and practices relating thereto."

I will say to the Senator from Texas that in three different places in the bill the committee tried to deal with the question, because it was one of the very much-discussed questions. I wish to move along as rapidly as I may.

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

Mr. REED. I yield.

Mr. BYRD. Before the Senator leaves that point, why does not the amendment refer to the pooling of water transportation and of transportation by trucks? The bill is a general transportation bill, and if increases given to the railroads are to be pooled, why should not the same policy apply to the water and truck carriers and to all forms of transportation?

Mr. REED. If the Senator will be good enough to withhold his question until after I have read the Supreme Court decisions, I shall be very happy to give him an answer.

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

Mr. REED. I yield.

Mr. CONNALLY. The bill covers not only inland water transportation but all coastwise shipping, does it not?

Mr. REED. It covers inland waterways, coastal, and intercoastal shipping.

Mr. CONNALLY. What does the Senator mean by "intercoastal"?

Mr. REED. Between the two coasts.

Mr. CONNALLY. From the Pacific to the Atlantic or the Atlantic to the Pacific, as the case may be?

Mr. REED. Yes.

Mr. CONNALLY. That term covers a great deal of territory.

Mr. REED. Yes.

Mr. CONNALLY. Unless the bill were properly drawn, I can see how it might work irreparable injury not alone to the shipping interests but to the people of the United States, because if the law permitted the railroads by fixing rates to kill all coastwise and intercoastal shipping it would be a very serious handicap to the commerce of the whole United States.

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

Mr. REED. I yield.

Mr. WHEELER. Let me say to the Senator——

Mr. CONNALLY. I am asking for information.

Mr. WHEELER. Exactly. I understand.

Mr. CONNALLY. I do not pose as an expert on these questions. I must rely on Senators who know.

Mr. WHEELER. This question has been before the Interstate Commerce Committee almost ever since I have been a member of that committee—for 16 years—and it has been discussed backward and forward. It came up before the committee in connection with the question of repealing the fourth section. When the question of repealing the fourth section was before the committee, as it has been ever since I have

been a member of the committee, the late Senator Gooding was fighting for it, as was the late Senator Walsh, of Montana. The question has been constantly discussed. The railroads wanted to repeal the fourth section so that they might put into operation any rates they chose when they came into competition with water transportation. We kept the fourth section. As I said yesterday on the floor of the Senate, I was responsible for preserving it during the last two or three sessions of Congress because of the fact that such a measure would have passed the committee if I had not opposed it, and it undoubtedly would have passed the Senate. It twice passed the House unanimously. The railroads said, "You are permitting the water carriers to establish any rates they choose, whether or not such rates pay the out-of-pocket costs. In other words, you are turning them loose and saying to them, 'If you want to take the business away from the railroads, you can cut your rates, you can put into effect any rate you desire,' but when it comes to us, then we are told, 'You cannot put into operation an out-of-pocket rate, you have got to keep your rate at such and such a point.'" The railroads state with a great deal of force, in my judgment, that they ought to be placed in the same position as are the water carriers. I said to them repeatedly when the matter was before the Interstate Commerce Committee, "Well, what the Congress ought to do is to place in some impartial body the regulation of rates of all competing forms of transportation." No one could complain about that. If the railroads had been permitted to do what they wanted to do, then, they could have cut rates, in my judgment, as they did on a previous occasion before there was regulation; they cut the rates so that they put the water carriers out of business; and then, of course, they raised their rates. I said that we did not want to see such a thing happen again in the United States of America; and that would have happened, in my judgment, if we had repealed the fourth section.

I suggested, the President of the United States suggested, the Interstate Commerce Commission suggested, that the thing to do was to to place in an impartial body the right to regulate the rates of the water carriers, not so that they would throw business over to the railroads but so that they could not deliberately take out-of-pocket costs in order to break down the rates of the railroad carriers and take over their business.

It seems to me that no one who is fair and no one who wants to be just to the railroads and to all other forms of transportation can object to such a course. As I pointed out yesterday, we have deepened and widened the Mississippi River channels; we have spent over a billion dollars on the rivers of the country; more money is sought to be spent on them. I have been one of those who have stood up on the floor of the Senate and voted for such appropriations and urged them. Now, those who have come to the Congress and asked for money from the Treasury of the United States with which to deepen and widen the waterways in order that their ships could have a water course on which they could travel from St. Louis up the Mississippi River to St. Paul, are protesting and saying, "We do not want to have our rates regulated." The railroads have to pay part of the expense of channel improvement for the water carriers.

No one has gone into the abuses of the railroads and fought the abuses of the railroads to the extent the Committee on Interstate Commerce has done. We have investigated them and shown them up as has not been done in years by the Congress of the United States; but I would not be fair to myself and I would not be fair to the general public if I did not say that, notwithstanding the abuses that have been going on, the railroads are entitled to a square deal; they are entitled to have their competitors regulated not so as to enable them to raise their rates to give them business, but so that their competitors may not put into effect out-of-pocket rates—rates upon which they lose money simply for the purpose of breaking down the railroad rates.

The Illinois Central and all the other railroads in the Middle West—and I submit that the railroads in the Middle West are worse off than are almost any other group of railroads in the United States—pay taxes to furnish the channel for their competitors, and their competitors can cut their rates to any point they desire and then say, "We will not be regulated."

On the other hand, when the railroads ask that their rates be reduced so as to meet that water competition, who comes there and opposes such action? It is the water carriers, saying to the railroads, "You must not reduce your rates; if you do you will put us out of business." Water carriers are unregulated, and yet they appear before the Interstate Commerce Commission saying, "You should not reduce railroad rates." Then they come here to the Senate and say to the Members of the Senate, and whisper around the cloakrooms, "We are doing this in the interest of the general public." Doing what "in the interest of the general public"? In one breath they say they have brought down railroad rates, and, on the other hand, they protest every reduction of railroad rates that comes before the Interstate Commerce Commission. That is not fair; it is not just; and I submit there is no one on this floor who can get up and defend the position of the water carriers. The water carriers upon the Mississippi River are in the worst position of any carriers to come here and fight this piece of legislation. It is just pure selfishness and greediness upon their part when they do it, and they have not a leg to stand upon when it comes to honesty and decency before this body.

Mr. REED. Mr. President, I wish to call the attention of the Senator from Virginia and also the attention of the Senator from Maine, if he is present, to page 804 and the following pages where pooling as a possible remedy for some of the troubles that we are facing is rather extensively discussed. It is not a new subject. It has been discussed time and again.

Now let me proceed, for I do not wish to take all day on this subject.

Mr. McCARRAN. Mr. President, will the Senator yield for just a moment?

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Nevada?

Mr. REED. Certainly.

Mr. McCARRAN. If I am not mistaken this provision is comparable to what we called "the recapture clause" in the Transportation Act?

Mr. REED. I may say again to the Senator from Nevada I am going to get to that point very shortly.

Mr. McCARRAN. I may not be able to be present at that time, and I wish to make a suggestion, if the Senator will bear with me. The Senator will recall that "the recapture clause," as we termed it at that time, resulted in a pool of many million dollars.

The Senator will recall that the railroads with large earnings, not the small railroads, came before the Congress and demanded that that "recapture clause" be repealed, and it was repealed, resulting, if I may express it bluntly, in what, to my mind, was one of the biggest steals that was ever put over by a legislative body, inadvertently, because the pool had resulted in the accumulation of a vast sum of money that was mulcted from the shippers of the country but never returned to them. I wonder if the Senator agrees in part with what I have said.

Mr. REED. I agree in part. I could go further into the history of "the recapture clause." I happened to be chairman of the Kansas Public Utilities Commission back in those days, and I appeared before the House Committee on Interstate Commerce in 1923, representing all the western State commissions. At that time I appeared as a witness for 2 days, for the committee was kind enough to ask me to come back the second day, when I thought they would throw me out, having occupied all the first day. However, I advised the committee that "the recapture clause" should be repealed, because it could not be made to work. I think the provision in the pending bill can be made to work.

It is not an easy task, but I am going to get to that later. At present, however, I should like to discuss the philosophy

of pooling as developed in the Supreme Court of the United States. I feel a degree of incompetence in discussing legal questions with so many able constitutional lawyers sitting around me.

In 1914 there was a horizontal 5-percent increase, and there was a 15-percent increase in 1917. The Director General of Railroads increased rates 25 percent when the Government took over the railroads in 1917, and when the railroads ceased to be operated by the Government, the Interstate Commerce Commission had to impose enormous increases, amounting to 40 percent in the eastern territory, 35 percent in the Midwest, if my section may be called the Midwest, 25 percent, I think, in the South, and 25 percent in the far West. That was on top of the 25 percent that the Director General had increased the rates.

What happened? There ensued the most desperate situation in the history of the railroads of the United States. I hope that the Senator from Vermont, who is the only New England Senator within the sound of my voice at the moment, will carry this message to his colleagues from New England, because it is important to them. The railroads in New England are in worse shape than are the railroads in any other part of the United States.

Now, I quote from the opinion rendered by Mr. Justice Brandeis in the Supreme Court in a case which, for the benefit of the lawyers of the Senate, I will say is to be found in Two Hundred and Sixty-first United States Reports, page 190.

The distinguished Mr. Justice Brandeis said:

> The deficiency in income of the New England lines in 1920 was so great that even before the raise in wages ordered by the Railroad Labor Board an increase in freight revenues of 47.40 percent was estimated to be necessary to secure them a fair return. On a like estimate, the increased revenues required to give the same return to carriers in the trunk-line territory—
>
> Which runs from New York to Buffalo and Pittsburgh—
>
> was only 29.76 percent, and to carriers in Central Freight Association territory 24.31 percent.

The Central Freight Association territory being from Pittsburgh and Buffalo to Chicago and St. Louis.

The Interstate Commerce Commission, to meet the needs of the New England railroads, on their application ordered that the division of the through rates should be changed so as to give the New England railroads 15 percent greater division of the through rates than had been agreed upon between the carriers themselves; and that was the first of the important cases to go to the Supreme Court of the United States.

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

Mr. REED. Certainly.

Mr. AUSTIN. I call attention to the fact that notwithstanding that relief, we now have in New England a great railway system in process of reorganization and receivership. We have another great railroad, not so great, that is on the verge of bankruptcy. The State of Vermont, for example, is doing extraordinary things to try to save that railroad line. It is making sacrifices and doing many things to save the life of the railroad for the service of the public, notwithstanding the benefits to which the Senator from Kansas refers.

Mr. REED. For the information of the Senator from Vermont, I desire to state that I am not saying this in any critical way at all. I am merely illustrating the processes under which matters of this kind are handled.

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

Mr. REED. Certainly.

Mr. McNARY. The able Senator said, in beginning his thesis, that three fundamental alternatives must be recognized in order to save the railroad situation and maintain the status quo: One, we must have a revival of business; or two, we must have an increase in freight rates; or, three, we must have Government ownership.

Mr. REED. That is correct.

Mr. McNARY. The amendment of which the Senator now speaks contemplates an increase in freight rates, redistributed among the railroads according to the judgment of the Commission. What extent of increase has the Senator in mind? What was proposed in the hearings before the committee?

I am interested in increases in freight rates. We in the far West pay the freight rates. In order to bring about an increase, the Senator must have in mind some sum or some structure so that would justify the contemplation of his amendment.

Mr. REED. Let me inform the distinguished Senator from Oregon that all I am trying to have incorporated into the bill is a plan under which the Interstate Commerce Commission may handle, to the advantage of the shippers and the public, any increase that they may in the future find necessary. I am not suggesting that there should be or that there will be an increase. All I am suggesting is that we have had eight percentage increases in 25 years; and if we should have another one—and I do not know that we shall; this bill may never have any such effect—if we should, I want that increase to rest as lightly as possible upon the public and the shippers of the country.

Now, may I proceed and read what the Supreme Court said about the legal questions involved in this so-called pooling?

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

The PRESIDING OFFICER. Does the Senator from Kansas further yield to the Senator from Oregon?

Mr. REED. Certainly.

Mr. McNARY. I do not want to press my position; but, in my judgment, it is important in determining one's attitude with respect to this amendment. Does the Senator believe it is essential in order to preserve the railroad structure that there be an increase in freight rates?

Mr. REED. I repeat the declaration which I made according to my very best judgment after a lifetime of experience with the transportation question—that either we must have a revival in business that will increase the volume of traffic on the railroads 20 or 25 percent, or we must have an increase in rates that will relieve their immediate and urgent necessities, or within 5 years we shall have Government ownership. Senators may take their choice. I am trying to take the choice which seems to me to be wise from the standpoint of the public interest.

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

Mr. REED. Certainly.

Mr. McCARRAN. Referring to the answer made by the able Senator from Kansas to the interrogatory propounded by the Senator from Oregon [Mr. McNARY], am I correct in thus analyzing it?—

The bill, of course, does not provide for Government ownership.

Mr. REED. No, sir; it does not.

Mr. McCARRAN. The bill does not provide for an increased volume of business.

Mr. REED. It could not.

Mr. McCARRAN. It could not. Therefore the bill provides for an increase in freight rates.

Mr. REED. I beg to differ with the Senator from Nevada. If he will permit me to make a blunt statement, the bill does nothing of the kind. We have had eight percentage increases in 25 years. All the bill provides is that if we have another one, the increase—not the present revenues of the railroads, but the amount accruing from any increase in the future—shall be handled thus-and-so.

Mr. McCARRAN. It must be an increase from one of three sources. I am taking the Senator's analysis. It must be an increase from Government ownership, it must be an increase from an increase of business, or it must be an increase by reason of increased freight rates. The Senator has answered me that the bill does not provide for increased freight rates.

Mr. REED. Of course not.

Mr. McCARRAN. Will the Senator tell the Senate whether the bill provides for benefiting the railroads of the country?

Mr. REED. I think the bill as a whole will be beneficial to all the transportation interests of the country, considering the transportation system as a whole. The railroads will get some benefits; I think the motor transportation interests will get some benefits; I think the waterways will get some benefits from a stabilization of rates and an equality of regulations; but I agree with the statement of the chairman of the committee yesterday that in all the things that were discussed yesterday there is no answer to the railroad problem as it presently stands. I do not claim that the chairman used that exact language, but I think that is the thought he expressed.

Mr. McCARRAN. I take it, then, from the expression of the Senator from Kansas, that we may not look for any benefit flowing to the railroads by reason of the passage of the bill.

Mr. REED. Oh, no; I did not say that.

Mr. WHEELER. Mr. President, if I may be pardoned, let me repeat to the Senator from Nevada what I said yesterday.

Mr. McCARRAN. I did not refer to the Senator's remark, because I did not hear him. I am sorry.

Mr. WHEELER. No; I understand that, but yesterday a Senator asked me if the railroads would not benefit by the regulation of the water carriers. Candidly, I think there would be very little benefit to the railroads from water-carrier regulation.

The Senator from Nevada has been opposed to the repeal of the so-called fourth section, the long-and-short-haul section of the Interstate Commerce Act. The reason why the railroads wanted that section repealed was that the water carriers, which are unregulated, may cut their rates to any point to which they want to cut them, but the railroads may not cut railroad rates in order to compete with the water carriers. Now, we must do one of two things; we must either repeal the fourth section and turn the railroads loose and let them compete as they want to do with their unregulated competitors, or we must regulate the water carriers upon a reasonable basis, so that they may not indulge in cutthroat competition and then protest when the railroads want to compete with them.

Much has been said about the general public deriving benefits from the bill. I will not vouch for the statement, but I understand that one company ships automobiles and parts through the Panama Canal and up to Los Angeles. They charge for the automobile, however, the Detroit price f. o. b. freight to Los Angeles. In other words, they stick the money in their pockets, and they say to the consumer, "We are charging you for the railroad transportation"; but the railroad does not get it, nor does the consumer get it. The only person who gets it is the automobile manufacturer. The same thing is true of steel and oil and lumber and various other commodities.

Mr. McCARRAN. Mr. President, if I may interrupt, the same thing is true with reference to the caravan system. In other words, the automobile companies run caravans of automobiles across the country, but the purchaser is charged the freight rate.

Mr. WHEELER. The purchaser is charged the freight rate. In my judgment, the only thing that can be said in favor of regulating the water carriers is that regulation would stabilize the industry. The water carriers are not in good condition. Many of the water carriers are in exactly the same position as the railroads. They are "broke" because they need what everybody needs—more transportation. In my judgment, this bill will tend to stabilize the water-carrier industry, as it likewise will tend to stabilize and put on an equal basis all forms of transportation.

Mr. McCARRAN. I trust the Senator will pardon me if I interrupt just a little further. I did not wish to break into the Senator's excellent discourse. I am taking now what the Senator from Montana has said, together with what I gathered from the most enlightening remarks of the Senator from Kansas. The Senator from Montana says this bill, if enacted, will stabilize conditions.

Mr. REED. I said the same thing.

Mr. McCARRAN. How is it going to stabilize them? If I may answer my own question, it is going to stabilize them by enabling the water carriers to raise their own rates. They will have to raise their rates, or the rates will be raised to be comparable with those of rail transportation. It cannot be otherwise, if they are stabilized.

Mr. WHEELER. Oh, no. The Senator is in error with reference to that, because, as the bill was originally introduced and came before the committee, it did not contain the provisions which are now in it. We see in the bill provision that the Commission shall not raise the rates of the water carriers in order to put them on a parity with railroad rates. We want to preserve competition between the railroads and the water carriers, but the water rates will only be regulated, giving to the water carriers the inherent advantages which they can get because of the fact that they can provide cheaper transportation. For 10 years while I was a member of the Committee on Interstate Commerce, the motor carriers opposed regulation. They said, "If you pass this bill regulating motor carriers the Interstate Commerce Commission will raise the rates of the motor carriers and put the motor carriers out of business in order to protect the railroads." They said, "We can haul freight cheaper than can the railroads." We said, "There is nothing in the bill making such provision." We included a provision with reference to inherent advantages. The railroads have complained and stated that the Interstate Commerce Commission, instead of being railroad minded, is bus and truck minded, and that there has been too much favoritism shown to the busses and the trucks as against the railroads. Today the bus and truck interests are in favor of the pending bill. I have a letter from one of the contract carriers in which he states:

MY DEAR SENATOR WHEELER: I have just learned from C. D. Todd, executive secretary of the contract carrier division of the American Trucking Association, that a subcommittee of the legislative committee of our national association had passed a number of resolutions dealing with proposed changes in S. 2009. Some of these proposed changes would apply definitely to regulation of contract carriers. The committee in question was not in any sense representative of the motor carrier industry—of the nine members, only one was a contract carrier operator.

The American Trucking Association, by resolution adopted in their annual convention in 1937, granted to the natural divisions of the industry self-autonomy and authorized those natural divisions to prosecute their claims individually on all controversial matters affecting two or more divisions of the industry. It was further agreed that the association as such would not participate in any activities involving controversial issues.

The action of the subcommittee in Washington yesterday is, in my opinion, in direct violation of the organization's rules of procedure, and I desire to take this opportunity as a vice president of that organization and chairman of the contract carrier division to notify you that our division does not consider itself bound by the action of this subcommittee, and our division seeks no change in S. 2009 as at present amended and indicated in committee print No. 6. Our division further urgently requests that the Senate not change to any extent the language now contained in section 8 of that bill, which deals with the filing of schedules of contract carriers.

As chairman of the contract carrier division of the American Trucking Association, I wish to advise that you are at liberty, in the event you deem it advisable, to make known to the Members of the Senate our division's position with respect to this proposed legislation.

Mr. McCARRAN. I am thoroughly familiar with the attitude of the trucking industry.

Mr. WHEELER. There came before the Interstate Commerce Committee of the Senate a representative of the Mississippi Valley Barge Line, and also General Ashburn, the president of a Government-owned line. Those gentlemen appeared in favor of the bill. Likewise a number of people engaged in general intercoastal water transportation appeared before the committee, and they have said to me privately that they were in favor of the proposed legislation. In my judgment there is a small minority opposed to the bill, but all the more responsible people engaged in the business are in favor of it.

Mr. McCARRAN. I am not so enlightened as I should be in the matter. I have taken the remarks of the Senator from Montana on yesterday, and I have taken the remarks

of the Senator from Kansas today, and I have gained the impression, not a conclusion but an impression, that those who favor the legislation favor an increase of rates.

Mr. WHEELER. That is not the case.

Mr. McCARRAN. I am going to recur to the remarks of the able Senator from Kansas. I cannot get away from them. I am taking his three points of analysis. In other words, the bill, if it brings about a benefit at all to the industry of shipping in this country, must bring it about by an increase of rates.

Mr. WHEELER. I do not agree with that.

Mr. McCARRAN. That was the remark of the Senator from Kansas.

Mr. WHEELER. I do not agree with such a philosophy of the bill in the slightest degree.

Mr. REED. If I may break in, that is not the philosophy of the bill. I have never stated anything that could be so construed.

Mr. McCARRAN. Did I not draw the Senator's attention to the three points which he said would bring about a change of conditions?

Mr. REED. Yes; and if the Senator will let me, I would preface that with the statement that every man in this country who knows the first elements of the railroad situation realizes that there has to be an increase in the railroad revenue.

Mr. McCARRAN. Very well. How will that come about?

Mr. REED. That can only be brought about in one of three ways.

Mr. McCARRAN. That is, an increase of rates under the pending bill?

Mr. REED. No; the bill has nothing to do with it.

Mr. McCARRAN. The Senator told me that the bill did not involve Government ownership.

Mr. REED. That is correct.

Mr. McCARRAN. And that it did not involve an increase of business. Naturally, anyone would know that. Therefore, the Senator's third point was that it must involve an increase of rates; otherwise there would be no benefit to the railroads.

Mr. WHEELER. Oh, no.

Mr. REED. If there should be in the future an increase in rates, the increase should be so handled as to be in the public interest. That is all. It would still be in the discretion of the Interstate Commerce Commission.

Mr. McCARRAN. Let me consider it from another angle. If, following the remarks of the Senator from Kansas, there should be no increase of rates following in natural flow, as the Senator terms it, then there would be no benefit from the bill. Is that correct?

Mr. WHEELER. I do not think so. As a matter of fact, the bill does not in the slightest degree change the present law with reference to either lowering or increasing railroad rates.

Mr. McCARRAN. I beg the Senator's pardon. I may be wrong—he knows the bill and I do not—but the bill provides for consolidation by the Commission.

Mr. WHEELER. No; the Senator is wrong about that.

Mr. McCARRAN. It provides for consolidation even without hearings.

Mr. WHEELER. No; the Senator is mistaken about that.

Mr. McCARRAN. I am glad to be corrected, of course.

Mr. WHEELER. The Senator is mistaken about that. I am familiar with the bill; and if I am not familiar with it and do not know what is in it, then there is something wrong with me.

Mr. McCARRAN. There is nothing wrong with the Senator from Montana.

Mr. WHEELER. There is nothing now in the bill which would permit general consolidation of railroads without submitting the matter to the Interstate Commerce Commission. There can be consolidation of railroads at the present time. If a consolidation were proposed under the provision of the bill it would have to be submitted to the Interstate Commerce Commission, and the Commission would have to take care of labor if a consolidation were brought about. There was a Washington agreement, and that agreement provided that labor must be taken care of.

Mr. McCARRAN. If that is in the bill, I must ask the Senator from Montana, or the Senator from Kansas, to whom I sincerely apologize for taking up his time, to show the Senate where it appears in the bill, because my rather hurried study of the bill has not disclosed it.

Mr. WHEELER. This is the provision of the bill:

> That, with respect to any transaction under this section involving motor vehicle or motor-vehicle operations, approval of such transaction may be given, without a hearing if in the judgment of the Commission a hearing is not necessary to enable it to make the findings herein specified. Such approval may be upon such terms and conditions as the Commission shall find to be just and reasonable in the premises: *Provided, however,* That in the case of application for unification of motor carriers by a carrier by railroad, or any person which is controlled by such a carrier or affiliated therewith within the meaning of paragraph (6) of this section, the Commission shall not enter an order approving the unification unless it finds that the transaction proposed will promote the public interest by enabling such carrier by railroad to use service by motor vehicle to public advantage in its operations and will not unduly restrain competition.

Mr. McCARRAN. Mr. President, I wonder if the able chairman of the committee, and the Senator from Kansas, who now supports him, would consent to striking out the words "without a hearing." I think that is beside the question we have been discussing.

Mr. WHEELER. That applies only to the unification of small motor-carrier companies.

Mr. McCARRAN. I hope so.

Mr. WHEELER. There may be some small motor carriers which desire to unify their lines. There are some in the Senator's State, and some in Montana. This provision was inserted at the instance of the motor carriers, who wanted it. There may be some small motor carrier in the Senator's State which desires to buy out another motor carrier, and we did not think that under such circumstances they should be required to come to Washington and have a hearing; that the Commission could send out an investigator, and if it was found to be a small matter, the transaction could be accomplished without a hearing.

Mr. McCARRAN. That is beside the question that was uppermost at the time I interrupted the Senator from Kansas. However, I am asking whether there may be a consolidation without a hearing in the case of railroads. I have tried to get away from the motor-carrier matter entirely.

Mr. WHEELER. That was stricken out on page 172. It read:

> *Provided,* That approval of any transaction subject to the provisions of this section may be given without hearing if in the judgment of the Commission a hearing is not necessary to enable it to make appropriate findings.

We struck that out of the bill. That is one of the amendments that were inserted by the committee, and I hope the amendment will be approved. The question was raised by the railroad brotherhoods, and the provision was stricken out at the request of the railroad brotherhoods.

Mr. McCARRAN. That is rather incidental to the matter that is being discussed. I hope I will not find it necessary to interrupt the Senator from Kansas again.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER (Mr. BROWN in the chair). Does the Senator from Kansas yield to the Senator from Oregon?

Mr. REED. I yield.

Mr. McNARY. Earlier today I asked the Senator from Kansas if the amendment were adopted whether it would dislocate the present rate structure which applies to motor carriers, water carriers, and railroads? I understood the Senator to say "No."

Mr. REED. That is correct.

Mr. McNARY. I have not been very happy or satisfied with that answer, because it seems very plain to me that if an increase of railroad rates were authorized and directed by the Interstate Commerce Commission, it would disturb the rate structures of the motor carriers and water carriers which are operating in competition with the railroad lines.

Mr. REED. Mr. President, I have such a high opinion of the ability and intelligence of the Senator from Oregon——

Mr. McNARY. I agree with what the Senator may say in that respect, so we will not discuss it further. But——

Mr. REED. The last increase in railroad freight rates was on March 18, 1938, just a little over a year ago. The railroads sought a 15-percent increase. An increase of 10 percent upon some commodities was allowed, and an increase of 5 percent upon others. The previous increase in railroad rates was in 1937, in an application decided October 19, 1937. Both those increases were allowed since the passage of the Motor Carrier Act of 1935. The increases had no more effect upon the rates of motor carriers or of water carriers than the motor carriers and water carriers wanted them to have. If the railroads raised their rates and the motor carriers felt that they could obtain higher rates, they probably filed tariffs.

Mr. President, there is nothing in any part of the bill relating to any increase in railroad rates, or which would permit any increase in rates, and it would not have any effect on rates except possibly the natural competitive business effect which would result under any circumstances, whether this provision goes in the bill or stays out. All we are trying to do is to hold any future increase in railroad rates to a minimum for the benefit of the shippers, and arrange a plan whereby the shippers' increased rates may be distributed among the railroads which are in the greatest need of help.

Mr. McNARY. Mr. President, I wish to make an observation to the very learned Senator from Kansas. Yesterday and today the very distinguished Senator from Montana [Mr. WHEELER], who is conversant with the bill in its every provision, spoke at length of the coordination of the three great forms of transportation—water, rail, and road. I believe in such coordination. I was impressed by the able argument of the Senator. But coordination is omitted from the proposed amendment, and the increased rates are applied only to railroad carriers. If coordination applicable to rail carriers would carry out the general philosophy of the bill, why should it not apply to the other carriers? If it is applied to rail carriers, will it not have the effect of shifting a substantial portion of the traffic from the railroads to water transportation and to motor vehicles?

Mr. REED. That has been a disputed question in every general rate case that has been tried. The Interstate Commerce Commission in its decision has sought to ascertain whether or not an increase in rates would have an effect upon the movement of traffic.

Mr. McNARY. I am trying to clarify the matter in my own mind by getting the frank and candid judgment of the able Senator from Kansas. What does he think?

Mr. REED. About what?

Mr. McNARY. About increase of rates having a tendency to shift traffic from one system of transportation to another, and is that the Senator's excuse for not using the coordinated system clear through the bill?

Mr. REED. I do not want the record to rest under the intimation of the Senator from Oregon that there is any relation between the amendment, which has only a special purpose in view, and a national system of transportation. I said in the beginning that of the competitive traffic in this country, excluding the Great Lakes and the pipe lines, 66 percent was handled by the railroads and about 10 percent by motor carrier and inland waterways. Therefore, the 66 percent is important. It is so important that there is no person in this country who is not interested in it.

The time may come when the railroads will seek a further increase in rates. I do not know that they will. They tell me they have no present intention of doing so. But if the railroads were granted a further increase in rates, and only in that event, would the provision in question have any effect at all. The question which the Senator from Oregon asks could be asked with equal force and pertinency without the provision in question being in the bill. It has no pertinency to this section at all.

I desire to proceed to the New England Divisions case, which presents a situation analagous to the present situation. Mr. Justice Brandeis, in writing the opinion in that case, made the following statement, which could be made with equal pertinency in the present situation:

> The credit of the carriers, as a whole, had been seriously impaired. To preserve for the Nation substantially the whole transportation system was deemed important. By many railroads funds were needed, not only for improvement and expansion of facilities, but for adequate maintenance. On some, continued operation would be impossible, unless additional revenues were procured. A general rate increase alone would not meet the situation. There was a limit to what the traffic would bear.

I am still quoting from the opinion by Mr. Justice Brandeis:

> Moreover, it was not clear that the people would tolerate greatly increased rates (although no higher than necessary to produce the required revenues of weak lines) if thereby prosperous competitors earned an unreasonably large return upon the value of their properties. The existence of the varying needs of the several lines and of their widely varying earning power was fully realized. It was necessary to avoid unduly burdensome rate increases and yet secure revenues adequate to satisfy the needs of the weak carriers.

And I particularly call attention to the following portion of the opinion and to remind the Senate that the case in question had to do with New England:

> A further large increase in rates local to New England would doubtless have provoked more serious competition from auto trucks and water carriers. For hauls are short and the ocean is near. Instead of erecting New England into a separate rate group, the Commission placed it, with the other two subdivisions of Official Classification Territory, into the eastern group, and ordered that freight rates in that group be raised 40 percent.

I read finally from the New England Divisions case, which is one of the leading cases upon a question of this kind:

> It may be just to give the prosperous carrier a smaller proportion of the increased rate than of the original rate. Whether the rate is reasonable may depend largely upon the disposition which is to be made of the revenues derived therefrom.

Lest some Senator should argue that we are depriving a strong and prosperous railroad of something that belongs to it, let me say that the Supreme Court, speaking through Mr. Justice Brandeis, said:

> It is not true, as argued, that the order compels the strong railroads to support the weak. No part of the revenues needed by the New England line is paid by the western carriers. All is paid by the community pursuant to the single rate increase ordered.

I think that is enough for the New England Divisions case, although I had desired to speak a little further about it.

I now wish to refer to the case in which Mr. Chief Justice Taft read the opinion. That is the case of Dayton-Goose Creek Railway Co. against United States, found in Two Hundred and Sixty-third United States Reports, at page 456. The syllabus in that case, paragraph d, reads:

> d. A railroad, however strong financially, economical in facilities, or favorably situated as to traffic, is not entitled as of constitutional right to more than a fair, net operating income upon the value of its properties devoted to transportation.

In that connection I wish to read a sentence by former Chief Justice Taft:

> Thus the question of the minimum of a fair percentage on value is shown to vary with the circumstances.

At the time of my service on the Kansas State Commission we always used 7 percent as a fair return on public-utility property. I doubt if under present conditions anyone would maintain that 7 percent is necessary in order to avoid confiscation.

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

Mr. REED. Certainly.

Mr. CONNALLY. The Senator said his rule was 7 percent. Was that the only factor?

Mr. REED. Oh, no; but when we determined a fair return which we permitted a public-utility company to earn, as

nearly as we could we fixed it at 7 percent. There is no absolute way to determine whether it should be 7, 7½, 8, 6, or 6¼.

Mr. CONNALLY. Of course the return is not always the only factor, because the value of the service, the cost of the service, and things of that kind, affect the rate, do they not? Seven percent was the maximum. Rates would not be fixed which would return more than 7 percent?

Mr. REED. That was about the general average. Some commissions allowed 8 percent. Some allowed 6 percent. Judgment varies upon questions of that kind, and variable factors enter into the judgment.

I wish to read from the language of former Chief Justice Taft, and then I shall conclude:

> Uniform rates enjoined for all shippers will tend to divide the business in proper proportion, so that, when the burden is great, the railroad of each carrier will be used to its capacity. If the weaker roads were permitted to charge higher rates than their competitors, the business would seek the stronger roads with the lower rates, and congestion would follow. The directions given to the Commission in fixing uniform rates will tend to put them on a scale enabling the railroad of average efficiency among all the carriers of the section to earn the prescribed maximum return. Those who earn more must hold one-half of the excess primarily to preserve their sound economic condition and avoid wasteful expenditures and unwise dividends.

Mr. President, I do not see how any impression could be created that the bill seeks to raise rates. All it seeks to do is to apply a principle which has been recommended by the Interstate Commerce Commission, which actually has been used in the past, and which has been supported and confirmed by the Supreme Court of the United States in two separate decisions, one affecting the divisions of the New England railroads and the other involving the general principle of taking excess earnings away from strong carriers for the benefit of weak carriers.

I wish the Senator from Nevada [Mr. MCCARRAN] were present in the Chamber, for I should say to him that we are not seeking to reenact the recapture provision. That was found to be unworkable and was repealed. We are seeking to establish a rule which is workable. I do not mean to say that the problem is simple or easy. The language was drafted by the Interstate Commerce Commission. I was in conference with the Commission on several occasions, and we wrote into the bill the provision that the Commission must take into consideration these factors:

> The efficiency with which carriers concerned are operated; the amount of revenue required to pay their respective operating expenses, taxes, and a fair return on their railway property held for and used in the service of transportation; and the importance to the public of the transportation services of such carriers.

That language is found on page 50.

We do not seek to condone—in fact, we condemn—inefficiency. We do not seek to preserve railroads which are unnecessary. We seek to preserve railroads in the order of their importance to the public interest.

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

Mr. REED. Certainly.

Mr. BYRD. Suppose a railroad has an excessive capitalization, is very improvident in borrowing money, and owes a great debt; would the debt be considered as part of the operating expenses?

Mr. REED. No; not if I were a member of the Commission. I have a very high respect for the intelligence of the Interstate Commerce Commission.

Mr. BYRD. Of course, interest on a debt is a part of expenses.

Mr. REED. My own opinion, for whatever it may be worth—and it does not bind the Interstate Commerce Commission—is that the Interstate Commerce Commission would use the rate-making value of the property as a basis upon which to proceed, and not the capitalization or the bonded indebtedness.

Mr. BYRD. Is the language in the bill, "a fair return on their railway property held for and used in the service of transportation," based upon the valuation placed upon the property by the Interstate Commerce Commission?

Mr. REED. Yes; for rate-making purposes.

Mr. BYRD. Is that the same language that is in the present law with respect to the rates now in effect?

Mr. REED. I think it is; but I could not be certain without making a comparison.

Mr. BYRD. I understand the bill sets up a different standard.

Mr. REED. No; we did not intend to do so. I discussed this language at length with the Commission. The problem is not simple. I do not wish to leave the impression that it is. We are struggling with a difficult problem, and we are trying to find the best solution we can for it.

Mr. BYRD. I am unable to follow the Senator from Kansas on this point. He admits that the recapture clause was unworkable.

Mr. REED. Not unconstitutional, but unworkable.

Mr. BYRD. Unworkable.

Mr. REED. That is correct.

Mr. BYRD. The recapture clause provided that 50 percent of the earnings should be recaptured. The bill provides that 100 percent of the increased rates which may be allowed may be recaptured. Why is such a provision workable when the old law was not workable?

Mr. REED. Many factors in the old section 15a, which included the recapture clause, are not in the present law or in the bill. Much of the old debris has been cleared away. The Interstate Commerce Commission thinks the provision in the bill is workable. It does not think it is simple. It says frankly that its administration would be a hard job; but it is the only way out that the Interstate Commerce Commission thinks would be fair to the public and would limit any future rate increases to the amount required by the needs of the carriers as a whole in the public interest.

Mr. BYRD. If it is fair and just to pool the earnings from increased rates, why would it not be fair and just to pool all the earnings of railroads, not only such increases as they may receive in rates but all the present earnings, and to take money away from the well-managed, well-to-do roads and give it to the inefficient, poorly managed roads?

Mr. REED. As will be found from an examination of the letter of the Commission, the Commission went considerably further in its recommendation to the House than our committee has gone in this amendment. All we did was to look to future increases.

Mr. BYRD. Is not that action a recognition of a principle which could later be carried out, that all earnings should be pooled, thereby discrediting the debt structure of the railroads which are now making profitable earnings, and whose bonds are held by insurance companies, banks, and others? In other words, what is the difference in principle between the proposal in the bill and the pooling of all the earnings?

Mr. REED. May I ask the distinguished Senator from Virginia whether or not he is a lawyer? I know he was formerly Governor of his State.

Mr. BYRD. No; I am not a lawyer.

Mr. REED. The Senator is a newspaperman, is he not?

Mr. BYRD. Yes.

Mr. REED. So am I. I am not a lawyer. So, as one newspaperman to another, I shall try to make a distinction for the Senator which I am afraid my lawyer friends might frown upon. There is a difference between existing earnings, in which a carrier might establish a property right, and an increase in earnings granted by a public regulatory body. I cannot give the exact reference, but I think the Supreme Court has said in terms that no railroad has a property right in an increase of earnings authorized or ordered by the Interstate Commerce Commission. If I have made the distinction clear, that is about the best statement I can make as a layman.

Mr. BYRD. However, as a matter of fairness and justice, the principle is the same. If it is right to take a portion of an increase in rates from the railroads, it is likewise right to take, for the purpose of common pooling, the present earnings of a railroad; and it is right to take money from one railroad which perhaps makes more from a general schedule of rates than other railroads in other sections. The principle is the same.

Mr. REED. The railroad themselves had the recapture provision in section 15 (a) written into the 1920 act, but the provision was found to be unworkable. In 1931 the railroads suggested, and the Interstate Commerce Commission set up, a pool of the increased earnings, but they were only to be loaned to the weaker railroads and had to be repaid. In the last general rate increase the Commission had to allow an increase in coal rates to the Chesapeake & Ohio, the Norfolk & Western, the Virginian, even though the Commission said those roads were making a fair return. It shocked the conscience to increase the rates of those carriers that were already making a legal return, but under the system of competitive rate making, whereby competitive rates of railroads are kept on the same level, there was no escape from it. The provision in this bill will permit an escape from the dilemma in which the Commission found itself and as a result of which it issued the order which shocked the conscience of every man familiar with the order, which, taken by itself, assured increased rates to railroads that did not need them. I was trying to use the New England Divisions case and the statement of Chief Justice Taft in the Dayton-Goose Creek Railway Co. case to show that the Supreme Court has twice approved the legality of what has been written into this bill.

Mr. BYRD. Mr. President, of course the question whether or not particular railroads need an increase may be a question of the efficiency of management or the condition of their debt structure whereby they do not have interest and other charges to pay. Under this amendment, as the Senator understands it, suppose there was a weak road somewhere, very inefficiently managed and not economically sound in the sense that it had a territory tributary to it that justified its existence, could not the earnings of more prosperous roads be taken to sustain indefinitely and keep in operation the uneconomic and weak road?

Mr. REED. My own opinion is that there are between 15,000 and 25,000 miles of railroad in the United States that have no economic justification; that are going to have to be abandoned. I cannot conceive that a sensible regulatory body would ever take any part of the earnings of other roads under this provision and apply it to a situation of that kind.

Mr. BYRD. Of course, the Senator admits that the Interstate Commerce Commission has the power to do it under his amendment?

Mr. REED. No; not under the phraseology of the provision.

Mr. BYRD. Will the Senator point out to me some language in his amendment that prohibits such action on the part of the Interstate Commerce Commission?

Mr. REED. I do not know how to make the provision any tighter. May I suggest to the Senator that I was delegated by the committee to hold conferences with the Interstate Commerce Commission on a number of matters including this one. The first rule the Interstate Commerce Commissioners suggested to me as one which in their opinion would meet the situation was that the distribution should be just and reasonable. I said, "I am just a layman; but I do not think you can get by the courts with a proposition of that kind. What the Congress ought to do is to write into the law a rule by which the Commission must be governed." So we wrote this provision into the bill, and I may suggest to the Senator from Virginia that this language—

> giving consideration, among other things, to the efficiency with which the carriers concerned are operated, the amount of revenue required to pay their respective operating expenses, taxes, and a fair return on their railroad property held for and used in the service of transportation, and the importance to the public of the transportation services of such character—

is identical, so far as my recollection goes, with the language of the law which the Supreme Court upheld in the New England Divisions case. In other words, we lay down here a rule that binds the Commission.

Mr. BYRD. Does the Senator contend that under this amendment the Interstate Commerce Commission could not use the increased revenue of the roads for the purpose of keeping in operation an uneconomic road?

Mr. REED. That would be my position.

Mr. BYRD. There is nothing in the language that prohibits it. If there is, I should like to have the Senator point it out to me.

Mr. REED. I suggest that the Senator consider the words, "the importance to the public of the transportation services of such carriers" and "the efficiency with which the carriers concerned are operated."

I do not know how much stronger we could have made the wording.

Mr. BYRD. Mr. President, the Senator has made a very able argument, and before he takes his seat I should like to ask him another question. A little while ago I asked why he did not include water transportation and likewise motor transportation in the general pooling, in view of the fact that this is a general transportation bill? I would greatly appreciate it if the Senator would answer that question.

Mr. REED. We have three reasonably distinct phases of transportation. The philosophy of this bill is to bring about an equality of regulation as between those three phases of transportation. We do not propose to merge them; we do not propose to let one obtain control over the other. All we are trying to do is to secure equality of regulation and to stabilize the regulation of transportation in the United States. I think it would be highly improper to undertake to pool earnings of water carriers and motor carriers or motor carriers and railroads, or railroads and water carriers.

Mr. BYRD. I do not mean to put the earnings of them all in one pool. Does the bill provide for putting water carriers' earnings in one pool, the earnings of truck carriers in another pool, and the earnings of railroad carriers in another?

Mr. REED. If the Senator from Virginia will permit me, I tried in the beginning to set out, as clearly as I know how to set it out in the English language, that of 76 percent of transportation, aside from the Great Lakes and the pipe lines, 56 percent is handled by the railroads. It is most important to the public interest that the railroad situation be preserved and something done for their benefit, and particularly to distribute any future increases in rates for the benefit of the weak carriers and not to pool the earnings of the different branches of transportation. The committee has never had that in mind.

Mr. TRUMAN obtained the floor.

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

Mr. TRUMAN. I yield.

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

The PRESIDING OFFICER (Mr. AUSTIN in the chair). The clerk will call the roll.

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

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

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present.

Mr. TRUMAN. Mr. President, I desire to make a few remarks on Senate bill 2009. I shall take only a very few minutes.

I am familiar with this proposed legislation. I know its history from the beginning.

In 1935 the Senator from Montana [Mr. WHEELER] secured the adoption by the Senate of a resolution, known as Senate

Resolution 71, providing for an investigation of the financial structure of the railroads. The committee which made the investigation under the resolution had its first meeting in December 1935 and continued in operation for about two and a half years. Early in 1938 the President asked a committee to call at the White House and discuss the situation of the railroads. The Senator from Montana and I were on the committee. We made two trips to the White House for the purpose of that discussion. Three members of the Interstate Commerce Commission then were appointed to outline a plan, which they did, and the plan was sent to the Senate by the President. No action was taken on the plan. Then last fall a Committee of Six was appointed by the President for the same purpose. They presented a report and outlined a program; and it was finally decided by the Interstate Commerce Committee that a transportation policy should be inaugurated by the Government of the United States.

This bill is a preliminary effort to inaugurate a transportation policy for the country. I was chairman of the subcommittee which worked for two and a half years on a bill to put air transportation under governmental control. It was first intended to place air transportation under the Interstate Commerce Commission. We met serious objection to that plan in the Senate and in the House, and finally created the Civil Aeronautics Authority, which has been in operation for, as I recall, about 9 months. The only reason why air transportation was not included in this general transportation policy bill was that the Civil Aeronautics Authority has recently been established and is just beginning to function as it should function, and it was not thought proper at this time to transfer control of air transportation to the Interstate Commerce Commission, although I think eventually that is what should happen.

The only serious objection to this bill has been by the water carriers. The serious objection is made by those who do not want regulation at all. The Government is committed to a policy of regulation, as the Senator from Montana [Mr. WHEELER] correctly stated yesterday. If we are going to regulate one method of transportation all ought to be treated exactly alike.

Mr. Eastman, chairman of the legislative committee of the Interstate Commerce Commission, in a letter to the chairman of the Committee on Interstate and Foreign Commerce of the House, in a House committee document of the Seventy-sixth Congress, first session, made this statement:

> The Commission believes that the recommendation of the committee of three in regard to this matter—

That is, water transportation—

> is basically sound, but that it is not, as a practical matter, important to change the present regulatory plan with respect to air carriers and gas-pipe lines. The latter have no closer relation to the general transportation problem than have electric power transmission lines, and can well be left to the regulation of the Federal Power Commission. Air carriers compete with other types of carriers in long distance passenger transportation and in the carriage of mail and express, but such competition is of lesser consequence. The Civil Aeronautics Authority is newly created, and we now see no sufficient reason for disturbing it.
>
> The situation is otherwise as to water carriers. Their competition with railroads is in general keen and close. Many of them participate freely with railroads in joint rates, and also with motor carriers, which they often use for auxiliary or supplemental service. We have frequent occasion to consider important cases, particularly with respect to relief for the railroads from the long-and-short-haul rule—

About which a great deal has been said on the floor of the Senate—

> Where competition between rail and water lines is the crucial factor. This is as true of the intercoastal and coastwise water lines as of those on the inland waterways. Present regulation of the water carriers, as has been seen, is incomplete and divided. We believe it should be comprehensive and concentrated in a single body. * * *
>
> Impartiality in the regulation of different types of carriers is promoted by giving a single agency comparable juridiction and responsibility for each type. Under H. R. 2531, the responsibility of this Commission would be primarily and chiefly for railroads and motor carriers, but it would have superseding authority to fix minimum rates (the vital factor in competition) for carriers for whom other governmental bodies would continue to have primary responsibility. Such a situation would invite doubts as to impartiality. Divided or superimposed jurisdiction also duplicates effort and is likely to engender confusion and ill will.

I think that is as plain a statement of the situation as could be made.

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

Mr. TRUMAN. Certainly.

Mr. BROWN. The letter from which the Senator is reading is the letter from Commissioner Eastman to Chairman LEA of the House Committee on Interstate and Foreign Commerce?

Mr. TRUMAN. That is correct.

Mr. BROWN. In that letter Mr. Eastman also says, I believe, that the so-called bulk carriers in competition with Canadian carriers on the Great Lakes could be left out of regulation without harm.

Mr. TRUMAN. We have made every effort to leave them out, and it is the intention of the committee to leave them out.

Mr. BROWN. I will say to the Senator that I am not satisfied that they are out; and I hope we can agree upon an amendment which will satisfy the Senators from the Great Lakes States that those carriers are undoubtedly out.

Mr. TRUMAN. I think that is a mere matter of wording, and I think we can get together on it.

Mr. VANDENBERG. Mr. President, is there no doubt in the Senator's mind about the purpose to exclude those carriers?

Mr. TRUMAN. None whatever.

Mr. VANDENBERG. Then we have the joint testimony of the two authors of the bill and the Senator from Kansas [Mr. REED]; yet we have a joint refusal specifically to exempt the bulk carriers on the Great Lakes. How does the Senator reconcile the two positions?

Mr. TRUMAN. I think we already have specifically exempted them. That is the intention of the wording of the bill, and we are not refusing specifically to exempt them at all. The committee is considering the amendment offered by the junior Senator from Michigan [Mr. BROWN]; and when individual amendments come up for consideration I think we can arrive at an agreement which will be entirely satisfactory to both the Senators from Michigan.

Mr. VANDENBERG. Is the Senator from Missouri willing to exempt them specifically?

Mr. TRUMAN. I am certainly willing to exempt them, but I do not want to have the common carriers on the Lakes exempted and not have the common carriers on the other waterways exempted.

Mr. VANDENBERG. I agree to that.

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

Mr. TRUMAN. I yield.

Mr. PEPPER. Would the bill vest in the Interstate Commerce Commission jurisdiction over the water carriers along the Atlantic seaboard, for example, and the Gulf coast of the United States?

Mr. TRUMAN. Yes.

Mr. PEPPER. They would not be affected?

Mr. TRUMAN. They would be under the jurisdiction of the Interstate Commerce Commission.

Mr. PEPPER. That is, water carriage, for example, from Fort Pierce, Fla., to New York City by coastwise vessels would be within the jurisdiction of the Railroad Commission?

Mr. TRUMAN. That is correct. I do not think the Senator ought to call it the Railroad Commission.

Mr. PEPPER. I mean the Interstate Commerce Commission.

Mr. TRUMAN. The Interstate Commerce Commission; it is not intended to be a railroad commission.

Mr. PEPPER. In my State it happens to be called the Railroad Commission, and I lapsed into that error.

We have a situation at Fort Pierce, Fla., where waterway transportation was established for the carriage of citrus fruit by the installation of a precooling plant there and by the deepening of the harbor. What actually came about was that as soon as the water transportation became possible 3 days

a week the freight rates were reduced to the level of the water rates. They were the 3 days of the week when the boats sailed. On the 3 days of the week when the boats did not sail the rail rates went back to the normal base. I wonder how the question of convenience and necessity would be applied by the Commission in such a case as that.

Mr. TRUMAN. Does not the Senator think any commission possessing a reasonable amount of common sense would remedy a situation like that if they had control over both methods of transportation?

Mr. PEPPER. When we come to judge the question of convenience and necessity, does it mean that there is need for water-transportation service, taking into consideration the freight rate as it then exists, or does it mean that if the freight rate were lowered there would not be a need for water transportation?

Mr. TRUMAN. When water transportation is taken into consideration by an unbiased and fair-minded commission it has nothing whatever to do with railroad rates or railroad regulation.

Mr. WHEELER. Mr. President, if the Senator will allow me to respond to the Senator from Florida, we have specifically inserted three provisions which definitely say to the Commission, with reference to rate making, and with reference to preferences, that they shall consider water transportation separate and distinct in and of itself, and that the railroads shall not be taken into consideration when they are considering the problem of water transportation. When they came to consider whether or not a certificate of convenience and necessity was needed with reference to water transportation, they would look at it purely from the standpoint of water transportation, and not with reference to the railroads.

Mr. PEPPER. Mr. President, I thank the Senator for that very fine statement. As I understand, a certificate of convenience and necessity will be exacted only of those who propose to become public carriers by water.

Mr. TRUMAN. That is correct.

Mr. PEPPER. I suppose there is a "grandfather" clause protecting those who are already water carriers.

Mr. WHEELER. That is correct.

Mr. PEPPER. What is the effective date of the "grandfather" clause?

Mr. WHEELER. I cannot give it offhand. We expect to offer an amendment so as to take care of the rates which are in effect when the transfer takes place. There is perhaps a little loophole, to which the water carriers have called our attention, and we propose to rectify that with an amendment from the floor.

Mr. PEPPER. Having had some experience with the Motor Carrier Act of 1935, and having seen some of the injustices arising from relating the "grandfather" clause back to a time prior to the effective date of the act, I hope it will be the judgment of the committee to make the effective date of the act the effective date of the "grandfather" clause, whatever that may be.

Mr. TRUMAN. That is what is provided in the bill.

Mr. WHEELER. That is what is provided in the bill; and the provisions are entirely satisfactory to the water carriers who have appeared before the committee.

Mr. PEPPER. One other question, if I may. The bill will not apply to any cooperative, or any agricultural agency, or to any private individual, person, firm, or corporation who or which desires to transport over a waterway its own goods in its own vessels?

Mr. TRUMAN. Not at all.

Mr. PEPPER. When they are not engaged as carriers for hire or as common carriers?

Mr. TRUMAN. That is correct; a privately owned carrier does not come under the terms of the bill at all.

Mr. DAVIS. Mr. President, will the Senator from Missouri yield?

Mr. TRUMAN. Certainly.

Mr. DAVIS. I desire to ask the Senator whether there is anything in the bill—and I cannot find anything—which would permit a railroad monopoly of truck transportation?

Mr. TRUMAN. It is specifically forbidden in the bill.

Mr. DAVIS. I have received a telegram from the labor relations division of the Pennsylvania Truck Association referring to amendment of paragraph 2, section 49.

Mr. TRUMAN. They want the bill to remain as it is. They are afraid the express companies will try to have the bill amended so as to give the express companies the truck business, but the bill as written is entirely satisfactory to the trucking interests.

I will read the provision about the railroads owning trucks:

Provided, however, That in the case of application for unification of motor carriers by a carrier by railroad, or any person which is controlled by such a carrier or affiliated therewith within the meaning of paragraph (6) of this section, the Commission shall not enter an order approving the unification unless it finds that the transaction proposed will promote the public interest by enabling such carrier by railroad to use service by motor vehicle to public advantage in its operations and will not unduly restrain competition.

Mr. DAVIS. I have read the paragraph. I wanted the RECORD to show that I propounded this particular question to the Senator from Missouri, one of the coauthors of the bill, in order that I might have an expression from him about it.

Mr. TRUMAN. Very well; that is the answer. Every effort is being made by the Senator from Montana as chairman of the Committee on Interstate Commerce, to inaugurate a transportation policy in the United States. We have not a transportation policy; we never have had a transportation policy, any more than we had a military policy until 1920. It is absolutely essential to the welfare of the country that we have a transportation policy. Transportation and communication are what make this country great, and it is absolutely essential that a preliminary study be made for that purpose.

The pending bill is the preliminary bill, the first bill in a proposed series of bills which will inaugurate, we think, a transportation policy which will be for the welfare and benefit of the country.

There is no way in the world to legislate traffic onto the railroads or onto ships or trucks. They are all in financially bad condition, and that can only be remedied by an increased amount of transportation. Neither the Committee on Interstate Commerce, nor the Senate, nor the House, nor the whole legislative machinery of the United States, can create traffic for the railroads.

We are hoping that if the railroads and busses and trucks and the waterways and airways are put on an equal basis, some of the evils which now exist will be eliminated.

The committee has been working on this problem for two years and a half. We have had day and night sessions on the pending bill. We have listened to everyone who desired to be heard. We have tried to please everyone we possibly could. It is not possible to please all. There are provisions in the bill which the railroads do not like but which the committee think are in the public interest. There are provisions the bus and truck interests do not like but which the committee thinks will be in the public interest; and that is true of the regulation of waterways.

We believe that the Interstate Commerce Commission will administer the proposed law fairly and justly, and that after it is in operation none of those who come under it will want to be taken from under its jurisdiction.

A few years ago, when we were working on the bus and truck legislation, all the bus and truck interests of the country, by every means of propaganda possible, said that the Interstate Commerce Commission would regulate them in the interest of the railroads. Now the railroads are saying that they are being regulated in the interest of the busses and trucks. I hope they will both say that they are being regulated in the interest of the waterways, if this bill shall be enacted; then we will be sure that the Interstate Commerce Commission is fair-minded.

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

Mr. TRUMAN. I yield.

Mr. PEPPER. I think it particularly important that the debate upon the bill shall disclose, by the utterances of the chairman and the active members of the committee, that there is no intention, by the passage of the bill, to minimize the importance or the responsibility to the country of the other types of transportation besides the railroads; so that there will not be even an implication that will go to the Interstate Commerce Commission that Congress has reached the conclusion that it wants to squeeze out or to minimize, or, certainly, to destroy, water transportation or motor-vehicle transportation. I am sure it is the opinion of the committee that those two means of transportation have grown up in fulfillment of a transportation demand; that they have filled and are filling a very meritorious economic service; and that the only thing the Congress has in mind is that there may be a body which will have authority to correlate and coordinate the activities of all these forms of transportation, so that each one of them shall render the best possible service to the country and serve in the sphere most appropriate for it.

Mr. TRUMAN. That is specifically what is proposed to be done under the bill.

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

Mr. TRUMAN. I yield.

Mr. WHEELER. I may say to the Senator from Florida that he has expressed better than the chairman of the committee himself could, the views of the chairman and the Committee on Interstate Commerce. Yesterday I called the Senate's attention to the fact that when Congress passed the Transportation Act of 1920 Congress itself practically said to the Interstate Commerce Commission, "You must see that the railroads get sufficient revenue to pay them a certain interest rate upon their investment." That was the declaration, that was the policy announced by the Congress, and Congress told the Interstate Commerce Commission that it was their duty to see that that policy was effectuated.

In the pending bill we say to the Commission, "Your duty is not only to the railroads, but you owe the same duty to water transportation and to bus and truck transportation that you owe to the railroads."

In my judgment, the Commission should not be blamed for much that was done by the railroads under the act of 1920, but the blame should be placed upon the Congress itself for setting up the policy it provided.

The argument has been made that the pending bill will serve to bring in more money to the railroads. I do not think the bill, if enacted, will have that effect. I do not think it will result in raising railroad rates. If I thought it would I should not be in favor of it.

What the railroads of the United States need most is more business, and I think, and I have repeatedly said, that the railroads must reduce rates in order to get more traffic. I hope the railroads will get out of their heads the idea that they must constantly raise rates in order to save themselves. I think the reverse is true.

The railroad industry is a mass-production industry, and in order for any mass-production industry to succeed it must have mass consumption. It cannot succeed without mass consumption. The way to get mass consumption is to reduce rates and thus create more traffic, induce more people to travel from one end of the country to the other, induce people to ship goods from one end of the country to another, from Florida to New York, from California to Montana. But to accomplish that the railroads must establish cheaper rates. It is the policy of the committee to endeavor to bring about a condition which will permit the railroads to reduce their rates and still maintain a sound financial structure.

Mr. TRUMAN. Mr. President, the reason the discussion always gets back to the railroads is that the railroads handle about 67 percent of all the traffic. In 1926 they handled 75 percent of all the traffic. The present condition of the railroads is due to a great many things which are not necessary to be considered at this time. The railroads are absolutely essential to the welfare of the country, and they should not be discriminated against any more than any other method of transportation should be discriminated against. The object of the pending bill is to try to put all methods of transportation on an equal basis. If it will not do that we shall have failed in our effort.

Mr. PEPPER. Mr. President, I really meant to say when I spoke a moment ago, if the Senator will further yield, that when the Senator referred to the various means of transportation being equal——

Mr. TRUMAN. Equal before the law.

Mr. PEPPER. If that is what the Senator meant by the expression he used, very well.

Mr. TRUMAN. Yes; that is exactly what it means.

Mr. PEPPER. They are not exactly in the same category, and they do not render the same service.

Mr. TRUMAN. We have argued that question half a dozen times, and we have pointed out that the specific provisions of the bill will authorize the Interstate Commerce Commission to regulate each method of transportation according to its inherent qualities. I think that matter has been gone into very thoroughly.

Mr. WHITE. Mr. President, will the Senator yield for an interruption?

Mr. TRUMAN. I yield.

Mr. WHITE. Mr. President, I was originally as much troubled as is the Senator from Florida by the thought of giving to a single commission regulatory powers over all the forms of transportation which the country enjoys. Originally I entertained the notion that, having these competitive means of transportation, if we were to preserve them as competitive systems, there was logic in having a separate regulatory body for each one of them, so that such regulatory body might be the protector and in a sense, the advocate of the particular mode of transportation within its jurisdiction. But I could not resist coming to the ultimate conclusion that that would result in wasteful and destructive competitive conditions, and that if we were to have a coordinated system of transportation, an ordered system of transportation throughout the United States, giving to our people the fullest benefits from these different modes of transportation, ultimately we would have to set up a single authority over them, and that that authority would have not only the obligation but the power to make these different systems complementary to each other, and give us in the Nation as a whole what I may call a rounded and coordinated and efficient system of transportation.

Water carriers in my section of the country have been disturbed by the proposed legislation. Some of them are rather resentful that I am supporting it, but I have reached the conclusion that it is in the public interest that all these modes of transportation should be related one to the other, and coordinated into an ordered system of transportation for all our people.

I originally was troubled by the same questions that are now in the mind of the Senator from Florida.

Mr. TRUMAN. I thank the Senator from Maine for his remarks.

I wish to read again the sentence I read from Mr. Eastman's letter:

> Divided or superimposed jurisdiction also duplicates effort and is likely to engender confusion and ill will.

We all know that if two bureaus are in the same executive department, one sometimes, through the head of the department, can get them to cooperate, but if they are in different executive departments and under different executive heads, even the President himself sometimes cannot get them to cooperate. If we are going to have a transportation system and a transportation policy for the country, the regulation must be centered in one board in which the country has confidence. I believe the country and the Senate have confidence in the Interstate Commerce Commission, and I believe the Interstate Commerce Commission will make an honest effort to regulate all the methods of transportation in the public interest.

For the information of the Senate I wish to present some data with respect to what has been happening in the transportation industry. The total transportation bill for 1936

was $6,774,000,000. The steam railroads received $4,255,000,000 of that income.

Transportation has been changing radically in the last 10 or 15 years. In 1926 the railroads hauled 89 percent of the livestock to the central markets. In 1937 the railroads hauled only 47 percent of the livestock to the central markets. The reason for that reduction is that truck transportation gave the service which those owning the livestock wanted. What we wish to see is every method of transportation used in the public interest and for the public welfare and benefit.

I have before me a small book, a copy of which I have handed to all Senators on the floor. It is entitled "What Shall We Do About the Railroads?" It contains 73 pages. It is a most excellent treatise on the present condition of the railroads and on transportation in general. I hope every Senator will read it.

I ask unanimous consent to have printed in the RECORD at this point as part of my remarks chapter 11, being the conclusion, because it sets out more fully than I can set it out in a speech exactly what the transportation system of the country actually needs.

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

The matter referred to is as follows:

CHAPTER 11—CONCLUSION

Generalization is hazardous, but in conclusion, the situation may be briefly summarized as follows: The railroad "problem" of today exists (a) because of the failure of the railroads to adjust themselves to the new transportation era in which we are living, and (b) because of a corresponding lag in the development of public policy as respects the industry. The matter should not be allowed to drift further, either by the railroads or the Government.

Because of the predominant national interest, the following steps are suggested on the part of the National Government:

1. A centering of executive functions, now distributed among at least seven different Government departments and agencies, in a single head to have cabinet rank like the English Minister of Transportation;

2. A reorganized Interstate Commerce Commission, continuing as an independent agency responsible to Congress, and functioning quasi-judicially; and

3. A special constitutional court, with provision for appeal direct to the United States Supreme Court, to have, among other things, original jurisdiction in railroad bankruptcies and receiverships but with power in its discretion to impose upon an appropriate district court duties in connection with the actual operation of properties in bankruptcy or receivership.

The above recognizes:

(a) The need for a coordination of governmental policy over transportation in the widest sense of the term, to the extent of the national power over interstate commerce;

(b) In a democratic government, the necessity for cabinet responsibility, with due regard for the constitutional doctrine of separation of powers between the executive, legislative, and judicial departments; and

(c) The constitutional limitations imposed by the Federal courts upon the administrative process, which render the final adjudication by an administrative agency of private property rights, a matter of such complexity and difficulty, as to justify the creation, for this purpose, of a constitutional court composed of judges, chosen for their proven qualifications and special training in this field of law.

Because the present exigencies of the railroads are partly due to factors which will continue to operate to their detriment over the long term, new tools of government need to be devised to keep abreast of the changes which have occurred in the last 20 years in the industry of transportation considered in its widest sense.

In other countries where the same problem exists, solutions are being found which are alien to our governmental institutions. The arrangement herein suggested is adapted to preserve the freest opportunity for the exercise of the principles of a self-governing nation. Among its advantages would be the following:

I. An executive agency to discharge executive functions and determine executive policy, competent to promote the development of a national transportation policy, based upon a realization of the public's interest in the maintenance of the most efficient and economical agencies of transportation, capable of financing themselves privately, to the extent necessary to provide needed modernization of service.

II. The retention of the traditional judicial type of administrative agency to hear complaints and function quasi-legislatively and quasi-judicially with respect to such matters as rates, services, and capitalizations. It is in fields such as these that the prestige of the Interstate Commerce Commission as an expert body dispensing impartial, disinterested administrative justice has been established. There is a continuing need for a commission of this sort; but, because of the quasi-judicial nature of its duties, we cannot reasonably expect it also to discharge the duties of an economic council, an advisory board, and a police force. An executive agency should be created to meet these needs.

III. The establishment of a special constitutional court to adjudicate expeditiously private rights of baffling magnitude and complexity. Because of the essential differences between the legal approach and that of an administrative agency, such a court is needed to supplement, rather than to take over, the duties now imposed upon administrative agencies of the judicial type like the Interstate Commerce Commission. The latter are better fitted to apply concepts of public interest than is a court. Moreover, procedure before such a Commission is more flexible than in a court of law, since an administrative agency is not confined to the strict application of the rules of evidence. If a special court were established, the court should be empowered to refer issues to the Commission for the taking of evidence; and, conversely, the Commission should be directed to consult the court on issues of law as they arise. Reciprocity of this sort would be especially advantageous in questions involving accounting, valuation for rate making, and valuation for the purpose of a condemnation award. The establishment of such a court would tend to minimize litigation and the law's delays, since conflicting construction of law by the several Federal district courts all over the country would be eliminated, and those courts, in many cases overworked or manned by judges inexperienced in the handling of large-scale corporate reorganizations, and more particularly in the economics of transportation, would be relieved from existing strain.

The issue posed by the transportation crisis is not one of more regulation versus less regulation. Rather, it is a question of working out a solution consistent with the spirit of our institutions. Whether, in a democracy such as ours, our present governmental forms would be able to survive the impact of ownership of our largest corporation type of business, and if so, the effect upon the finances of the Federal Government are open questions.

With specific reference to the railroad situation it is the purpose of this book to recommend that any legislative program that is worked out for adoption by Congress recognize the following principles:

(1) The undoubted fact that whether or not the country has a surplus of railroads, it does have, at the present time, a surplus of transportation facilities. There is not enough business to go around.

(2) The need of permitting the railroads to compete more effectively with their new competitors on the highways, on water, and in the air.

(3) The need of encouraging each form of service to go after the traffic it is best adapted to handle without penalizing any agency of transportation.

(4) Relief for the railroads can be obtained by (a) permitting the abandonment of lines that no longer can pay their way, and (b) by the realization of economies through mergers, consolidations, coordinations, pooling arrangements, and the like.

(5) Because in the case of either (a) or (b) the savings will be largely at the expense of labor, adequate provision must be made by the Government to satisfy the quite understandable concern of the employees.

(6) To the end of reducing destructive competition, permission to railroads to engage in the transportation business generally. In this connection consideration should be given to the advantages of Federal incorporation.

(7) To the same end an overhauling of the Transportation Act, particularly those sections which unduly handicap the railroads from being effective competitors with the newer agencies of transportation.

(8) To the same end, encouraging mergers and consolidations, by granting to railroads the power of eminent domain of the property or the securities of other railroads, such power to be exercised only in those cases where the Commission has found the aim is in the public interest.

(9) Apart from the attitude of employees (the managements as well as labor) and obsolete statutory inhibitions, a major obstacle at the present time to mergers and consolidations is the reluctance of the stronger roads to take over their overcapitalized weaker competitors on a basis which will involve assumption of the present fixed charges of the latter.

(10) The latter is one reason, among many, for continuing emphasis on the need of the realistic reorganization of overcapitalized corporate structures.

(11) To this end a simplification of reorganization procedure and the speeding up of reorganizations.

Mr. TRUMAN. I sincerely hope the Senate will act favorably on the bill.

The PRESIDING OFFICER. The question is on agreeing to the first committee amendment.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Bone	Byrnes	Danaher
Andrews	Borah	Capper	Davis
Ashurst	Bridges	Caraway	Donahey
Austin	Brown	Chavez	Ellender
Bailey	Bulow	Clark, Idaho	Frazier
Bankhead	Burke	Clark, Mo.	George
Barkley	Byrd	Connally	Gerry

Gibson	Johnson, Colo.	Neely	Stewart
Gillette	King	Norris	Taft
Glass	La Follette	Nye	Thomas, Okla
Green	Lee	O'Mahoney	Thomas, Utah
Guffey	Logan	Overton	Townsend
Gurney	Lucas	Pepper	Truman
Hale	Lundeen	Pittman	Tydings
Harrison	McCarran	Radcliffe	Vandenberg
Hayden	McKellar	Reed	Van Nuys
Herring	McNary	Schwartz	Walsh
Hill	Maloney	Schwellenbach	Wheeler
Holman	Mead	Sheppard	White
Holt	Miller	Shipstead	Wiley
Hughes	Minton	Slattery	
Johnson, Calif.	Murray	Smathers	

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 3537) to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BLOOM, Mr. LUTHER A. JOHNSON, and Mr. FISH were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON of Missouri, Mr. TARVER, and Mr. LAMBERTSON were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. TARVER, Mr. HOUSTON, Mr. RABAUT, Mr. PLUMLEY, and Mr. ENGEL were appointed managers on the part of the House at the conference.

REGULATION OF MODES OF TRANSPORTATION

The Senate resumed consideration of the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

Mr. WHEELER. Mr. President, I ask unanimous consent at this time that the committee amendments be first considered. There are two or three committee amendments which probably will bring on some controversy. When we come to them I shall ask that they go over until all the noncontroversial amendments shall have been disposed of.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

The clerk will state the first committee amendment.

The first amendment of the Committee on Interstate Commerce was, under the heading "Declaration of policy", on page 2, line 1, after the word "transportation", to insert "subject to the provisions of this act", so as to read:

That the Interstate Commerce Act, as amended, including both part I and part II thereof, is hereby amended to read as follows:

"DECLARATION OF POLICY

"SECTION 1. It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; and to encourage fair wages and equitable working conditions established through collective bargaining: all to the end of insuring the development and preservation of a national transportation system adequate at all times to meet most economically and efficiently the full needs of the commerce of the United States, of the Postal Service, and of the national defense.

The amendment was agreed to.

The next amendment was, under the heading, "Scope and application", on page 2, line 21, before the word "or", to strike out "by air", so as to read:

(a) all common carriers by railroad, by water, or by motor vehicle on the highways, pipe-line companies, express companies, and sleeping-car companies.

The amendment was agreed to.

Mr. NORRIS. Mr. President, the same language, "by air", is stricken out all through the bill; is it not?

Mr. WHEELER. That is correct.

Mr. NORRIS. Was there any contention in the committee with regard to that matter?

Mr. WHEELER. No; there was no contention at all with reference to it.

Mr. NORRIS. What was the idea, in the first place, of inserting it in the bill?

Mr. WHEELER. I cannot say as to that. At any rate, we struck it out. There was some thought that air transportation ought to be regulated; but in view of the fact that we have set up the Civil Aeronautics Authority we struck out the language.

Mr. NORRIS. I have no fault to find with the committee for striking it out, and yet it seems to me it would have been better to leave it in. I presume discussion of the subject at this time is more or less academic, because at present there is no considerable amount of passenger or freight traffic by air. At the same time I should like to say in passing that I should not be surprised to see the time come—it may be nearer upon us than we think—when air transportation will be a very important activity of commerce.

I was a Member of the House of Representatives during the Fifty-eighth Congress, and I remember that a great debate—at least I thought it was great—took place upon an appropriation bill in the House in regard to flying in the air. It was during the time of Professor Langley. There was considerable debate as to whether or not Congress should appropriate money for such purposes. I have not looked at the RECORD since. I am speaking only from memory. It is now nearly 100 years ago. [Laughter.] Some very able statesmen known all over the United States discussed the question. I think it would be well worth the time of the student to go back and read the debates which took place at that time, and see the fun that was poked at men who thought the time would ever come when we should be able to fly through the air like birds. It is exceedingly interesting to note how few friends aviation then had in the House of Representatives, and how few really thought anything could ever be done in that science. The consensus of opinion was that most of those who thought there was a future for aviation were "cracked," or were a little beside themselves in the "upper story."

Think of the wonderful developments which have taken place since, and what a great thing aviation has become. Literally billions of dollars are now being spent all throughout the world to navigate the air. I am wondering whether or not those who are now here and who will be here for many years to come will live to see the time when Congress will have to legislate for that kind of passenger and freight traffic as it now does for railroads. Perhaps all the railroads will have passed out of the picture.

Mr. WHEELER. Mr. President, I will say to the Senator that at the last session of the Congress a bill was introduced providing for the regulation of air commerce by the Interstate Commerce Commission. At that time also a bill was introduced, which subsequently was enacted, to set up a Civil Aeronautics Authority. One-tenth of 1 percent of the freight traffic of the country, and 1 percent of the passenger traffic are now carried by air. I agree with the Senator that the time may come, in the not very distant future, when both passenger and freight rates—particularly passenger rates—by air will have to be dealt with.

Mr. NORRIS. The bill before us is to regulate the transportation of passengers and freight. I believe the time will come comparatively soon when the percentage the Senator has just given with respect to freight and passenger service in the air will be increased to such an extent that it will be much more than the percentage now represented by freight and passenger service in trucks and busses. I should not be surprised to see the time come when it will be more important to regulate the traffic of passengers and freight in the air than it now is to regulate the small percentage of traffic which moves by truck or bus. In anticipation of that time, if I had my way about the matter, I believe I should leave the language in the bill just as the committee originally had it, so as to be prepared for the time when it will be necessary for us to regulate transportation in the air just as we now regulate other forms of traffic.

However, I realize that the discussion is now perhaps only academic. In passing over the subject at this time, and striking out the language referred to, it seems to me we do not realize what the future has in store, and what an important factor air commerce may become before we know it.

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

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

Mr. NORRIS. I yield.

Mr. MEAD. The Senator from Nebraska, at a very appropriate time, points out the progress that aviation is making, for on yesterday we read of the completion of the first regular scheduled passage of the Atlantic Ocean by one of America's new clipper airships. The ship which traveled approximately 5,000 miles and made the crossing in an elapsed time of a little over 27 hours, is as seaworthy, perhaps, as was any one of the ships which accompanied Columbus. The United States is the first nation on earth to establish scheduled air service over the Atlantic Ocean, and, in view of the keen competition and the arrangements which are being made by the powers of Europe, it is to our lasting credit that we have a line and an agency that is engaging in this regular service.

From the time of the consideration of the item the Senator from Nebraska has brought to our attention back in the Fifty-eighth Congress up to the present session aviation has grown, until now we have lines serving Canada and Alaska in the North; we have airplane service with Central and South America and the islands of the Caribbean Sea; we are spanning both the Atlantic and Pacific Oceans. We have magnificent airships in which the passengers may enjoy their meals and berths may be made up for them so that they may take their rest.

It is my opinion that the sentiment voiced by the Senator from Nebraska that the day is coming when certain regulations with regard to air-service tariffs similar to those regulations now pertaining to railroads will be necessary is not merely a prophecy but will be an actual reality.

I merely wished to take advantage of this opportunity to point to the appropriateness of the remarks of the Senator from Nebraska and to the magnificent flight just accomplished by America's newest clipper airship.

Mr. NORRIS. Mr. President, I thank the Senator from New York for his contribution. He has said what I was about to say in so much better language than I could say it, that I will content myself by merely endorsing his statement and suggesting that in these days of invention and improvement in all lines of human activity the time is rapidly coming when this little item affecting air transportation which we are striking out of this important bill will be more important, perhaps, than any of the provisions affecting other modes of transportation which we will leave in the bill.

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

Mr. NORRIS. I yield.

Mr. TRUMAN. I think the Senator from Nebraska is absolutely correct. As chairman of the subcommittee of the Interstate Commerce Committee, I tried for 2 years to have the regulation of air transportation placed under the Interstate Commerce Commission but we finally had to compromise and place it in the Civil Aeronautics Authority, which is supposed to have the same rules and regulations governing air transportation that the Interstate Commerce Commission has for other methods of transportation. I think the time will come, however, when every method of transportation will be under the same regulatory body, and I hope it will come soon.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 2, in line 24, after the word "or", to insert "in"; in the same line, after the word "commerce", to insert "as defined in section 3 (25) and (26), respectively"; on page 3, line 4, after the word "water", to strike out "or by air"; in line 6, after the word "water", to strike out "or by air"; in line 7, after the word "port", to strike out "or airport"; in line 8, after the word "port", to strike out "or airport"; in line 9, after the word "port" to strike out "or airport"; in the same line, after the name "United States", to insert "from a foreign port"; and in line 11, after the word "United", to strike out "States." and insert "States;", so as to read:

SEC. 2. (1) The provisions of this act, except as hereinafter specifically limited, shall apply to—

(a) all common carriers by railroads, by water, or by motor vehicle on the highways, pipe-line companies, express companies, and sleeping-car companies, engaged in the transportation of passengers or property in interstate or in foreign commerce, as defined in section 3 (25) and (26), respectively, either singly or by combination of any two or more of said modes of transportation; but, with respect to foreign commerce, only insofar as such transportation, other than transportation by water, takes place within the United States, and only insofar as such transportation by water takes place prior to transshipment at a port in the United States for movement to a foreign port, or after transshipment at a port in the United States from a foreign port for movement to a point within the United States;

The amendment was agreed to.

The next amendment was, on page 3, line 12, before the word "or", to strike out "by air"; in line 15, after the word "commerce", to insert "as defined in section 3 (25) and (26), respectively"; in line 18, after the word "water", to strike out "or by air"; in line 19, after the word "port", to strike out "or airport"; in line 21, after the word "port" where it occurs the first time, to strike out "or airport,"; in the same line, after the word "port" where it occurs the second time, to strike out "or airport"; and in line 22, before the word "for", to insert "from a foreign port", so as to read:

(b) all contract carriers by water, or by motor vehicle, engaged in the transportation of passengers or property in interstate or in foreign commerce, as defined in section 3 (25) and (26), respectively, but with respect to foreign commerce, only insofar as such transportation by motor vehicle takes place within the United States and such transportation by water takes place prior to transshipment at a port in the United States for movement to a foreign port, or after transshipment at a port in the United States from a foreign port for movement to a point within the United States.

The amendment was agreed to.

The next amendment was, on page 4, line 6, after the word "line", to insert a comma and "nor to the transportation of passengers or property, nor to the receiving, delivering, storage, or handling of property, wholly within one State, and not shipped to or from a foreign country from or to any place in the United States as aforesaid", so as to read:

(2) Nothing in this act shall apply to the transportation of water or natural or artificial gas by pipe line, nor to the transportation of passengers or property, nor to the receiving, delivering, storage, or handling of property, wholly within one State, and not shipped to or from a foreign country from or to any place in the United States as aforesaid.

The amendment was agreed to.

The next amendment was, on page 4, line 16, after the word "to", to strike out "and" and insert "or"; on page 5, line 7, after the word "farmer", to strike out "and" and insert "when"; in line 13, after the word "amended", to insert a comma and "or by a federation of such cooperative associations, if such federation possesses no greater powers or purposes than cooperative associations so defined"; and in

line 21, after the word "of", to insert "ordinary", so as to read:

(3) Nothing in this act, except the provisions of section 34 relative to qualifications and maximum hours of service of employees and safety of operation or standards of equipment of motor carriers, shall be construed to apply to—

(a) Motor vehicles employed solely in transporting school children and teachers to or from school; or

(b) Taxicabs or other motor vehicles performing a bona fide taxicab service, having a capacity of not more than six passengers, and not operated on a regular route or between fixed termini; or

(c) Motor vehicles owned or operated by or on behalf of hotels and used exclusively for the transportation of hotel patrons between hotels and local railroad or other common carrier stations; or

(d) motor vehicles operated under authorization, regulation, and control of the Secretary of the Interior, principally for the purpose of transporting persons in and about the national parks and national monuments; or

(e) motor vehicles controlled and operated by any farmer when used in the transportation of his agricultural commodities and products thereof, or in the transportation of supplies to his farm; or

(f) motor vehicles controlled and operated by a cooperative association as defined in the Agricultural Marketing Act, approved June 15, 1929, as amended, or by a federation of such cooperative associations, if such federation possesses no greater powers or purposes than cooperative associations so defined; or

(g) trolley busses, operated by electric power, driven from a fixed overhead wire, furnishing local passenger transportation similar to street railway service; or

(h) motor vehicles used in carrying property consisting of ordinary livestock, fish (including shellfish), or agricultural commodities (not including manufactured products thereof), if such motor vehicles are not used in carrying any other property, or passengers, for compensation; or

The amendment was agreed to.

The next amendment was, on page 7, line 20, after the word "single", to strike out "territory" and insert "Territory"; in line 23, after the word "commerce", to insert "from a place in one Territory to a place in another Territory, or"; in line 24, after the word "limits", to insert "of a single Territory or solely within the limits"; on page 8, line 7, after the word "than", to strike out "fifty" and insert "one hundred"; in line 8, before the word "or", to insert "or not more than one hundred indicated horsepower"; in line 10, after the word "passengers", to insert a semicolon and "nor to the movement by water carriers of contractor's equipment employed or about to be employed in construction or repairs for such water carrier, nor to the operations of salvors", so as to read:

(4) Except to the extent that the Commission shall from time to time find that such application is necessary to carry out the policy of Congress enunciated in section 1, the provisions of this act, other than the provisions of section 34 relative to qualifications and maximum hours of service of employees and safety of operation or standards of equipment, shall not apply to—

(a) the transportation of passengers or property by motor vehicle, in interstate or foreign commerce, wholly within a municipality or between contiguous municipalities or within the zone adjacent to and commercially a part of any such municipality or municipalities, except when such transportation is under a common control, management, or arrangement for a continuous carriage or shipment to or from a point without such municipality, municipalities, or zone: *Provided*, That the motor carrier engaged in such transportation of passengers over regular or irregular route or routes in interstate commerce is also lawfully engaged in the intrastate transportation of passengers over the entire length of such interstate route or routes in accordance with the laws of each State having jurisdiction; or

(b) the casual, occasional, or reciprocal transportation of passengers or property by motor vehicle in interstate or foreign commerce for compensation by any person not engaged in transportation by motor vehicle as a regular occupation or business, unless such transportation is sold or offered for sale, or provided or procured or furnished or arranged for, by any person who holds himself out as one who sells or offers for sale any transportation wholly or partially subject to this act, or who negotiates for or holds himself out by solicitation, advertisement, or otherwise as one who sells, provides, furnishes, contracts, or arranges for such transportation.

(5) Except to the extent that the Commission shall from time to time find such application necessary to carry out the policy of Congress declared in section 1 of this act, nothing in this act shall apply to—

(a) transportation by motor vehicle in interstate commerce within the limits of a single Territory; or

(b) transportation by water in interstate commerce from a place in one Territory to a place in another Territory, or solely within the limits of a single Territory or solely within the limits of a single harbor or between places in contiguous harbors, when such transportation is not a part of a continuous through movement under a common control, management, or arrangement to or from a place without the limits of any such harbor or harbors, or to transportation by small craft of not more than 100 tons' carrying capacity or not more than 100 indicated horsepower, or to vessels carrying passengers only and equipped to carry no more than 16 passengers; nor to the movement by water carriers of contractor's equipment employed or about to be employed in construction or repairs for such water carrier, nor to the operations of salvors.

The amendment was agreed to.

The next amendment was, on page 8, after line 13, to insert:

(6) Nothing in this act relating to motor vehicles or motor-vehicle operations shall be construed to affect the powers of taxation of the several States or to authorize a motor carrier to do an intrastate business on the highways of any State, or to interfere with the exclusive exercise by each State of the power of regulation of intrastate commerce by motor carriers on the highways thereof, nor as to such operations, empower the Commission to prescribe, or in any manner regulate the rate, fare, or charge for intrastate transportation by motor vehicle, or for any service connected therewith, for the purpose of removing discrimination against interstate commerce or for any other purpose whatever.

The amendment was agreed to.

The next amendment was, on page 9, line 1, before the word "Nothing", to strike out "(6)" and insert "(7)", and in line 7, after the word "carriers", to insert "by water in the same trade or route", so as to read:

(7) Nothing in this act shall apply to the transportation of property by interstate contract carriers by water which by reason of the inherent nature of the commodities transported, their requirement of special equipment, or their shipment in bulk, is not actually and substantially competitive with transportation by interstate common carriers by water in the same trade or route; and the Commission shall proceed immediately to determine the transportation to be so excluded and shall from time to time make such modifications of its findings as may be necessary to carry out the policy declared in section 1.

Mr. VANDENBERG. Mr. President, I merely wish to make a brief observation in connection with this amendment to the particular section. This is the section which has been under substantial debate for 2 days, affecting bulk carriers on the Great Lakes. The amendment which will be proposed by my colleague the junior Senator from Michigan [Mr. BROWN] will subsequently be in order with respect to this paragraph. I merely wish to take advantage of this opportunity to express the hope that the distinguished chairman of the committee and his colleagues who are sustaining this legislation will hospitably consider the proposal which my colleague will submit. All in the world it proposes to do is to say textually what the authors of the bill and its proponents insist the language already means. I am unable to perceive, for the life of me, why anything should be left indefinite that can be clarified to a conclusion, because the lack of clarity simply leads to needless litigation, and the clutter of traffic litigation is already sufficient in the Interstate Commerce Commission without needlessly adding to it. I am expressing the hope that when my colleague's amendment shall be submitted those who are in charge of the bill will be consistent with their own viewpoint and make it possible at least for me to ultimately vote for the bill by making it read in text what they say it means in spirit.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 9, line 7, which has been read.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the Committee on Interstate Commerce.

The next amendment was, on page 9, after line 23, to insert:

(9) The Commission, by rules and regulations upon its own motion, or by order upon application, shall exempt from the provisions of this act any carrier by motor vehicle if such carrier is lawfully operating solely within the borders of a single State and does not have joint through rates, fares, and charges, or other proportional rates, fares, and charges with a carrier operating in an adjoining State, unless and except insofar as the Commission finds, after notice and hearing, that the carrier is so largely engaged in the transportation of passengers or property, or both, in interstate or foreign commerce that it is affected with an important interest within the policy of this act as declared in

section 1 hereof. Any exemption, as herein provided, may be revoked or modified if the Commission finds that the circumstances which gave rise to the exemption or any part thereof no longer exist. The filing of an application in good faith for an exemption as herein permitted shall exempt the applicant from the provisions of this act until the Commission has acted upon such application. It is the intent hereof that this paragraph shall be construed so as to leave carriers coming within its provisions subject to State jurisdiction and control to the greatest extent possible, not inconsistent with the policy of this act as declared in section 1 hereof.

The next amendment was, under the heading "Definitions", on page 11, line 9, before the word "means", to insert "or 'State authority'" so as to read:

DEFINITIONS

SEC. 3. As used in this act, unless the context otherwise requires—

(1) The term "person" means any individual, firm, copartnership, corporation, company, association, or joint-stock association; and includes any trustee, receiver, assignee, or personal representative thereof.

(2) The term "Commission" means the Interstate Commerce Commission.

(3) The term "joint board" means any special board constituted as provided in section 23 of this act.

(4) The term "State board" or "State authority" means the commission, board, or official (by whatever name designated in the laws of a State) which, under the laws of any State in which any part of the service in interstate or foreign commerce regulated by this act is performed, has or may hereafter have jurisdiction to grant or approve certificates of public convenience and necessity or permits to carriers, or otherwise to regulate the business of transportation by carriers in intrastate commerce within such State.

The amendment was agreed to.

The next amendment was, on page 11, after line 19, to strike out:

(6) The term "possession of the United States" includes Puerto Rico, notwithstanding the provisions of the act of March 2, 1917, entitled "An act to provide a civil government for Puerto Rico", or of any other act or acts which are inconsistent with the provisions of this act, and all other possessions of the United States except the Philippine Islands and the Canal Zone: *Provided*, That the transfer or transshipment of passengers or property at the Canal Zone shall not affect the character as interstate commerce, within the meaning of this act, of transportation of such passengers or property from a place in one State, Territory, or possession of the United States to a place in another State, Territory, or possession of the United States.

The amendment was agreed to.

The next amendment was, on page 12, line 8, before the word "The", to strike out "(7)" and insert "(6)", and in the same line, after the article "a", to insert "common carrier or a contract", so as to read:

(6) The term "carrier" means a common carrier or a contract carrier subject to this act and includes a receiver or trustee, or receivers or trustees, of any such carrier.

The amendment was agreed to.

The next amendment was, on page 12, line 12, before the word "The", to strike out "(8)" and insert "(7)", and in line 13, before the word "and", to strike out "by air", so as to read:

(7) The term "common carrier" includes all common carriers by railroad, by water, and by motor vehicle, pipe-line companies, express companies, and sleeping-car companies, engaged in transportation subject to this act.

The amendment was agreed to.

The next amendment was, on page 12, line 17, before the word "The", to strike out "(9)" and insert "(8)"; in line 25, after the words "forwarding companies", to insert "or of express companies"; on page 13, line 3, after the word "vehicle", to strike out the comma and "express companies, or persons transporting passengers or property by motor vehicle incidental to transportation by air, or by express" and insert "within terminal areas"; in line 7, after the word "vehicle", to strike out the colon and *"And provided further*, That such transfer or collection and delivery service by motor vehicle when performed by or for carriers by railroad shall be deemed transportation by railroad" and insert "but each such operation shall be deemed to be that of the carrier for which it is performed", so as to read:

(8) The term "common carrier by motor vehicle" means any person who undertakes, whether directly or by a lease or any other arrangement, to transport passengers or property, or any class or classes thereof, for the general public in interstate or foreign commerce by motor vehicle for compensation, whether over regular or irregular routes, including such motor-vehicle operations (except when confined to transfer or terminal operations) of carriers by rail or water or forwarding companies or of express companies: *Provided*, That persons acting as agents for common carriers in the performance of transfer or collection and delivery service by motor vehicle within terminal areas, shall not as to such operations be deemed common carriers by motor vehicle but each such operation shall be deemed to be that of the carrier for which it is performed.

The amendment was agreed to.

The next amendment was, on page 13, line 13, before the word "The", to strike out "(10)" and insert "(9)", and in line 18, after the word *"Provided"*, to strike out "floatage, lighterage, car ferry, and transfer or terminal operations performed by or for carriers by railroad shall be deemed transportation by railroad" and insert "That persons acting in the capacity of agents for common carriers subject to this act in providing towage, floatage, lighterage, car ferry, and transfer or terminal operations shall not be deemed common carriers by water but each such operation shall be deemed to be that of the carrier for which it is performed", so as to read:

(9) The term "common carrier by water" means any person who undertakes, whether directly or by a lease or any other arrangement, to transport by water, in commerce subject to this act, passengers or property, or any class or classes thereof for the general public for compensation: *Provided*, That persons acting in the capacity of agents for common carriers subject to this act in providing towage, floatage, lighterage, car ferry, and transfer or terminal operations shall not be deemed common carriers by water but each such operation shall be deemed to be that of the carrier for which it is performed.

The amendment was agreed to.

The next amendment was, at the top of page 14, to strike out:

(11) The term "common carrier by air" means any person who undertakes, whether directly or by a lease or any other arrangement, to transport by air, in commerce subject to this act, passengers or property, or any class or classes thereof for the general public for compensation, including such air operations of carriers by railroad or water and of forwarding companies.

The amendment was agreed to.

The next amendment was, on page 14, line 8, before the word "The", to strike out "(12)" and insert "(10)"; in line 10, after the word "motor", to strike out "vehicle, by water, or by air" and insert "vehicle or by water"; in line 12, after the word "under", to strike out "a charter, contract, agreement, or arrangement" and insert "charters, contracts, agreements, or arrangements"; in line 15, after the word "of", to insert "towage"; and in line 17, after the word "vehicle" and the parenthesis, to strike out "or persons transporting passengers or property by motor vehicle incidental to transportation by air", so as to read:

(10) The term "contract carrier" means any carrier, other than a common carrier, which transports passengers or the property of others by motor vehicle or by water, in commerce subject to this act, for compensation or hire, under charters, contracts, agreements, or arrangements: *Provided*, That persons acting as agents for common carriers in the performance of towage, lighterage, floatage, car ferry, transfer, or terminal services (including collection and delivery service by motor vehicle), are not included in the term "contract carrier."

The amendment was agreed to.

The next amendment was, on page 15, after line 3, to strike out:

(15) The term "air carrier" or "carrier by air" means a common carrier by air or a contract carrier by air.

The amendment was agreed to.

The next amendment was, on page 16, line 18, before the word "The", to strike out "(23)" and insert "(20)", and in line 24, after the words "or rails", to insert a comma and "or a trolley bus as described in section 2 (3) (g)", so as to read:

(20) The term "motor vehicle" means any vehicle, machine, tractor, trailer, or semitrailer, or any combination thereof determined by the Commission, propelled or drawn by mechanical power and used upon the highways in the transportation of passengers or property, but does not include any vehicle, locomotive, or car operated exclusively on a rail or rails, or a trolley bus as described in section 2 (3) (g).

The amendment was agreed to.

The next amendment was, on page 17, after line 4, to strike out:

(25) The term "aircraft" means any contrivance now known or hereafter invented, used, or designed for navigation of or flight in the air.

The amendment was agreed to.

The next amendment was, on page 17, line 19, before the word "The", to strike out "(28)" and insert "(24)", and in line 20, after the word "vehicles" where it occurs the second time, to strike out "aircraft", so as to read:

(24) The term "transportation" includes locomotives, cars and other vehicles, vessels, motor vehicles, pipe lines, and any and all instrumentalities and facilities of shipment or carriage, irrespective of ownership or of any contract, express or implied, for the use thereof and any and all services in connection with transportation, including the receipt, delivery, elevation, transfer in transit, refrigeration or icing, ventilation, storage, and handling of property transported or the interchange thereof with any other agency of transportation.

The amendment was agreed to.

The next amendment was, on page 18, at the beginning of line 4, to strike out "(29)" and insert "(25)"; in the same line, to strike out the word "The" and insert "Except as restricted in section 2 of this act, the"; in line 7, after the word "one", to strike out "State, Territory, or possession" and insert "State or Territory"; in line 8, after the word "another", to strike out "State, Territory, or possession" and insert "State or Territory"; in line 16, after the word "paragraphs", to strike out "(22) and (26)" and insert "(19) and (22)"; and in line 17, after the word "section", to insert a colon and "*Provided*, That the transfer or transshipment of passengers or property at the Canal Zone shall not affect the character as interstate commerce, within the meaning of this act, of transportation of such passengers or property from a place in one State or Territory of the United States to a place in another State or Territory of the United States", so as to make the paragraph read:

(25) Except as restricted in section 2 of this act, the term "interstate commerce" means transportation of passengers or property by a carrier or carriers from a place in one State or Territory of the United States to a place in another State or Territory (whether such transportation be wholly within the United States or through a foreign country or by way of a foreign port or waters or the high seas) or between places in the same State by a route or routes passing beyond the borders of said State, or between places in the same Territory, and includes the use of any and all instrumentalities and facilities embraced in paragraphs (19) and (22) of this section: *Provided*, That the transfer or transshipment of passengers or property at the Canal Zone shall not affect the character as interstate commerce, within the meaning of this act, of transportation of such passengers or property from a place in one State or Territory of the United States to a place in another State or Territory of the United States.

The amendment was agreed to.

The next amendment was, on page 18, line 24, before the word "The", to strike out "(30)" and insert "(26)"; on page 19, line 4, after the word "definition", to strike out "the Philippine Islands and" and insert "the Philippine Islands, Puerto Rico"; and in line 5, after the name "Canal Zone", to insert a comma and "and all insular possessions of the United States", so as to make the paragraph read:

(26) The term "foreign commerce" means transportation of passengers or property by a carrier or carriers between any place in the United States and any place in a foreign country, or from a place in a foreign country through the United States to a place in a foreign country. For purposes of this definition the Philippine Islands, Puerto, Rico, the Canal Zone, and all insular possessions of the United States, shall be deemed foreign countries.

The amendment was agreed to.

The next amendment was, on page 19, after line 12, to insert:

(28) The word "Territory" means Hawaii and Alaska.

The amendment was agreed to.

The next amendment was, on page 20, line 25, after the word "reasonable", to strike out "classifications", so as to make the paragraph read:

(3) It shall be the duty of every contract carrier to establish and observe reasonable minimum rates and charges for any service rendered or to be rendered in the transportation of passengers or property or in connection therewith and to establish and observe reasonable regulations and practices to be applied in connection with said reasonable minimum rates, fares, and charges.

The amendment was agreed to.

The next amendment was, on page 21, line 13, after the word "routes", to insert "and reasonable joint fares and charges", and in line 14, after the word "common", to strike out "carriers" and insert "carriers,", so as to make the paragraph read:

(5) It shall be the duty of every common carrier of passengers by motor vehicle to establish reasonable through routes and reasonable joint fares and charges with other such common carriers, and to provide safe and adequate service, equipment, and facilities for operating through routes, and to make reasonable rules and regulations with respect to the operation of through routes and providing for reasonable compensation to those entitled thereto.

The amendment was agreed to.

The next amendment was, on page 23, line 15, after the word "apply" and the period, to strike out "By proportional rates are meant those" and insert "The term 'proportional rates' as used in this paragraph means those rates", so as to make the paragraph read:

(b) To establish proportional rates, or maximum, or minimum, or maximum and minimum proportional rates, by rail to and from the ports to which the traffic is brought, or from which it is taken by the water carrier, and to determine to what traffic and in connection with what vessels and upon what terms and conditions such rates shall apply. The term "proportional rates" as used in this paragraph means those rates which differ from the corresponding local rates to and from the port and which apply only to traffic which has been brought to the port or is carried from the port by a common carrier by water.

The amendment was agreed to.

The next amendment was, on page 23, line 22, after the word "act", to insert "(except, on and after the date this amendatory act takes effect, a common carrier by water that is not owned, leased, operated, or controlled by another carrier subject to this act, which is engaged in any form of transportation subject thereto and, except a common carrier by water in which no such other carrier has any interest direct or indirect)", so as to make the paragraph read:

(9) It shall be unlawful for any railroad company or other common carrier subject to this act (except, on and after the date this amendatory act takes effect, a common carrier by water that is not owned, leased, operated, or controlled by another carrier subject to this act, which is engaged in any form of transportation subject thereto and, except a common carrier by water in which no such other carrier has any interest direct or indirect) to own, lease, operate, control, or have any interest whatsoever (by stock ownership or otherwise, either directly, indirectly, through any holding company, or by stockholders or directors in common, or in any other manner) in any common carrier by water operated through the Panama Canal or elsewhere with which said railroad or other carrier aforesaid does or may compete for traffic or any vessel carrying freight or passengers upon said water route or elsewhere with which said railroad or other carrier aforesaid does or may compete for traffic; and in case of the violation of this provision each day in which such violation continues shall be deemed a separate offense.

The amendment was agreed to.

The next amendment was, on page 25, line 15, after the word "operated", to insert "In every case of such extension, the rates, schedules, and practices of such water carrier shall be filed with the Commission and shall be subject to this act and all amendments thereto in all respects", so as to make the paragraph read:

(11) If the Commission shall be of the opinion that any such existing specified service by water other than through the Panama Canal is being operated in the interest of the public and is of advantage to the convenience and commerce of the people, and that such extension will neither exclude, prevent, nor reduce competition on the route by water under consideration, the Commission may, by order, extend the time during which such service by water may continue to be operated. In every case of such extension, the rates, schedules, and practices of such water carrier shall be filed with the Commission and shall be subject to this act and all amendments thereto in all respects.

The amendment was agreed to.

The next amendment was, on page 25, after line 18, to insert:

(12) It shall be unlawful for any carrier by railroad or express company subject to this act to make or enter into any contract,

agreement, or arrangement with any corporation, company, firm, or person regardless of ownership providing for the furnishing to or on behalf of such carrier or express company of (a) protective service against heat or cold to property transported or to be transported in interstate commerce, or (b) any type of cars for the transportation of property in interstate commerce, or for any carrier by railroad or express company to continue after January 1, 1940, as a party to any such contract, agreement, or arrangement, unless and until such contract, agreement, or arrangement has been submitted to and approved by the Commission as just, reasonable, and consistent with the public interest.

Mr. CONNALLY. Mr. President, I desire to ask the chairman of the committee or the Senator from Kansas [Mr. REED] a question relative to paragraph (12) on page 25, which reads in part as follows:

(12) It shall be unlawful for any carrier by railroad or express company subject to this act to make or enter into any contract, agreement, or arrangement with any corporation, company, firm, or person regardless of ownership providing for the furnishing to or on behalf of such carrier or express company of (a) protective service against heat or cold to property transported or to be transported in interstate commerce—

And so forth. Suppose that in the case of perishable fruits and vegetables part of the service is refrigeration: Would this paragraph prevent the carriers from protecting shipments of that kind?

Mr. WHEELER. No; they may protect them. This paragraph merely gives to the Interstate Commerce Commission power to look into the charges made to railroads by private power companies.

Mr. CONNALLY. When the company rents the equipment?

Mr. WHEELER. Yes; when the company rents the equipment.

Mr. CONNALLY. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment last stated.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment reported by the committee will be stated.

The next amendment was, under the subhead "Undue preference and prejudice", on page 27, line 2, after the word "point", to insert "region, district, territory"; in line 5, after the word "point", to insert "region, district, territory", so as to read:

UNDUE PREFERENCE AND PREJUDICE

SEC. 6. It shall be unlawful for any common carrier to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic, in any respect whatsoever or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic to any unjust discrimination or any undue or unreasonable prejudice or disadvantage in any respect whatsoever:

The amendment was agreed to.

The next amendment was, on page 27, line 8, after the word "whatsoever", to insert a colon and the words:

Provided, however, That this section shall not be construed to apply to discrimination, prejudice, or disadvantage by a motor common carrier or a water common carrier to the traffic of any other carrier of whatever description: *Provided further,* That differences in the classifications, rates fares, charges, rules, regulations, and practices of a water carrier in respect of water transportation from those in effect by a rail carrier with respect to rail transportation shall not, in and of themselves, be deemed to constitute unjust discrimination, prejudice, or disadvantage, or an unfair or destructive competitive practice within the meaning of section 1 of this act."

Mr. NORRIS. Mr. President, referring to the amendment on page 27 just read, I do not intend to offer an amendment to it; but I did intend to do so until I talked to the chairman of the committee about the matter.

It seems to me that the words "in and of themselves," on page 27, line 17, ought to be stricken out. I think that should be done for the benefit of river transportation; but I suggested that amendment to the chairman of the committee, and he tells me that that very language was put into the bill at the request of the water carriers. It seems to me that if a case should arise out of that language it might injure the case of the water carriers. If any question does arise about the matter, the attention of the Interstate Commerce Commission, at least, will be called to the fact that Congress put in this language for a reason exactly opposite to that for which the carriers wanted it in.

The proviso to which I refer reads as follows:

Provided further, That differences in the classifications, rates, fares, charges, rules, regulations, and practices of a water carrier in respect of water transportation from those in effect by a rail carrier with respect to rail transportation shall not, in and of themselves, be deemed to constitute unjust discrimination, prejudice, or disadvantage, or an unfair or destructive competitive practice within the meaning of section 1 of this act.

One fear, and so far as I know, practically the only fear I have had about this proposed legislation, is that which is shared by many people who want to preserve water transportation on the inland rivers of the United States and who are apprehensive that the bill will inure to their detriment. I think their fear is groundless. I think the chairman of the committee was right when, in effect, he said so. I believe the water carriers have no honorable right to ask that other kinds of carriers be regulated and that they remain unregulated. Either none of them should be regulated or all of them should be regulated. But the fear of the water carriers, groundless as perhaps it is, has incited in the minds of a great many honest persons the belief that if this bill becomes a law, the Interstate Commerce Commission will impose upon water carriers conditions which will be unfair, because the Commission will forget and neglect to consider the inherent advantages which water transportation on the rivers has over rail transportation in regard to a great many different kinds of freight.

I share that fear. I do not think it is sufficient reason, however, why the water carriers should object to any kind of regulation applying to them.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Missouri.

Mr. CLARK of Missouri. Does not the Senator believe that that fear very naturally arises from the fact that the Interstate Commerce Commission is essentially a railroad-minded body? And that is no reflection on the personnel of the Commission, either past or present. It seems to me to be almost inevitable that the Interstate Commerce Commission should be a railroad-minded body, because all of its experience and all of its precedents have to do with the regulation of railroads; and the fear the people have is that by subjecting water carriers to regulation by a hostile commission, great disservice may be done to the public.

So far as I am concerned, it does not make any difference to me what may be the attitude of the water carriers. The people in whom I am interested, and those in whom I know the Senator from Nebraska is interested, are the shippers in the great inland empire between the two oceans. It seems to me the fear may be very well grounded that we are turning over the regulation of the water carriers—developed in the public interest, and certainly to a great extent at public expense—to a hostile organization which would not be interested in preserving that very necessary service to the people of the inland empire of the United States.

Mr. NORRIS. Mr. President, I thank the Senator from Missouri for his very fine suggestion. However, I do not completely share with him the belief that the people have reason to entertain such a fear.

Heretofore, under the law the Interstate Commerce Commission has had to deal with railroads, not with water transportation; but I feel that our fear comes from past experience. We all know that the time was when water transportation on the Mississippi River, for instance, flourished. We have improved the river; we have improved its tributaries; and transportation ought to have increased at a tremendous rate. It did not do so, mainly, as I think, because the railroads coming in competition with that water transportation cut their rates away down below cost, and

drove water transportation off the rivers. When the boats were driven off, the railroads raised their rates, and the country did not get the benefit it should have received from the use of our rivers for navigation, considering the money of the taxpayers which had been spent to improve that method of transportation.

Mr. President, I cannot understand why the Interstate Commerce Commission should be prejudiced against water transportation. If this bill shall go into effect, even as the law stands now, the railroads will not be at liberty to use their own judgment and cut their rates down to any point they may see fit to decide on. Still there rises the fear in our minds that such a thing might occur.

From my examination of the bill I do not believe that the committee could have gone further than it has gone in attempting to allay the fear. The water carriers certainly have no moral right, as I see the matter, to say to the railroads, "You must be regulated, but we must not be regulated"; in other words, giving them an opportunity to do just what the railroads did a few years ago. It would be just as bad if the water carriers people did it as though the railroads did it.

My own idea is that it is perfectly natural, it is human nature, for those engaged in one form of transportation to try to get an advantage over those engaged in another form of transportation. I do not charge it as being dishonest. As business goes, and as it is looked upon now, it is perhaps a perfectly honorable thing to do. But here is a bill in which we are attempting to be just to all kinds of transportation and to allay any fear which might arise. It seems to me that for those who are friends of water transportation the words I have read, "in and of themselves," weaken our case. I had intended to offer the amendment on the floor of the Senate until I learned that it was inserted at the instance of the very people I was trying to befriend when attempting to strike that provision out. So I shall not offer the amendment.

Mr. REED. Mr. President will the Senator yield?

Mr. NORRIS. I yield.

Mr. REED. May I inquire of the Senator from Nebraska about how long ago it was when, as he states, the railroads cut the rates in order to take traffic off the Missouri River?

Mr. NORRIS. I did not state they did it in order to take traffic off the Missouri River. I cannot answer the question as to the exact number of years.

Mr. REED. I wonder whether the Senator had in mind any time within the last 20 years.

Mr. NORRIS. Yes.

Mr. REED. So far as the Missouri River is concerned, I can answer the Senator from first-hand knowledge that the railroads have made no reduction in rates on the Missouri River in the last 20 years, during which time I have had a first-hand knowledge of railroad rates, in order to affect traffic on the Missouri River.

Mr. NORRIS. I was not speaking of the Missouri River, although that is one of the rivers on which there is such transportation. At the present time, however, it is not in such an improved condition that there can be much traffic. It is now being improved. The building of Fort Peck Dam in Montana, in my judgment, is going to very greatly increase the possibility of traffic in freight on the Missouri River.

Mr. WHEELER. Mr. President, the language was inserted at the instance of the Senator from Minnesota [Mr. SHIPSTEAD] because of his desire to protect some of his constituents.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 27, line 8.

The amendment was agreed to.

Mr. SHIPSTEAD subsequently said: Mr. President, I ask unanimous consent that the vote by which the committee amendment, on page 27, beginning in line 8, was agreed to be reconsidered.

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

Mr. SHIPSTEAD. On page 27, line 17, in the committee amendment, I move that the first four words in the line, "in and of themselves", be stricken out. I understand they were put in through a misunderstanding.

Mr. WHEELER. I have no objection.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Minnesota to the amendment reported by the committee is agreed to. Without objection, the amendment as amended is agreed to.

The clerk will state the next amendment of the committee.

The next amendment was, under the heading "Filing of tariffs by common carriers", on page 28, line 7, after the word "thereunder", to insert "If no joint rate over the through route has been established, the several carriers in such through route shall file, print, and keep open to public inspection, the separately established rates, fares, and charges applied to the through transportation. The tariffs printed as aforesaid by any such common carrier shall plainly state the places between which property and passengers will be carried, and shall contain the classification of freight in force, and shall also state separately all terminal charges, storage charges, icing charges, and all other charges which the Commission may require, all privileges or facilities granted or allowed and any rules or regulations which in any wise change, affect, or determine any part or the aggregate of such aforesaid rates, fares, and charges, or the value of the service rendered to the passenger, shipper, or consignee. The provisions of this section shall apply to all traffic, transportation, and facilities defined in this act", so as to read:

SEC. 7. (1) Every common carrier shall file with the Commission and print and keep open to public inspection tariffs showing all rates, fares, charges, classifications, rules, regulations, and practices for transportation subject to this act between points on its own route and between points on its own route and points on the route of any other such carrier, when a through route and joint rate shall have been established, and all services in connection therewith, all privileges and facilities granted or allowed and all rules, regulations, or practices affecting such rate, fare, charge, or classification or the value of the service thereunder. If no joint rate over the through route has been established, the several carriers in such through route shall file, print, and keep open to public inspection, the separately established rates, fares, and charges applied to the through transportation. The tariffs printed as aforesaid by any such common carrier shall plainly state the places between which property and passengers will be carried, and shall contain the classification of freight in force, and shall also state separately all terminal charges, storage charges, icing charges, and all other charges which the Commission may require, all privileges or facilities granted or allowed and any rules or regulations which in any wise change, affect, or determine any part or the aggregate of such aforesaid rates, fares, and charges, or the value of the service rendered to the passenger, shipper, or consignee. The provisions of this section shall apply to all traffic, transportation, and facilities defined in this act. Such rates, fares, and charges shall be stated in terms of lawful money of the United States. The tariffs required by this section shall be published, filed, and posted in such form and manner, and shall contain such information as the Commission, by regulation, shall prescribe; and the Commission is authorized to reject, prior to the effective date thereof, any tariff filed with it which is not in consonance with this section and such regulations. Any tariff so rejected by the Commission shall be void and its use shall be unlawful.

The amendment was agreed to.

The next amendment was, on page 30, after line 18, to insert:

(5) The names of the several carriers which are parties to any joint tariff shall be specified therein, and each of the parties thereto, other than the one filing the same, shall file with the Commission such evidence of concurrence therein or acceptance thereof as may be required or approved by the Commission, and where such evidence of concurrence or acceptance is filed it shall not be necessary for the carriers filing the same to also file copies of the tariffs in which they are named as parties.

The amendment was agreed to.

The next amendment was, under the heading "Filing of schedules by contract carriers", on page 31, line 8, after the word "charges", to insert "containing"; in line 10, after the word "thereunder", to strike out "or, in the discretion of the Commission" and insert "and, if the Commission so orders"; and in line 13, after the word "this", to strike out "act, and" and insert "act: *Provided*, That such contracts, charters, agreements, or undertakings shall not be open for

public inspection unless the Commission upon investigation determines that any contract carrier in competition with any common carrier enjoys a favorable competitive position by reason of the fact that his contract is not open for public inspection, in which event the Commission may require that such contract carrier publish, post, and keep open for public inspection, a complete and exact copy of his contract, charter, agreement, or undertaking", so as to read:

SEC. 8. It shall be the duty of every contract carrier to file with the Commission, publish, post, and keep open for public inspection, in accordance with such rules and regulations as the Commission shall prescribe, schedules of minimum rates, fares, or charges, containing any rule, regulation, or practice affecting such charges and the value of the service thereunder and, if the Commission so orders, complete and exact copies of every contract, charter, agreement, or undertaking for transportation subject to this act: *Provided,* That such contracts, charters, agreements, or undertakings shall not be open for public inspection unless the Commission, upon investigation, determines that any contract carrier in competition with any common carrier enjoys a favorable competitive position by reason of the fact that his contract is not open for public inspection, in which event the Commission may require that such contract carrier publish, post, and keep open for public inspection, a complete and exact copy of his contract, charter, agreement, or undertaking. No contract carrier, unless otherwise provided by this act, shall engage in transportation subject to this act unless the minimum rates, fares, and charges or the contracts, charters, agreements, and undertakings for such transportation by said carrier have been published, filed, and posted in accordance with the provisions of this act. No reduction shall be made in any such rate, fare, or charge, either directly or by means of any change in any rule, regulation, or practice affecting such rate, fare, or charge or the value of service thereunder, except after 30 days' notice of the proposed change filed in the aforesaid form and manner; but the Commission may, in its discretion and for good cause shown, allow such change upon less notice, or modify the requirements of this section with respect to posting and filing of such schedules or copies of contracts, either in particular instances or by general order applicable to special or peculiar circumstances or conditions. Such notice shall plainly state the change proposed to be made and the time when such change will take effect. No such carrier shall demand, charge, or collect a less compensation for such transportation than the rates, fares, and charges filed in accordance with this section, as affected by any rule, regulation, or practice so filed, or as may be prescribed by the Commission from time to time, and it shall be unlawful for any such carrier, by the furnishing of special services, facilities, or privileges or by any other device whatsoever, to charge, accept, or receive less than the minimum rates, fares, or charges so filed or prescribed.

The amendment was agreed to.

The next amendment was, under the heading "Free and reduced rate transportation", on page 34, line 21, after the word "visitation", to insert "or be construed to prohibit any common carrier from giving reduced rates to ministers of religion, or to municipal governments for the transportation of indigent persons", so as to read:

SEC. 9. (1) No carrier shall, directly or indirectly, issue or give any interstate free ticket, free pass, or free transportation for passengers, except to its officers, agents, and employees, and their families, and its surgeons, physicians, and attorneys at law; executive officers, general chairmen, and counsel of employees' organizations when such organizations are duly authorized and designated to represent employees in accordance with the provisions of the Railway Labor Act; to ministers of religion, traveling secretaries of railroad Young Men's Christian Associations, inmates of hospitals and charitable and eleemosynary institutions, and persons exclusively engaged in charitable and eleemosynary work; to indigent, destitute, and homeless persons, and to such persons when transported by charitable societies or hospitals, and the necessary agents employed in such transportation; to inmates of the national homes or State homes for disabled volunteer soldiers, and of soldiers and sailors' homes, including those about to enter and those returning home after discharge; to necessary caretakers of livestock, poultry, milk, and fruit; to employees on sleeping cars, express cars, and to linemen of telegraph and telephone companies; to Railway Mail Service employees, post-office inspectors, customs inspectors, and immigration inspectors; to newsboys on trains, baggage agents, witnesses attending any legal investigation in which the carrier is interested; persons injured in wrecks and physicians and nurses attending such persons; to inmates of soldiers and sailors' orphan homes, including those about to enter and those returning home after discharge, under arrangements with the board of managers of said homes; to the transportation of any totally blind person accompanied by a guide or seeing-eye dog or other guide dog specially trained and educated for that purpose at the usual ordinary fare charged to one person, under such reasonable regulations as may have been established by the carrier: *Provided,* That nothing in this act shall prohibit any carrier from carrying passengers free with the object of providing relief in cases of general epidemic, pestilence, or other calamitous visitation or be construed to prohibit any common carrier from giving reduced rates to ministers of religion, or to municipal governments for the transportation of indigent persons.

The amendment was agreed to.

The next amendment was, on page 36, line 24, after the word "Nothing", to insert "in this act shall prevent the free carriage, storage, or handling by a carrier of the household goods and other personal effects of its own officers, agents, or employees when required to move from one place to another at the instance or in the interest of such carrier. And nothing"; on page 37, line 7, before the word "or," to strike out "government" and insert "governments"; and in line 9, after the word "thereat," to insert a colon and the following proviso: "*Provided,* That section 3709, Revised Statutes (U. S. C., title 41, sec. 5), shall not hereafter be regarded or construed as requiring advertising for bids in connection with the procurement of transportation services when the services required can be procured from any common carrier lawfully operating in the territory where such services are to be performed", so as to read:

(4) Nothing in this act shall prevent the free carriage, storage, or handling by a carrier of the household goods and other personal effects of its own officers, agents, or employees when required to move from one place to another at the instance or in the interest of such carrier. And nothing in this act shall prevent the carriage, storage, or handling of property, or the transportation of persons, free or at reduced rates for the United States, State, or municipal governments, or the transportation of property for charitable purposes, or to or from fairs and expositions for exhibition thereat: *Provided,* That section 3709, Revised Statutes (U. S. C., title 41, sec. 5), shall not hereafter be regarded or construed as requiring advertising for bids in connection with the procurement of transportation services when the services required can be procured from any common carrier lawfully operating in the territory where such services are to be performed.

The amendment was agreed to.

The next amendment was, under the heading "Car service, facilities for interchange of traffic, voluntary pooling, etc.", on page 39, line 12, after the word "railroad" and the period, to strike out "This section does not apply to carriers by air", so as to read:

SEC. 10. (1) The term "car service," as used in this act, shall include the use, control, supply, movement, distribution, exchange, interchange, and return of locomotives, cars, and other vehicles used in the transportation of property, including special types of equipment, and the supply of trains, by any common carrier by railroad.

The amendment was agreed to.

The next amendment was, on page 46, line 3, after the word "railroad", to insert "and by water", and in line 9, before the word "and", to insert "and water", so as to read:

(12) All common carriers by railroad and by water shall, according to their respective powers, afford all reasonable, proper, and equal facilities for the interchange of traffic between their respective lines and for the receiving, forwarding, and delivering of passengers or property to and from their several lines and connecting lines of railroad and water and shall not discriminate in their rates, fares, and charges between such connecting lines or unduly prejudice any such connecting line in the distribution of traffic that is not specifically routed by the shipper.

The amendment was agreed to.

The next amendment was, on page 46, line 13, after the word "carrier", to strike out "of property", and in line 15, after the word "transportation", to strike out "of property in interstate or foreign commerce" and insert "in which it is engaged subject to this act. The regulation of such transportation and of the procurement thereof, and the provision of facilities therefor, is vested in the Interstate Commerce Commission, and the Commission may establish reasonable requirements with respect to continuous and adequate service for the transportation of baggage and express by such common carriers", so as to read:

(13) It shall be the duty of every common carrier by motor vehicle to provide safe and adequate service, equipment, and facilities for the transportation in which it is engaged subject to this act. The regulation of such transportation and of the procurement thereof, and the provision of facilities therefor, is vested in the Interstate Commerce Commission, and the Commission may

establish reasonable requirements with respect to continuous and adequate service for the transportation of baggage and express by such common carriers.

The amendment was agreed to.

The next amendment was, on page 48, line 11, after the word "carrier", to insert "by railroad or by water"; in line 13, before the word "carrier", to insert "such"; in the same line, after the word "for", to insert "the"; in the same line, after the word "or" where it occurs the second time, to strike out "apportioning earnings, losses, traffic or service" and insert "division of earnings, traffic, or service, or of any portion thereof"; in line 23, after the word "earnings", to strike out "losses", so as to read:

(16) Except upon specific approval by order of the Commission as in this paragraph provided and except as provided in paragraph (7) of this section, it shall be unlawful for any carrier by railroad or by water to enter into any contract, agreement, or combination, with any other such carrier or carriers for the pooling or division of earnings, traffic, or service, or of any portion thereof: *Provided*, That whenever the Commission is of opinion, after hearing upon application of any carrier or carriers or upon its own initiative, that the division of traffic, service, or earnings, to the extent indicated by the Commission, will be in the interest of better service to the public or economy in operation and will not unduly restrain competition, the Commission shall have authority by order to approve and authorize, if assented to by all the carriers involved, such division of earnings, traffic, or service, under such rules and regulations and for such consideration as between such carriers and upon such terms and conditions as shall be found by the Commission to be just and reasonable in the premises.

The amendment was agreed to.

Mr. WHEELER. Mr. President, I ask that the amendment beginning, on line 2, page 49, down to and including the word "carriers", on line 13, page 50, be temporarily passed over, because those are two controversial provisions which I agreed should go over.

Mr. McNARY. Mr. President, should not the whole of the subdivision go over? There is a proviso, on line 13, page 50, which may have some reference to the subject matter which precedes it.

Mr. WHEELER. I do not think it does; I am sure it does not. However, if it does have reference to it, we will take care of it.

Mr. McNARY. Very well. It seems to me that the language, on line 15, page 50, has relation to that which precedes it.

Mr. WHEELER. I am perfectly willing to have all the text down to the word "authorized" in line 9, page 51, go over.

The PRESIDING OFFICER. Under the unanimous-consent agreement, the clerk will state the amendment in line 24, page 51.

The CHIEF CLERK. Under the heading "Combinations to prevent continuous carriage of freight", on page 51, line 24, after the word "carrier", it is proposed to insert "by railroad", so as to read:

SEC. 11. It shall be unlawful for any carrier by railroad to enter into any combination, contract, or agreement, expressed or implied, to prevent, by change of time schedule, carriage in different cars, or by other means or devices, the carriage of freights from being continuous from the place of shipment to the place of destination, and no break of bulk, stoppage, or interruption made by such carrier shall prevent the carriage of freights from being and being treated as one continuous carriage from the place of shipment to the place of destination, unless such break, stoppage, or interruption was made in good faith for some necessary purpose, and without any intent to avoid or unnecessarily interrupt such continuous carriage or to evade any of the provisions of this act.

The amendment was agreed to.

The next amendment was, under the heading "Commodities clause", on page 52, after line 12, to strike out:

SEC. 12. It shall be unlawful for any carrier by railroad and, on and after January 1, 1941, it shall be unlawful for any carrier, other than a carrier by air, to transport, in commerce subject to this act, any article or commodity, other than timber and the manufactured products thereof, manufactured, mined, or produced by or under the authority of such carrier or any subsidiary, affiliate, or controlling person of such carrier, or any such article or commodity in which such carrier, subsidiary, affiliate, or controlling person has any interest, direct or indirect, legal or equitable, except such articles or commodities as may be necessary or intended for use in the conduct of the carrier business of such carrier.

And insert in lieu thereof the following:

SEC. 12. It shall be unlawful for any railroad company to transport from any State, Territory, or the District of Columbia, to any other State, Territory, or the District of Columbia, or to any foreign country, any article or commodity, other than timber and the manufactured products thereof, manufactured, mined, or produced by it, or under its authority, or which it may own in whole or in part, or in which it may have any interest, direct or indirect, except such articles or commodities as may be necessary and intended for its use in the conduct of its business as a common carrier.

The amendment was agreed to.

The next amendment was, under the heading "Collection or rates and charges; beneficial ownership", on page 54, line 6, after the word "No", to insert "common", and in line 15, after the word "any", to insert "common", so as to read:

SEC. 14. (1) No common carrier shall deliver or relinquish possession at destination of any freight transported by it until all tariff rates and charges thereon have been paid, except under such rules and regulations as the Commission may from time to time prescribe to govern the settlement of all such rates and charges, including rules and regulations for periodical settlement, and to prevent unjust discrimination or undue preference or prejudice: *Provided*, That the provisions of this paragraph shall not be construed to prohibit any common carrier from extending credit in connection with rates and charges on freight transported for the United States, for any department, bureau, or agency thereof, or for any State or political subdivision thereof.

The amendment was agreed to.

The next amendment was, under the heading "Unauthorized disclosure of information", on page 56, line 22, after the word "be", to insert "or is"; in line 23, after the word "may", to insert "or does"; on page 57, line 2, after the words "may be", to insert "or is"; and in line 12, after the word "brokers" and the period, to strike out "This section does not apply to carriers by air", so as to read:

SEC. 15. It shall be unlawful for any carrier or broker or any officer, lessee, agent, or employee of such carrier, broker, or person, or for any other person authorized by such carrier, broker, or person to receive information, knowingly to disclose to, or permit to be acquired by any person, other than the shipper or consignee, without the consent of such shipper or consignee, any information concerning the nature, kind, quantity, destination, consignee, or routing of any property tendered or delivered to such carrier or broker for transportation subject to this act, which information may be or is used to the detriment or prejudice of such shipper or consignee, or which may or does improperly disclose his business transactions to a competitor; and it shall also be unlawful for any person to solicit or knowingly receive any such information which may be or is so used. Nothing in this act shall be construed to prevent the giving of such information in response to any legal process issued under the authority of any court, or to any officer or agent of the Government of the United States or of any State or Territory, in the exercise of his powers, or to any other officer or other duly authorized person seeking such information for the prosecution of persons charged with or suspected of crimes, or to another carrier or broker, or its duly authorized agent, in the ordinary course of business of such carriers or brokers.

The amendment was agreed to.

Mr. BYRD. Mr. President, I should like to ask the chairman of the committee why section 12 relates only to railroads?

Mr. WHEELER. That is the commodities clause, and it is the present law.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, under the heading "Right of shipper to route", on page 58, line 3, after the word "common", to strike out "carrier" and insert "carrier by railroad"; and on page 59, line 1, after the word "transported", to strike out the colon and *"And provided further*, That this section shall not apply to carriers by air", so as to read:

SEC. 17. (1) In all cases where, at the time of delivery of property to any common carrier by railroad for transportation subject to the provisions of this act, to any point of destination between which and the point of such delivery for shipment two or more through routes and through rates shall have been established, as in this act provided, to which through routes and through rates such carrier is a party, the person making such shipment, subject to such reasonable exceptions and regulations as the Commission shall from time to time prescribe, shall have the right to designate in writing by which of such through routes such property shall be transported to destination, and it shall thereupon be the duty of the initial carrier to route said property and issue a through bill of lading therefor as so directed and to transport said property over its own line or lines

and deliver the same to a connecting line or lines according to such through route, and it shall be the duty of each of such connecting carriers to receive said property and transport it over said line or lines and deliver the same to the next succeeding carrier or consignee, according to the routing instructions in said bill of lading: *Provided, however,* That the shipper shall in all instances have the right to determine, where competing lines or carriers constitute portions of a through line or route, over which of said competing lines or carriers so constituting a portion of said through line or route his traffic shall be transported.

The amendment was agreed to.

The next amendment was, under the heading "Liability for loss and damage", on page 61, line 10, before the word "carrier", to insert "common"; in line 11, after the word "determined", to insert "by the bill of lading of the carrier by water and"; in line 15, after the word "water", to insert a colon and "*Provided,* That nothing in this act shall limit the right of a water carrier to publish 'uninsured' rates"; on page 62, line 10, before the word "which", to strike out "schedule"; and on page 64, line 3, after the word "thereof" and the period, to strike out "This section does not apply to carriers by air", so as to read:

SEC. 18. (1) Any common carrier receiving property for transportation subject to this act, shall issue a receipt or bill of lading therefor, and shall be liable to the lawful holder thereof for any loss, damage, or injury to such property caused by it or by any common carrier to which such property may be delivered or over whose line or lines such property may pass within the United States or within an adjacent foreign country when transported on a through bill of lading, and no contract, receipt, rule, regulation, or other limitation of any character whatsoever, shall exempt such common carrier from the liability hereby imposed; and any such common carrier so receiving property for transportation subject to this act, or any common carrier delivering said property so received and transported, shall be liable to the lawful holder of said receipt or bill of lading or to any party entitled to recover thereon, whether such receipt or bill of lading has been issued or not, for the full actual loss, damage, or injury to such property caused by it or by any such common carrier to which such property may be delivered or over whose line or lines such property may pass within the United States or within an adjacent foreign country when transported on a through bill of lading, notwithstanding any limitation of liability or limitation of the amount of recovery or representation or agreement as to value in any such receipt or bill of lading, or in any contract, rule, regulation, or in any tariff filed with the Commission; and any such limitation, without respect to the manner or form in which it is sought to be made, is hereby declared to be unlawful and void: *Provided,* That if the loss, damage, or injury occurs while the property is in the custody of a common carrier by water the liability of such carrier shall be determined by the bill of lading of the carrier by water and by and under the laws and regulations applicable to transportation by water, and the liability of the initial or delivering carrier shall be the same as that of such carrier by water: *Provided,* That nothing in this act shall limit the right of a water carrier to publish "uninsured" rates: *Provided, however,* That the provisions hereof respecting liability for full actual loss, damage, or injury, notwithstanding any limitation of liability or recovery or representation or agreement or release as to value, and declaring any such limitation to be unlawful and void, shall not apply, first, to baggage carried on passenger trains, motor vehicles, or boats carrying passengers; second, to property, except ordinary livestock, received for transportation concerning which the common carrier shall have been or shall hereafter be expressly authorized or required by order of the Commission to establish and maintain rates dependent upon the value declared in writing by the shipper or agreed upon in writing as the released value of the property, in which case such declaration or agreement shall have no other effect than to limit liability and recovery to an amount not exceeding the value so declared or released, and shall not, so far as relates to values, be held to be a violation of section 51 of this act; and any tariff which may be filed with the Commission pursuant to such order shall contain specific reference thereto and may establish rates varying with the value so declared and agreed upon; and the Commission is hereby empowered to make such order in cases where rates dependent upon and varying with declared or agreed values would, in its opinion, be just and reasonable under the circumstances and conditions surrounding the transportation. The term "ordinary livestock" shall include all cattle, swine, sheep, goats, horses, and mules, except such as are chiefly valuable for breeding, racing, show purposes, or other special uses: *Provided further,* That nothing in this section shall deprive any holder of such receipt or bill of lading of any remedy or right of action which he has under the existing law: *Provided further,* That all actions brought under and by virtue of this paragraph against the delivering carrier shall be brought, and may be maintained, if in a district court of the United States, only in a district, and if in a State court, only in a State, through or into which the defendant carrier operates: *Provided further,* That it shall be unlawful for any such receiving or delivering common carrier to provide by rule, contract, regulation, or otherwise a shorter period for the filing of claims than 6 months, and for the institution of suits than 1 year, such period for institution of suits to be computed from the day when notice in writing is given by the carrier to the claimant that the carrier has disallowed the claim or any part or parts thereof specified in the notice: *Provided further,* That for the purposes of this paragraph and of paragraph (2) the delivering common carrier shall be construed to be the common carrier performing the line-haul service nearest to the point of destination and not a carrier performing merely a switching or terminal service at the point of destination: *And provided further,* That the liability imposed by this paragraph shall also apply in the case of property reconsigned or diverted in accordance with the applicable tariffs filed as in this act provided.

(2) The common carrier issuing such receipt or bill of lading, or delivering such property so received and transported, shall be entitled to recover from the common carrier on whose line the loss, damage, or injury shall have been sustained, the amount of such loss, damage, or injury as it may be required to pay to the owners of such property, as may be evidenced by any receipt, judgment, or transcript thereof.

The amendment was agreed to.

The next amendment was, under the heading "Accounts, records, reports, etc.", on page 65, line 21, after the word "Commission", to strike out the semicolon and "and if any carrier, person, or corporation subject to the provisions of this act shall fail to make and file said annual reports within the time above specified, or within the time extended by the Commission, for making and filing the same, or shall fail to make specific and full, true, and correct answer to any questions authorized by the provisions of this section within 30 days from the time it is lawfully required so to do, such party shall forfeit to the United States the sum of $100 for each and every day it shall continue to be in default with respect thereto", and on page 66, line 17, after the word "forfeitures", to strike out "last above provided" and insert "provided in section 51 (16) of this act", so as to read:

(2) Said annual reports shall contain all the required statistics for the period of 12 months ending on the 30th day of June in each year, or on the 31st day of December in each year if the Commission by order substitute that period for the year ending June 30, and shall be made out under oath and filed with the Commission at its office in Washington within 3 months after the close of the year for which the report is made, unless additional time be granted in any case by the Commission. The Commission shall also have authority by general or special orders to require said carriers, or any of them, to file monthly reports of earnings and expenses, and to file periodical or special, or both periodical and special, reports concerning any matters about which the Commission is authorized or required by this or any other law to inquire or to keep itself informed or which it is required to enforce; and such periodical or special reports shall be under oath whenever the Commission so requires; and if any such carrier shall fail to make and file any such periodical or special report within the time fixed by the Commission, it shall be subject to the forfeitures provided in section 51 (16) of this act, which forfeitures shall be recovered in the manner provided in this act.

The amendment was agreed to.

The next amendment was, on page 69, after line 5, to insert:

(7) The Commission shall at all times have access to, and through duly accredited special agents or examiners shall have authority to inspect, copy, and examine all accounts, records, and memoranda, including documents, papers, and correspondence, of all corporations, companies, firms, or persons which furnish cars or protective service against heat or cold to or on behalf of any carrier by railroad or express company subject to this act or which furnish any type of cars: *Provided, however,* That such authority granted to the Commission shall be limited to accounts, records, and memoranda which pertain or relate to the cars or protective service so furnished. The Commission shall further have authority, in its discretion, to prescribe the forms of any and all accounts, records, and memoranda to which it is hereby given access, and to require the corporations, companies, firms, or persons furnishing such cars or protective service, as aforesaid, to submit such reports and information, from time to time, relative to such cars or service, as the Commission may deem necessary or useful in the performance of its duties.

The amendment was agreed to.

The next amendment was, on page 70, line 12, after the word "to", to strike out "persons owning railroads subject to this act, but shall not apply to carriers by air" and insert "any corporation which is not a carrier but which is authorized

by order under section 49 hereof to acquire control of any carrier or two or more carriers", so as to read:

(10) This section shall also apply to brokers and, to the extent deemed necessary by the Commission, to any corporation which is not a carrier but which is authorized by order under section 49 hereof to acquire control of any carrier or two or more carriers.

The amendment was agreed to.

The next amendment was, under the heading "Damages for violation of act", on page 70, line 18, after the word "carrier", to insert "by railroad", and in line 22, after the word "carrier", to insert "by railroad", so as to read:

DAMAGES FOR VIOLATION OF ACT

SEC. 20. In case any carrier by railroad shall do, or cause to be done, or permit to be done, any act, matter, or thing in this act prohibited or declared to be unlawful, or shall omit to do any act, matter, or thing in this act required to be done, such carrier by railroad shall be liable to the person injured thereby for the full amount of damages sustained by said person in consequence of any such violation of the provisions of this act, together with a reasonable counsel or attorney's fee, to be fixed by the court in every case of recovery, which attorney's fee shall be taxed and collected as part of the costs in the case.

The amendment was agreed to.

The next amendment was, under the heading "Remedies", on page 71, line 6, after the word "carrier", to strike out "or broker" and insert "by railroad", and in line 9, after the word "carrier", to strike out "or broker", so as to read:

SEC. 21. (1) Any person or persons claiming to be damaged by any carrier by railroad may either make complaint to the Commission as hereinafter provided for, or may bring suit in his or their own behalf for the recovery of the damages for which such carrier may be liable under the provisions of this act, in any district court of the United States of competent jurisdiction; but such person or persons shall not have the right to pursue both of said remedies, and must in each case elect which one of the two methods of procedure herein provided for he or they will adopt. In any such action brought for the recovery of damages the court before which the same shall be pending may compel any director, officer, receiver, trustee, or agent of the corporation or company defendant in such suit to attend, appear, and testify in such case, and may compel the production of the books and papers of such corporation or company party to any such suit; the claim that any such testimony or evidence may tend to criminate the person giving such evidence shall not excuse such witness from testifying, but such evidence or testimony shall not be used against such person on the trial of any criminal proceeding.

The amendment was agreed to.

The next amendment was, on page 73, line 5, before the word "any", to strike out "If" and insert "(a) In addition to the penalties provided in section 51 of this act"; in line 22, after the word "to", to insert "either"; and on page 74, line 2, before the word "to", to strike out "and/or", so as to read:

(4) (a) In addition to the penalties provided in section 51 of this act, if any carrier or broker operates in violation of any provision of this act (except as to the reasonableness of rates, fares, or charges and the discriminatory character thereof) or operates in violation of, or fails or neglects to obey any rule, regulation, requirement, or order of the Commission other than for the payment of money, or of any term or condition of any certificate or permit, while the same is in effect, the Commission or its duly authorized agent or any party injured thereby, or the United States, by its Attorney General, may apply to the district court of the United States for any district in which the carrier or broker operates, for the enforcement of such provision or of such rule, regulation, requirement, order, term, or condition. If, after the hearing, the court determines that the rule, regulation, requirement, term, condition, or order was regularly made and duly served, and that the carrier or broker is in disobedience of the same, the court shall have jurisdiction to either enforce obedience thereto by a writ of injunction or other proper process, mandatory or otherwise, to restrain such carrier or broker, its officers, agents, or representatives, from further disobedience thereof, or to enjoin upon it or them obedience to the same.

The amendment was agreed to.

The next amendment was, on page 74, after line 3, to insert:

(b) The district courts of the United States shall have jurisdiction, upon application of the Attorney General of the United States at the request of the Commission alleging a failure to comply with or a violation of any of the provisions of this act or any act supplemental thereto, by any common carrier, to issue a writ or writs of mandamus commanding such carrier to comply with the provisions of said acts, or any of them.

The amendment was agreed to.

The next amendment was, on page 74, line 12, after the word "carrier", to strike out "or broker" and insert "by railroad", and in line 18, before the word "or", to strike out "the carrier or broker" and insert "such carrier", so as to read:

(5) If a carrier by railroad does not comply with an order of the Commission for the payment of money within the time limit in such order, the complainant, or any person for whose benefit such order was made, may file in the district court of the United States for the district in which he resides or in which is located the principal operating office of such carrier or through which the road or route of the carrier runs, or in any State court of general jurisdiction having jurisdiction of the parties, a petition setting forth briefly the causes for which he claims damages, and the order of the Commission in the premises. Such suit in the district court of the United States shall proceed in all respects like other civil suits for damages, except that on the trial of such suit the findings and order of the Commission shall be prima facie evidence of the facts therein stated, and except that the petitioner shall not be liable for costs in the district court nor for costs at any subsequent stage of the proceedings unless they accrue upon his appeal. If the petitioner shall finally prevail he shall be allowed a reasonable attorney's fee, to be taxed and collected as part of the costs of the suit.

The amendment was agreed to.

The next amendment was, on page 75, line 9, after the word "carriers", to strike out "or brokers" and insert "by railroad", so as to read:

(6) In such suits all parties in whose favor the Commission may have made an award for damages by a single order may be joined as plaintiffs, and all of the carriers by railroad parties to such order awarding such damages may be joined as defendants, and such suit may be maintained by such joint plaintiffs and against such joint defendants in any district where any one of such joint plaintiffs could maintain such suit against any one of such joint defendants; and service of process against any one of such defendants as may not be found in the district where the suit is brought may be made in any district where such defendant has its principal operating office. In case of such joint suit the recovery, if any, may be by judgment in favor of any one of such plaintiffs, against the defendant found to be liable to such plaintiff.

The amendment was agreed to.

The next amendment was, on page 75, line 22, after the word "person", to insert "or broker"; in line 25, after the word "agents", to insert "or any broker"; on page 76, in line 3, after the word "carrier", to insert "or broker"; and in line 5, after the word "carrier", to insert "or broker", so as to read:

(7) Any person or broker, or any officer or agent thereof, who shall, by payment of money or other thing of value, solicitation, or otherwise, induce or attempt to induce any common carrier, or any of its officers or agents, or any broker, to discriminate unjustly in his favor as against any other consignor or consignee in the transportation of property, or who shall aid or abet any common carrier or broker in any such unjust discrimination, shall, together with said common carrier or broker, be liable, jointly or severally, in an action to be brought by any consignor or consignee discriminated against in any court of the United States of competent jurisdiction for all damages caused by or resulting therefrom, and such cause of action is independent of and separate from the penalties provided in section 51 (4) of this act.

The amendment was agreed to.

The next amendment was, on page 76, line 16, after the word "carrier", to insert "or broker", so as to read:

(8) In any proceeding for the enforcement of the provisions of this act, whether such proceedings be instituted before the Commission or be begun originally in any district court of the United States, it shall be lawful to include as parties, in addition to the carrier or broker, all persons interested in or affected by the rate, regulation, or practice under consideration, and inquiries, investigations, orders, and decrees may be made with reference to and against such additional parties in the same manner, to the same extent, and subject to the same provisions as are or shall be authorized by law with respect to carriers.

The amendment was agreed to.

The next amendment was, under the heading "Limitation of actions", on page 78, line 25, after the word "within", to strike out "1 year" and insert "18 months", so as to read:

SEC. 22. (1) All actions at law by carriers or brokers for recovery of their charges, or any part thereof, shall be begun within 18 months from the time the cause of action accrues, and not after, except as provided in paragraph (5) of this section.

The amendment was agreed to.

The next amendment was, on page 79, line 4, after the word "of", to insert "paragraph (1) of"; in line 6, after the

word "carriers", to insert "by railroad"; and in line 7, after the word "within", to strike out "1 year" and insert "18 months", so as to read:

(2) For the recovery of damages under the provisions of paragraph (1) of section 21, not based on overcharges, action at law shall be begun or complaint filed with the Commission against carriers by railroad or brokers within 18 months from the time the cause of action accrues, and not after, except as provided in paragraph (4) of this section.

Mr. FRAZIER. Mr. President, I ask the chairman of the Committee on Interstate Commerce regarding what I suppose is a compromise of 18 months. As I understand, provision was first made for 1 year, but now the bill contains a provision for 18 months. I wish to ask if 18 months seems to satisfy those who objected to shortening the time to 1 year?

Mr. WHEELER. Yes, Mr. President; it was a compromise. Some persons thought 1 year was too short a time, and everyone seemed to think that if the time were made 18 months it would be perfectly agreeable.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 79, line 4.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 79, line 12, after the word "within", to strike out "1 year" and insert "18 months"; in line 16, after the word "the" where it occurs the second time, to strike out "1 year" and insert "18-month"; and in line 18, before the word "days", to strike out "90" and insert "120", so as to read:

(3) For the recovery of overcharges action at law shall be begun or complaint filed with the Commission against carriers or brokers within 18 months from the time the cause of action accrues, and not after, except as provided in paragraph (4) of this section, and except that if claim for the overcharge has been presented in writing to the carrier or broker within the 18-month period of limitation said period shall be extended to include 120 days from the time notice in writing is given by the carrier or broker to the claimant of disallowance of the claim, or any part or parts thereof, specified in the notice.

The amendment was agreed to.

The next amendment was, on page 79, line 22, after the word "the", to strike out "1 year" and insert "18-month"; on page 80, line 3, after the word "include", to strike out "90" and insert "120"; and in line 5, after the word "carrier", to insert "or broker", so as to read:

(4) If on or before expiration of the 18-month period of limitation in paragraph (2) or in paragraph (3), a carrier or broker brings action under paragraph (1) for recovery of charges in respect of the same transportation service, or, without beginning action, collects charges in respect of that service, said period of limitation shall be extended to include 120 days from the time such action is begun or such charges are collected by the carrier or broker.

The amendment was agreed to.

The next amendment was, on page 80, line 6, after the word "the" where it occurs the second time, to strike out "1 year" and insert "18-month", so as to read:

(5) If on or before the expiration of the 18-month period of limitation in paragraph (1) a carrier or broker makes written demand for the payment of its charges, said period of limitation shall be extended to include 120 days from the time such demand is made.

The amendment was agreed to.

The next amendment was, on page 80, line 22, after the word "tariffs", to strike out "or schedules", so as to read:

(8) The term "overcharges" as used in this section shall be deemed to mean charges for transportation services in excess of those applicable thereto under the tariffs lawfully on file with the Commission.

The amendment was agreed to.

The next amendment was, under the heading "Interstate Commerce Commission, joint boards", on page 82, line 9, after the words "rate of", to strike out "$10,000" and insert "$9,000"; in line 16, after the word "the", to strike out "Commission," and insert "Commission."; and in line 25, after the word "Commission" and the period, to insert "And to carry out and give effect to the provisions of this act, or to any amendment or supplement thereto, the Commission is hereby authorized to employ special agents or examiners who shall have power to administer oaths, examine witnesses, and receive evidence", so as to read:

SEC. 23. (1) The Commission heretofore created and established known as the Interstate Commerce Commission, shall be composed of 11 Commissioners, with terms of 7 years, who shall be appointed by the President by and with the advice and consent of the Senate. Each Commissioner shall receive compensation at the rate of $12,000 annually. Any Commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. Not more than six of the Commissioners shall be appointed from the same political party. No person in the employ of or holding any official relation to any carrier or broker subject to this act, or owning stock or bonds thereof, or who is in any manner pecuniarily interested therein, shall enter upon the duties of or hold such office. Said Commissioners shall not engage in any other business, vocation, or employment. No vacancy in the Commission shall impair the right of the remaining Commissioners to exercise all the powers of the Commission. The terms of the Commissioners holding office at the time this amendatory act becomes effective, or of any successor appointed to fill a vacancy caused by the death or resignation of any such Commissioner, shall expire as heretofore provided by law. Their successors shall be appointed for the full term of 7 years, except that any person appointed to fill a vacancy shall be appointed only for the unexpired term of the Commissioner whom he shall succeed. Upon the expiration of his term of office, a Commissioner shall continue to serve until his successor is appointed and shall have qualified.

(2) The Commission shall appoint a secretary who shall receive compensation at the rate of $9,000 per annum, and the Commission shall have authority to employ such other employees as it may find necessary to the proper performance of its duties. The compensation of such other employees shall be determined according to the Classification Act of 1923, as amended, insofar as said act is applicable, and to the extent that it is not applicable, shall be fixed by the Commission. The Commission may employ such attorneys as it finds necessary for the legal aid and service of the Commission or its members in the conduct of their work, or for proper representation of the public interest in investigations made by it, or proceedings pending before it, whether at the Commission's own instance or upon complaint, or to appear for or represent the Commission in any case in court; and the expenses of such employment shall be paid out of the appropriation for the Commission. And to carry out and give effect to the provisions of this act, or to any amendment or supplement thereto, the Commission is hereby authorized to employ special agents or examiners who shall have power to administer oaths, examine witnesses, and receive evidence.

The amendment was agreed to.

The next amendment was, on page 84, line 15, after the word "division", to insert "individual Commissioner, or board of employees"; in line 19, after the name "United States", to insert "In accordance with rules prescribed by the Commission, reasonable notice shall be afforded, in connection with any proceeding involving motor-carrier operations subject to this act, to interested parties and to the board of any State, or to the Governor if there is no board, in which the motor-carrier operations involved in the proceeding are or are proposed to be conducted, and opportunity for intervention in any such proceeding for the purpose of making representations to the Commission or for participating in a hearing, if a hearing is held, shall be afforded to all interested parties. The Commission shall, from time to time, by general rules or orders, establish regulations which shall provide for review by a division of the Commission of any decision or determination of an individual Commissioner or of a board of employees, whether application for such review is made by an interested party or upon the division's own motion. It shall be lawful for such division, in its discretion, to grant such a review or to reopen such proceeding for further hearing, if sufficient reason therefor be made to appear. Such general rules or orders of the Commission shall also provide for review by the entire Commission, and appropriate further action with respect thereto, either on its own motion or upon application, of any action of any division of the Commission in cases of certain classes or descriptions of general transportation importance or involving important national issues"; on page 85, line 20, after the word "division", to insert a comma and "individual Commissioner, or board of employees"; and on page 86, line 4, after the word "any", to strike out "division thereof" and insert "division, individual Commissioner, or board of employees thereof", so as to read:

(6) The Commission may conduct its proceedings in such manner as will best conduce to the proper dispatch of business and to the ends of justice. The Commission shall have an official seal, which

shall be judicially noticed. Any member of the Commission may administer oaths and affirmations and sign subpenas. A majority of the Commission shall constitute a quorum for the transaction of business, except as may be otherwise herein provided, but no Commissioner shall participate in any hearing or proceeding in which he has any pecuniary interest. The Commission may from time to time make or amend such general rules or orders as may be requisite for the order and regulation of proceedings before it, or before any division, individual Commissioner, or board of employees of the Commission, including forms of notices and the services thereof, which shall conform as nearly as may be to those in use in the courts of the United States. In accordance with rules prescribed by the Commission, reasonable notice shall be afforded, in connection with any proceeding involving motor-carrier operations subject to this act, to interested parties and to the board of any State, or to the Governor if there is no board, in which the motor-carrier operations involved in the proceeding are or are proposed to be conducted, and opportunity for intervention in any such proceeding for the purpose of making representations to the Commission or for participating in a hearing, if a hearing is held, shall be afforded to all interested parties. The Commission shall, from time to time, by general rules or orders, establish regulations which shall provide for review by a division of the Commission of any decision or determination of an individual Commissioner or of a board of employees, whether application for such review is made by an interested party or upon the division's own motion. It shall be lawful for such division, in its discretion, to grant such a review or to reopen such proceeding for further hearing, if sufficient reason therefor be made to appear. Such general rules or orders of the Commission shall also provide for review by the entire Commission, and appropriate further action with respect thereto, either on its own motion or upon application, of any action of any division of the Commission in cases of certain classes or descriptions of general transportation importance or involving important national issues. Any party may appear before the Commission or any division, individual Commissioner, or board of employees thereof and be heard in person or by attorney. The Commission is authorized to promulgate reasonable rules and regulations relating to admission to practice before it and is authorized to impose a reasonable fee to be determined by the Commission to be covered into the miscellaneous receipts of the Public Treasury. Every vote and official act of the Commission or of any division, individual Commissioner, or board of employees thereof shall be entered of record, and its proceedings shall be public upon the request of any party interested.

The amendment was agreed to.

The next amendment was, on page 86, line 13, after the words "and so forth", to insert "or may be designated by the Commission by a term descriptive of the principal subject, work, business, or functions assigned or referred to such divisions under the provisions of this section. The Commission may designate one or more of its divisions as appellate divisions", so as to read:

(7) The Commission is hereby authorized by its order to divide the members thereof into as many divisions (each to consist of not less than three members) as it may deem necessary, which may be changed from time to time. Such divisions shall be denominated, respectively, division 1, division 2, etc., or may be designated by the Commission by a term descriptive of the principal subject, work, business, or functions assigned or referred to such divisions under the provisions of this section. The Commission may designate one or more of its divisions as appellate divisions. Any Commissioner may be assigned to and may serve upon such division or divisions as the Commission may direct, and the senior in service of the Commissioners constituting any of said divisions shall act as chairman thereof. In case of vacancy in any division, or of absence or inability to serve thereon of any Commissioner thereto assigned, the Chairman of the Commission or any Commissioner designated by him for that purpose may temporarily serve on said division until the Commission shall otherwise order.

The amendment was agreed to.

The next amendment was, on page 87, line 4, after the word "functions", to strike out "arising under this act, or under any act amendatory thereof, or supplemental thereto, or under any amendment which may be made to any of said acts, or under any other act or joint resolution which has been or may hereafter be approved, or in respect of" and insert "under any provision of law, or"; in line 15, after the word "functions", to insert "relating to rates, fares, and charges"; and in line 16, after the word "divisions", to insert "or to any individual Commissioner or board of employees", so as to read:

(8) The Commission may by order direct that any of its work, business, or functions under any provision of law, or any matter which has been or may be referred to the Commission by Congress or by either branch thereof, be assigned or referred to any of said divisions for action thereon, and may by order at any time amend, modify, supplement, or rescind any such direction: *Provided, however,* That the Commission shall assign its work, business, or functions relating to rates, fares, and charges to said divisions, or to any individual Commissioner or board of employees, according to the nature of said work, business, or functions and not according to the kind or class of carriers or brokers which may be subject to regulation or the form or mode of transportation in which such carriers or brokers may be engaged. All such orders shall take effect forthwith and remain in effect until otherwise ordered by the Commission.

The amendment was agreed to.

The next amendment was, on page 88, line 12, after the word "the", to strike out "Commission, subject to rehearing by the Commission, as provided in section 31, paragraph (6), hereof for rehearing cases decided by the", and in line 15, after the word "Commission", to insert "Any action by an appellate division in any matter assigned to it, whether upon an application for rehearing or in any subsequent proceedings, shall have the same force and effect, and may be made, evidenced, and enforced, as if made or taken by the Commission. The secretary and seal of the Commission shall be the secretary and seal of each division thereof", so as to read:

(9) In conformity with and subject to the order or orders of the Commission in the premises, each division so constituted shall have power and authority by a majority thereof to hear and determine, order, certify, report, or otherwise act as to any of said work, business, or functions so assigned or referred to it for action by the Commission, and in respect thereof the division shall have all the jurisdiction and powers now or then conferred by law upon the Commission, and be subject to the same duties and obligations. Any order, decision, or report made or other action taken by any of said divisions in respect of any matters so assigned or referred to it shall have the same force and effect, and may be made, evidenced, and enforced in the same manner as if made, or taken by the Commission. Any action by an appellate division in any matter assigned to it, whether upon an application for rehearing or in any subsequent proceedings, shall have the same force and effect, and may be made, evidenced, and enforced, as if made or taken by the Commission. The secretary and seal of the Commission shall be the secretary and seal of each division thereof.

The amendment was agreed to.

The next amendment was, on page 89, line 2, after the article "a", to strike out "committee" and insert "board"; in line 6, after the word "reference", to strike out the colon and "*Provided, however,* That this authority shall not extend to investigations instituted upon the Commission's own motion nor, without the consent of the parties thereto, to contested proceedings involving the taking of testimony at public hearings"; in line 15, after the word "such", to strike out "committee" and insert "board"; in line 20, after the word "or", to strike out "committee" and insert "board"; on page 90, line 4, after the word "or", to strike out "committee" and insert "board"; in line 7, after the word "Commission" and the period, to strike out "Any party affected by any order, decision, or report of any such individual Commissioner or committee may file a petition for reconsideration or for rehearing by the Commission or a division thereof and every such petition shall be passed upon by the Commission or a division thereof. Any action by a division upon such a petition shall itself be subject to reconsideration by the Commission, as provided in section 31, paragraph (6), of this act, and in paragraph (9) of this section"; in line 16, after the word "in", to strike out "paragraph (6) of"; in line 18, after the word "or", to strike out "committee" and insert "board"; and in line 22, after the word "or", to strike out "committee" and insert "board", so as to read:

(10) The Commission is hereby authorized, subject to the limitations expressed in the proviso of paragraph (8) of this section, by its order to assign or refer any portion of its work, business, or functions arising under this or any other act of Congress or referred to it by Congress, or either branch thereof, to an individual Commissioner, or to a board composed of an employee or employees of the Commission, to be designated by such order, for action thereon, and by its order at any time to amend, modify, supplement, or rescind any such assignment or reference. All such orders shall take effect forthwith and remain in effect until otherwise ordered by the Commission. In case of the absence, or inability for any other reason to act, of any such individual Commissioner or employee designated to serve upon any such board, the chairman of the Commission may designate another Commissioner or employee, as the case may be, to serve temporarily until the Commission shall otherwise order. In conformity with and subject to the order or orders of the Commission in the premises, any such individual Commissioner, or board acting by a

majority thereof, shall have power and authority to hear and determine, order, certify, report, or otherwise act as to any of said work, business, or functions so assigned or referred to him or it for action by the Commission and in respect thereof shall have all the jurisdiction and powers now or then conferred by law upon the Commission and be subject to the same duties and obligations. Any order, decision, or report made or other action taken by any such individual Commissioner or board in respect of any matters so assigned or referred shall have the same force and effect and may be made, evidenced, and enforced in the same manner as if made or taken by the Commission. The Commission may, as provided in this section, make and amend rules for the conduct of proceedings before such individual Commissioner or board and for the rehearing of such action before a division of the Commission or the Commission. The Secretary and seal of the Commission shall be the secretary and seal of such individual Commissioner or board.

The amendment was agreed to.

The next amendment was, on page 90, after line 22, to strike out:

(11) The Commission shall, when operations of motor carriers or brokers of motor transportation conducted or proposed to be conducted involve not more than three States, and the Commission may, in its discretion, when operations of such carriers or brokers conducted or proposed to be conducted involve more than three States, refer to a joint board for appropriate proceedings thereon, any of the following matters arising in the administration of this act with respect to such operations as to which a hearing is required or in the judgment of the Commission is desirable: Applications for certificates, permits, or licenses; the suspension, change, or revocation of such certificates, permits, or licenses; applications for the approval and authorization of consolidations, mergers, acquisitions of control, or operating contracts; complaints as to violations by motor carriers or brokers of any of the provisions of this act: *Provided, however,* That if the Commission is prevented by legal proceedings from referring a matter to a joint board, the Commission may proceed to determine such matter. The Commission in its discretion may also refer to a joint board any investigation and suspension proceeding or other matter not specifically mentioned above and affecting such carriers or brokers which may arise under this act. The joint board to which such matter is referred shall be composed solely of one member from each State within which the carrier or brokerage operations involved in such matter are, or are proposed to be, conducted: *Provided further,* That the Commission may designate a member of its staff to advise with and assist the joint board, under such rules and regulations as it may prescribe. In acting upon matters so referred, joint boards shall be vested, subject to the provisions of the next succeeding paragraph hereof, with the same rights, duties, powers, and jurisdiction as are hereby vested in members or examiners of the Commission to whom a matter may be referred for hearing and the recommendation of an appropriate order thereon: *Provided further,* That a joint board may in its discretion report to the Commission its conclusions upon the evidence received, if any, without a recommended order. Orders recommended by joint boards shall be filed with the Commission and shall become orders of the Commission in the manner provided in the next succeeding paragraph hereof. If a joint board to which any matter has been referred shall report its conclusions upon the evidence without a recommended order, such matter shall thereupon be decided by the Commission, giving such weight to such conclusions as in its judgment the evidence may justify.

The amendment was agreed to.

The next amendment was, on page 92, after line 18, to insert:

(11) Excepting a matter which is referred to a joint board as herein provided, any matter arising in the administration of this act as to which a hearing is required or in the judgment of the Commission is desirable shall be heard as the Commission may determine and be decided by the Commission, unless such matter shall, by order of the Commission, be referred to a member or examiner of the Commission for hearing and the recommendation of an appropriate order thereon. With respect to a matter so referred the member or examiner shall have all the rights, duties, powers, and jurisdiction conferred by this act upon the Commission, except that the order recommended by such member or examiner shall be subject to the following provisions of this paragraph. Upon any matter referred to a joint board such board (subject to the provisions of this section) shall make, in writing and accompany it with a statement of the reasons therefor, a recommended report and order proposed by it to be made therein and file the same with the Commission. Copies of such recommended order shall be served upon interested parties and upon the State board of any State in which the motor carrier operations involved in the proceeding are or are proposed to be conducted. If no exceptions are filed to such recommended report and order within 20 days after service thereof upon such persons, or within such further period as the Commission may authorize, such recommended order shall become the order of the Commission and become effective unless within such period the order is stayed or postponed by the Commission. In any matter arising in the administration of the provisions of this act applicable to motor carriers or brokers of motor transportation in which a recommended report and order shall have been made by an examiner of the Commission, if no exceptions are filed to such recommended report and order within 20 days after service thereof upon interested parties and upon the State board of any State in which the motor carrier operations involved in the proceeding are, or are proposed to be, conducted, or within such further period as the Commission may authorize, such recommended order shall become the order of the Commission and become effective, unless within such period the order is stayed or postponed by the Commission. Where exceptions are filed to a recommended report and order as herein provided, it shall be the duty of the Commission to consider the same and, if sufficient reason appears therefor, the Commission shall grant such review or make such orders or hold or authorize such further hearings or proceedings in the premises as may be necessary or proper to carry out the provisions of this act, or the Commission may on its own motion review any such matter and take action thereon as if exceptions thereto had been filed. The Commission, after review upon the same record or as supplemented by a further hearing, shall decide the matter and make appropriate order thereon.

The amendment was agreed to.

The next amendment was, on page 94, after line 19, to strike out:

(12) Upon any matter referred to a joint board, such board (subject to the provisions of paragraph 11 of this section) shall make, in writing and with a statement of the reasons therefor, recommended report and order proposed by it to be made therein, and file the same with the Commission. Copies of such recommended order shall be served upon interested parties and upon the State board of any State in which the motor-carrier operations involved in the proceeding are or are proposed to be conducted. If no exceptions are filed to such recommended report and order within 20 days after service thereof upon such persons, or within such further period as the Commission may authorize, such recommended order shall become the order of the Commission and become effective unless within such period the order is stayed or postponed by the Commission. In any matter arising in the administration of the provisions of this act applicable to motor carriers or brokers of motor transportation in which a recommended report and order shall have been made by an examiner of the Commission, if no exceptions are filed to such recommended report and order within 20 days after service thereof upon interested parties and upon the State board of any State in which the motor carrier operations involved in the proceedings are, or are proposed to be, conducted, or within such further period as the Commission may authorize, such recommended order shall become the order of the Commission and become effective, unless within such period the order is stayed or postponed by the Commission. Where exceptions are filed to a recommended report and order as herein provided, it shall be the duty of the Commission to consider the same and, if sufficient reason appears therefor, the Commission shall grant such review or make such orders or hold or authorize such further hearings or proceedings in the premises as may be necessary or proper to carry out the provisions of this act, or the Commission may on its own motion review any such matter and take action thereon as if exceptions thereto had been filed. The Commission, after review upon the same record or as supplemented by a further hearing, shall decide the matter and make appropriate order thereon.

The amendment was agreed to.

The next amendment was, on page 96, after line 8, to insert:

(12) The Commission shall, when operations of motor carriers or brokers of motor transportation conducted or proposed to be conducted involve not more than three States, and the Commission may, in its discretion, when operations of such carriers or brokers conducted or proposed to be conducted involve more than three States, refer to a joint board for appropriate proceedings thereon, any of the following matters arising in the administration of this act with respect to such operations as to which a hearing is required or in the judgment of the Commission is desirable: Applications for certificates, permits, or licenses; the suspension, change, or revocation of such certificates, permits, or licenses; applications for the approval and authorization of consolidations, mergers, acquisitions of control, or operating contracts; complaints as to violations by motor carriers or brokers of any of the provisions of this act: *Provided, however,* That if the Commission is prevented by legal proceedings from referring a matter to a joint board, the Commission may proceed to determine such matter. The Commission in its discretion may also refer to a joint board any investigation and suspension proceeding or other matter not specifically mentioned above and affecting such carriers or brokers which may arise under this act. The joint board to which such matter is referred shall be composed solely of one member from each State within which the carrier or brokerage operations involved in such matter are, or are proposed to be, conducted: *Provided further,* That the Commission may designate a member of its staff to advise with and assist the joint board, under such rules and regulations as it may prescribe. In acting upon matters so referred, joint boards shall be vested, subject to the provisions of the next succeeding paragraph hereof, with the same rights, duties, powers, and jurisdiction as are hereby vested in members or examiners of the Commission to

whom a matter may be referred for hearing and the recommendation of an appropriate order thereon: *Provided further*, That a joint board may in its discretion report to the Commission its conclusions upon the evidence received, if any, without a recommended order. Orders recommended by joint boards shall be filed with the Commission and shall become orders of the Commission in the manner provided in the next succeeding paragraph hereof. If a joint board to which any matter has been referred shall report its conclusions upon the evidence without a recommended order, such matter shall thereupon be decided by the Commission, giving such weight to such conclusions as in its judgment the evidence may justify.

The amendment was agreed to.

The next amendment was, on page 100, line 15, after the word "transportation", to insert "subject to the provisions of this act", so as to read:

(14) No member or examiner of the Commission or member of a joint board shall hold any official relation to, or own any securities of, or be in any manner pecuniarily interested in, any motor carrier or in any carrier by railroad, water, or other form of transportation subject to the provisions of this act.

The amendment was agreed to.

The next amendment was, under the heading "Authority and duties of the commission, witnesses; depositions; service of notices and process", on page 103, line 2, after the word "this", to strike out "section" and insert "act", so as to read:

SEC. 24. (1) The Commission is hereby authorized and required to execute and enforce the provisions of this act, and the Commission may, from time to time, establish such just and reasonable rules, regulations, and requirements as shall be necessary to carry out the provisions of this act and as the public interest and orderly administration of this act shall require and, to that end, the Commission may, from time to time, establish such just and reasonable classifications of carriers or brokers subject to this act or of groups of such carriers or brokers as the interest of the public and the nature of such carriers or brokers and of the nature of their business shall require.

(2) In addition to the remedies provided in paragraph (4) of section 21 of this act, it shall be the duty of any district attorney of the United States, upon the request of the Commission, to institute in the proper court and to prosecute under the direction of the Attorney General of the United States all necessary proceedings for the enforcement of the provisions of this act and for the punishment of all violations thereof, and the costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

(3) For the purposes of this act the Commission shall have power to require, by subpena, the attendance and testimony of witnesses and the production of all books, papers, tariffs, contracts, agreements, and documents relating to any matter under investigation. Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated place of hearing. And in case of disobedience to a subpena the Commission, or any party to a proceeding before the Commission, may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books, papers, and documents under the provisions of this act.

The amendment was agreed to.

The next amendment was, on page 105, line 10, after the word "motor", to strike out "carriers, water carriers, and carriers by air" and insert "carriers and water carriers"; in line 13, after the word "and", to strike out "processes" and insert "orders"; in line 19, before the word "may", to strike out "processes" and insert "orders"; in line 24, after the word "or", to strike out "other process" and insert "order"; and on page 106, line 1, after the word "or", to strike out "process" and insert "order"; so as to read:

(9) It shall be the duty of every common carrier, except motor carriers and water carriers, to designate in writing an agent in the city of Washington, D. C., upon whom service of all notices and orders may be made for and on behalf of said common carrier in any proceeding pending before the Commission, and to file such designation in the office of the secretary of the Commission, which designation may from time to time be changed by like writing similarly filed; and thereupon service of all notices and orders may be made upon such common carrier by leaving a copy thereof with such designated agent at his office or usual place of residence in the city of Washington, with like effect as if made personally upon such common carrier, and in default of such designation of such agent, service of any notice or order in any proceeding before said Commission may be made by posting such notice or order in the office of the secretary of the Commission.

The amendment was agreed to.

The next amendment was, on page 106, line 4, after the word "water", to strike out "carrier by air"; in line 10, after the word "notices", to strike out the comma and "processes"; in line 12, before the word "or", to strike out "by air"; and in line 22, after the word "carrier", to insert "and broker", so as to read:

(10) It shall be the duty of every motor carrier, carrier by water, and of every broker, to file with the Commission (and, in the case of motor carriers, to file also with the State board of each State in which it operates under a certificate or permit issued under this act) a designation in writing of the name and post-office address of a person upon whom service of notices or orders may be made under this act. Service of all notices and orders may be made upon a motor carrier, a carrier by water, or upon a broker, by personal service upon it or upon the person so designated by it, or by registered mail addressed to it or to such person at the address filed. In default of such designation, service of any notice or order may be made by posting in the office of the secretary of the Commission and, in the case of a motor carrier, by also posting in the office of the secretary or clerk of the State board of the State wherein the carrier maintains headquarters. Whenever notice is given by mail as provided herein the date of mailing shall be considered as the time when notice is served. Every motor carrier and broker shall also file with the State board of each State in which it operates a designation in writing of the name and post-office address of a person in such State upon whom process issued by or under the authority of any court having jurisdiction of the subject matter may be served in any proceeding at law or equity brought against such carrier. Such designation may from time to time be changed by like writing similarly filed. In the event such carrier fails to file such designation, service may be made upon any agent of such carrier within such State.

The amendment was agreed to.

The next amendment was, under the heading "Complaints to and investigations by the Commission", on page 107, line 23, before the word "within", to strike out "or broker"; and on page 108, line 1, before the word "shall", to strike out "or broker", so as to read:

SEC. 25. (1) Any person, firm, corporation, company, or association, or any mercantile, agricultural, or manufacturing society or other organization, or any body politic or municipal organization, or any carrier or broker complaining of anything done or omitted to be done by any carrier or broker subject to this act, in contravention of the provisions thereof, may apply to the Commission by petition, which shall briefly state the facts and which shall be under oath; whereupon a statement of the complaint thus made shall be forwarded by the Commission to such carrier or broker, who shall be called upon to satisfy the complaint, or to answer the same in writing, within a reasonable time, to be specified by the Commission. If such carrier within the time specified shall make reparation for the injury alleged to have been done, said carrier shall be relieved of liability to the complainant only for the particular violation of law thus complained of. If such carrier or broker shall not satisfy the complaint within the time specified, or there shall appear to be any reasonable ground for investigating said complaint, it shall be the duty of the Commission to investigate the matters complained of in such manner and by such means as it shall deem proper.

The amendment was agreed to.

Mr. WHEELER. Mr. President, I ask unanimous consent to revert to page 97, in order to correct a clerical error which appears in the committee amendment previously agreed to. I ask unanimous consent that the vote by which the amendment was agreed to be reconsidered.

The PRESIDING OFFICER. Without objection, the vote by which the committee amendment beginning in line 20, on page 94, down to and including line 4 on page 98 was adopted, is reconsidered.

Mr. WHEELER. On page 97, line 14, I ask to amend the committee amendment by striking out the word "succeeding" and inserting in lieu thereof the word "preceding."

The amendment to the amendment was agreed to.

Mr. WHEELER. I ask that the committee amendment be amended in the same manner in line 24, page 97.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The Chair calls the attention of the Senator from Montana [Mr. WHEELER] to the words "by water", on page 111, line 4, and asks the Senator if it is his present intention to strike out those words?

Mr. WHEELER. In order to clarify the language on page 111, line 4, the words "by water" should be stricken out. I so move.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, under the subhead "Through routes and joint rates; divisions", on page 111, line 17, after the word "common", to strike out "carriers," and insert "carriers"; and in line 23, after the word "operated", to insert a comma and "and in the case of a through route where one of the carriers is a water line, the minimum differential which should apply in connection with such route", so as to read:

SEC. 27. (1) The Commission may, and it shall, whenever deemed by it to be necessary or desirable in the public interest, after full hearing upon complaint or upon its own initiative without a complaint, establish through routes, joint classifications, and joint rates, fares, or charges, applicable to the transportation, by common carriers of passengers or property by railroad or by water, or by railroad and by water, or the maxima or minima, or maxima and minima, to be charged, and the divisions of such rates, fares, or charges as hereinafter provided, and the terms and conditions under which such through routes shall be operated, and in the case of a through route where one of the carriers is a water line, the minimum differential which should apply in connection with such route. The Commission shall not, however, establish any through route, classification, or practice, or any rate, fare, or charge, between street electric passenger railways not engaged in the general business of transporting freight in addition to their passenger and express business, and railroads of a different character, or between such street electric passenger railways and carriers by water.

The amendment was agreed to.

Mr. BROWN obtained the floor.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Oregon?

Mr. BROWN. I yield to the Senator.

Mr. McNARY. I thank the Senator. I should like to have the committee amendment on page 112 go over for the day.

Mr. BROWN. I will say to the Senator from Oregon that I think I had in mind the same subject matter. I should like to have the amendment commencing in line 7 on page 112, and extending through the first word in line 1 on page 113, put over until tomorrow. Is that the same request the Senator had in mind?

Mr. McNARY. That is the request I intended to make.

Mr. BROWN. Is that satisfactory?

Mr. McNARY. Yes.

Mr. BROWN. It will follow the consideration of the amendment in which the Senator from Virginia is interested.

The PRESIDING OFFICER. Without objection, the amendment on pages 112 and 113 will be passed over.

Mr. WHEELER. That is agreeable.

The next amendment was, under the heading "Suspensions of tariffs and schedules", on page 115, line 5, after the word "any", to strike out "schedule" and insert "tariff"; in line 17, after the word "such", to strike out "schedule" and insert "tariff"; in line 20, after the word "such" where it occurs the first time, to strike out "schedule" and insert "tariff"; and on page 116, line 20, after the word "possible", to strike out "At any hearing involving a change in a rate, fare, or charge after the passage of this amendatory act, the burden of proof to show that the proposed changed rate, fare, or charge is just and reasonable shall be upon the carrier" and insert "At any hearing involving a change in a rate, fare, charge, or classification, or involving a rule, regulation, or practice, after the date of the approval of this act, the burden of proof shall be upon the carrier to show that the proposed changed rate, fare, charge, classification, rule, regulation, or practice is just and reasonable: *Provided,* That this paragraph shall not apply to any initial schedule or schedules filed by any common carrier by water in bona fide operation when this section takes effect", so as to read:

SUSPENSION OF TARIFFS AND SCHEDULES

SEC. 28. (1) Whenever there shall be filed with the Commission by a common carrier or carriers any tariff stating a new individual or joint rate, fare, or charge, or any new individual or joint classification, or any new individual or joint regulation or practice affecting any rate, fare, or charge, the Commission shall have, and it is hereby given, authority, either upon complaint or upon its own initiative without complaint, at once, and, if it so orders, without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, charge, classification, regulation, or practice; and pending such hearing and the decision thereon the Commission, upon filing with such tariff and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such tariff and defer the use of such rate, fare, charge, classification, regulation, or practice, but not for a longer period than 7 months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the Commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate, fare, charge, classification, regulation, or practice shall go into effect at the end of such period; but in case of a proposed increased rate or charge for or in respect to the transportation of property, the Commission may by order require the interested carrier or carriers to keep accurate account in detail of all amounts received by reason of such increase, specifying by whom and in whose behalf such amounts are paid, and upon completion of the hearing and decision may by further order require the interested carrier or carriers to refund, with interest, to the persons in whose behalf such amounts were paid, such portion of such increased rates or charges as by its decision shall be found not justified. The Commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible. At any hearing involving a change in a rate, fare, charge, or classification, or involving a rule, regulation, or practice, after the date of the approval of this act, the burden of proof shall be upon the carrier to show that the proposed changed rate, fare, charge, classification, rule, regulation, or practice is just and reasonable: *Provided,* That this paragraph shall not apply to any initial schedule or schedules filed by any common carrier by water in bona fide operation when this section takes effect.

The amendment was agreed to.

The next amendment was, on page 117, line 21, after the word "may", to insert "from time to time"; in line 24, after the word "practice", to strike out "for a period of 90 days, and if the proceeding has not been concluded and a final order made within such period the Commission may, from time to time, extend the period of suspension, but not for a longer period in the aggregate than 180 days" and insert "but not for a longer period than 7 months"; and in line 13, after the word "period", to insert a colon and "*Provided,* That this paragraph shall not apply to any initial schedule or schedules, or any contract or contracts, filed by any contract carrier by water in bona fide operation when this section takes effect", so as to read:

(2) Whenever there shall be filed with the Commission by any contract carrier any schedule or contract stating a reduced charge directly, or by means of any rule, regulation, or practice, for the transportation of passengers or property in commerce subject to this act the Commission is hereby authorized and empowered upon complaint of interested parties or upon its own initiative at once and, if it so orders, without answer or other formal pleading by the interested party, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such charge, or such rule, regulation, or practice, and pending such hearing and the decision thereon the Commission, by filing with such schedule or contract and delivering to the carrier affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such schedule or contract and defer the use of such charge, or such rule, regulation, or practice, but not for a longer period than 7 months beyond the time when it would otherwise go into effect; and after hearing, whether completed before or after the charge, or rule, regulation, or practice goes into effect, the Commission may make such order with reference thereto as would be proper in a proceeding instituted after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change in any charge or rule, regulation, or practice shall go into effect at the end of such period: *Provided,* That this paragraph shall not apply to any initial schedule or schedules, or any contract or contracts, filed by any contract carrier by water in bona fide operation when this section takes effect.

The amendment was agreed to.

The next amendment was, under the heading "Power over State rates", on page 118, line 18, after the word "with", to insert "the authorities of"; in line 19, after the word "State", to strike out "board" and insert "having regulatory jurisdiction over carriers subject to this act"; in line 21, after the word "carriers", to strike out "and brokers"; in line 22, after the word "State", to strike out "board" and insert "bodies"; on page 119, line 1, after the word "State", to strike out

"board" and insert "regulating bodies"; in line 2, after the word "act", to strike out "where the rates, fares, charges, classifications, regulations, or practices of carriers within said State may be affected by or related to such matters" and insert "and where the rate-making authority of the State is or may be affected by the action taken by the Commission", and in line 8, after the word "State", to strike out "board" and insert "authorities", so as to read:

POWER OVER STATE RATES

SEC. 29. (1) The Commission may confer with the authorities of any State having regulatory jurisdiction over carriers subject to this act, with respect to the relationship between rate structures and practices of carriers subject to the jurisdiction of such State bodies and of the Commission; and to that end is authorized and empowered, under rules to be prescribed by it, and which may be modified from time to time, to hold joint hearings with any such State regulating bodies on any matters wherein the Commission is empowered to act, and where the rate-making authority of the State is or may be affected by the action taken by the Commission. The Commission is also authorized to avail itself of the cooperation, services, records, and facilities of such State authorities in the enforcement of any provision of this act.

The amendment was agreed to.

The next amendment was, on page 120, line 12, after the word "notwithstanding" and the period, to insert "Nothing in this paragraph or in paragraph (2) of this section shall be construed to apply to carriers by motor vehicle or carriers by water", so as to read:

(3) Whenever in any such investigation the Commission, after full hearing, finds that any such rate, fare, charge, classification, regulation, or practice causes any undue or unreasonable advantage, preference, or prejudice as between persons or localities in intrastate commerce on the one hand and interstate or foreign commerce on the other hand, or any undue, unreasonable, or unjust discrimination against interstate or foreign commerce, which is hereby forbidden and declared to be unlawful, it shall prescribe the rate, fare, or charge, or the maximum or minimum, or maximum and minimum, thereafter to be charged, and the classification, regulation, or practice thereafter to be observed, in such manner as, in its judgment, will remove such advantage, preference, prejudice, or discrimination. Such rates, fares, charges, classifications, regulations, and practices shall be observed while in effect by the carriers or parties to such proceeding affected thereby, the law of any State or the decision or order of any State authority to the contrary notwithstanding. Nothing in this paragraph or in paragraph (2) of this section shall be construed to apply to carriers by motor vehicle or carriers by water.

The amendment was agreed to.

The next amendment was, under the heading "Rate-making rule", on page 120, line 19, after the word "traffic", to insert "by the carrier or carriers for which the rates are prescribed"; in line 21, after the word "service", to insert "by such carrier or carriers"; in line 24, after the word "enable", to strike out "the" and insert "such carrier or"; and on page 121, line 1, after the word "service", to insert "When used in this section the term 'rates' means 'rates, fares, and charges, and all regulations and practices relating thereto'", so as to read:

RATE-MAKING RULE

SEC. 30. It shall be the duty of the Commission in the exercise of its power to prescribe just and reasonable rates, to give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient transportation service by such carrier or carriers at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable such carrier or carriers, under honest, economical, and efficient management, to provide such service. When used in this section the term "rates" means "rates, fares, and charges, and all regulations and practices relating thereto."

The amendment was agreed to.

The next amendment was, under the heading "Orders of the Commission; rehearings", on page 121, line 15, after the word "carrier", to insert "or broker", so as to read:

(2) Every order of the Commission shall be forthwith served upon each carrier or broker affected thereby in the manner provided in section 24 of this act.

The amendment was agreed to.

The next amendment was, on page 122, line 3, after the word "carrier", to strike out "or broker", so as to read:

(5) If, after hearing on a complaint made as provided in section 25 of this act, the Commission shall determine that any party complainant is entitled to an award of damages under the provisions of this act for a violation thereof, the Commission shall make an order directing the carrier to pay to the complainant the sum to which he is entitled on or before a day named.

The amendment was agreed to.

The next amendment was, on page 122, line 6, after the word "Commission", to insert "or by a division, individual Commissioner, or board of employees thereof"; in line 8, after the word "time", to insert "subject to such limitations as may be established by the general rules or orders of the Commission, as provided in section 23 (6) hereof"; in line 12, after the word "determined", to strike out "therein, and it" and insert "therein"; in line 18, after the word "any", to insert "such"; and on page 123, line 3, after the word "Commission", to insert "or division", so as to read:

(6) After a decision, order, or requirement has been made by the Commission, or by a division, individual Commissioner, or board of employees thereof, in any proceeding, any party thereto may at any time subject to such limitations as may be established by the general rules or orders of the Commission, as provided in section 23 (6) hereof, make application for rehearing of the same, or any matter determined therein. It shall be lawful for the Commission, or any designated division thereof, in its discretion to grant such a rehearing if sufficient reason therefor be made to appear. Applications for rehearing shall be governed by such general rules as the Commission may establish. No such application shall excuse any carrier or broker from complying with or obeying any such decision, order, or requirement of the Commission, or operate in any manner to stay or postpone the enforcement thereof, without the special order of the Commission. In case a rehearing is granted the proceedings thereupon shall conform as nearly as may be to the proceedings in an original hearing, except as the Commission may otherwise direct; and if, in its judgment, after such rehearing and the consideration of all facts, including those arising since the former hearing, it shall appear that the original decision, order, or requirement is in any respect unjust or unwarranted, the Commission or division may reverse, change, or modify the same accordingly. Any decision, order, or requirement made after such rehearing, reversing, changing, or modifying the original determination shall be subject to the same provisions as an original order.

The amendment was agreed to.

The next amendment was, under the heading "Reports, decisions, and records of the Commission", on page 124, line 10, after the word "act", to insert "subject to the limitations contained in section 8 (1)", so as to read:

(4) The copies of schedules and classifications and tariffs of rates, fares, and charges, and of all contracts, agreements, and arrangements of carriers or brokers filed with the Commission as herein provided, and the statistics, tables, and figures contained in the annual or other reports of carriers or brokers made to the Commission as required under the provisions of this act, subject to the limitations contained in section 8 (1) shall be preserved as public records in the custody of the secretary of the Commission, and shall be received as prima facie evidence of what they purport to be for the purpose of investigations by the Commission and in all judicial proceedings; and copies of and extracts from any of said schedules, classifications, tariffs, contracts, agreements, arrangements, or reports, made public records as aforesaid, certified by the secretary, under the Commission's seal, shall be received in evidence with like effect as the originals.

The amendment was agreed to.

The next amendment was, under the heading "Hours of service and safety of operation by motor carriers", on page 130, line 7, after the word "to", to strike out "promote safety of operation" and insert "regulate such carriers by motor vehicle"; in line 12, after the word "motor", to strike out "vehicle, and" and insert "vehicle. The Commission"; in line 13, after the word "establish", to strike out "such requirements"; in line 14, after the word "motor", to strike out "vehicles" and insert "vehicle"; in line 15, after the word "found", to insert a comma and "reasonable requirements to promote safety of operation and to that end prescribe qualifications and maximum hours of service of employees and standards of equipment"; in line 21, after the word "private", to strike out "carrier" and insert "carriers"; in line 22, after the word "paragraph", to strike out the comma and "and particularly, but not exclusively, in the administration of section 19, section 24 (10), section 42, and section 51 (19) of this act"; and on page 131, line 1, after the word "paragraph", to insert "pertaining to safety", so as to read:

HOURS OF SERVICE AND SAFETY OF OPERATION BY MOTOR CARRIERS

SEC. 34. (1) The Commission, in order to regulate such carriers by motor vehicle, may establish reasonable requirements with re-

spect to qualifications and maximum hours of service of employees and safety of operation and equipment of common carriers and contract carriers by motor vehicle. The Commission may establish for private carriers of property by motor vehicle if need therefor is found, reasonable requirements to promote safety of operation and to that end prescribe qualifications and maximum hours of service of employees and standards of equipment. In the event such requirements are established, the term "motor carrier" shall be construed to include private carriers of property by motor vehicle and the powers of the Commission shall extend to such private carriers so far as is necessary to carry out the provisions of this paragraph. For the purpose of carrying out the provisions of this paragraph pertaining to safety, the Commission may avail itself of the assistance of any of the several research agencies of the Federal Government having special knowledge of any such matter to conduct such scientific and technical researches, investigations, and tests as may be necessary to promote the safety of operation and equipment of motor vehicles, as provided in this act; the Commission may transfer to such agency or agencies such funds as may be necessary and available to make this provision effective.

The amendment was agreed to.

The next amendment was, under the heading "Valuation", on page 131, line 22, before the word "and", to strike out "air carriers", so as to read:

VALUATION

SEC. 35. (1) The provisions of this section shall apply to all common carriers subject to this act, except motor carriers, water carriers not heretofore subject to the Interstate Commerce Act, and any street, suburban, or interurban electric railway which is not operated as a part of a general steam railroad system of transportation: *Provided*, That the Commission may in its discretion make a valuation in the manner hereinafter provided of the property owned or used by any such excepted carrier whenever in its judgment such action is desirable in the public interest.

The amendment was agreed to.

The next amendment was, under the heading "Issuance of securities, etc.", on page 139, line 12, after the word "any", to insert "common carrier or contract"; and in line 13, after the word "except", to strike out "carriers by air and except", so as to read:

ISSUANCE OF SECURITIES, AND SO FORTH

SEC. 36. (1) The term "carrier" as used in this section means any common carrier or contract carrier subject to this act (except a street, suburban, or interurban electric railway which is not operated as a part of a general steam railroad system of transportation), any corporation organized for the purpose of engaging in transportation as such carrier, and any person who is not a carrier authorized by order entered under section 49 hereof to acquire control of any such carrier or two or more such carriers: *Provided*, That as to carriers by water not heretofore subject to the Interstate Commerce Act, the provisions of paragraphs (2) to (11), inclusive, of this section shall not take effect until after 120 days from the date of the enactment of this amendatory act.

The amendment was agreed to.

The next amendment was, on page 140, line 20, after the word "as", to strike out "a common" and insert "such", and on page 141, line 6, before the word "carrier", to strike out "common", so as to read:

(2) It shall be unlawful for any carrier to issue any share of capital stock, or any bond, or other evidence of interest in, or indebtedness of the carrier (hereinafter in this section collectively termed "securities"), or to assume any obligation or liability as lessor, lessee, guarantor, endorser, surety, or otherwise, in respect of the securities of any other person, natural or artificial, even though permitted by the authority creating the carrier corporation, unless and until, and then only to the extent that, upon application by the carrier, and after investigation by the Commission of the purposes and uses of the proposed issue and the proceeds thereof, or of the proposed assumption of obligation or liability in respect of the securities of any other person, natural or artificial, the Commission by order authorizes such issue or assumption. The Commission shall make such order only if it finds that such issue or assumption (a) is for some lawful object within its corporate purposes, and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the carrier of service to the public as such carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose: *Provided*, That in the application of the provisions of this section in a case where any person who is not a carrier has been authorized, by an order of the Commission, to acquire control of any carrier or two or more carriers, the Commission shall authorize the issue or assumption applied for only if it finds that such issue or assumption is consistent with the proper performance by each carrier which is under the control of such corporation of its service to the public as a carrier, will not impair the ability of any such carrier to perform such service, and is otherwise compatible with the public interest.

The amendment was agreed to.

The next amendment was, on page 146, line 15, after the word "act", to strike out "and motor carriers", and in line 16, after the numerals "1940", to insert a colon and "*Provided further*, That this paragraph shall not apply to motor carriers", so as to read:

(12) It shall be unlawful for any person to hold the position of officer or director of more than one carrier, unless such holding shall have been authorized by order of the Commission, upon due showing in form and manner prescribed by the Commission, that neither public nor private interests will be adversely affected thereby: *Provided*, That as to water carriers not heretofore subject to the Interstate Commerce Act, this provision shall not be effective until after December 1, 1940: *Provided further*, That this paragraph shall not apply to motor carriers. After this section takes effect it shall be unlawful for any officer or director of any carrier to receive for his own benefit, directly or indirectly, any money or thing of value in respect to the negotiation, hypothecation, or sale of any securities issued or to be issued by such carrier, or to share in any of the proceeds thereof, or to participate in the making or paying of any dividends of an operating carrier from any funds properly included in capital account.

The amendment was agreed to.

The next amendment was, under the heading "Certificates for common carriers by motor vehicle" on page 149, line 12, after the word "this", to strike out "section and in section 40" and insert "act", and on page 151, line 3, after the words "to the", to strike out "jurisdiction of the Commission under" and insert "applicable portions of", so as to read:

CERTIFICATES BY COMMON CARRIERS BY MOTOR VEHICLE

SEC. 38 (1) Except as otherwise provided in this act, no common carrier by motor vehicle shall engage in any interstate or foreign operation on any highway, or within any reservation under the exclusive jurisdiction of the United States, unless there is in force with respect to such carrier a certificate of public convenience and necessity issued by the Commission authorizing such operations: *Provided, however*, That, subject to section 45 of this act, if any such carrier or predecessor in interest was in bona fide operation as a common carrier by motor vehicle on June 1, 1935, over the route or routes or within the territory for which application is made and has so operated since that time, or if engaged in furnishing seasonal service only, was in bona fide operation on June 1, 1935, during the season ordinarily covered by its operation and has so operated since that time, except in either instance as to the interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such certificate without requiring further proof that public convenience and necessity will be served by such operation, and without further proceedings, if application for such certificate was made to the Commission as provided in paragraph (2) of this section and within 120 days after October 15, 1935, and if such carrier was registered on June 1, 1935, under any code of fair competition requiring registration, the fact of registration shall be evidence of bona fide operation to be considered in connection with the issuance of such certificate. Otherwise the application for such certificate shall be decided in accordance with the procedure provided for in paragraph (3) of this section and such certificate shall be issued or denied accordingly. Pending the determination of any such application the continuance of such operation shall be lawful: *And provided further*, That this paragraph shall not be so construed as to require any such carrier lawfully engaged in operation solely within any State to obtain from the Commission a certificate authorizing the transportation by such carrier of passengers or property in interstate or foreign commerce between places within such State if there be a State board in such State having authority to grant or approve such certificates and if such carrier has obtained such certificate from such board. Such transportation shall, however, be otherwise subject to the applicable portions of this act.

The amendment was agreed to.

The next amendment was, on page 152, line 12, after the word "highways" and the period, to insert "In any proceeding to determine the justness or reasonableness of any rate, fare, or charge of any such motor carrier, there shall not be taken into consideration or allowed as evidence or elements of value of the property of such carrier, either goodwill, earning power, or the certificate under which such carrier is operating; and in applying for and receiving a certificate under this act any such carrier shall be deemed to have agreed to the provisions of this paragraph, on its own behalf and on behalf of all transferees of such certificate", so as to read:

(4) No certificate issued under this act shall confer any proprietary or property rights in the use of the public highways. In any proceeding to determine the justness or reasonableness of any rate,

fare, or charge of any such motor carrier, there shall not be taken into consideration or allowed as evidence or elements of value of the property of such carrier, either goodwill, earning power, or the certificate under which such carrier is operating; and in applying for and receiving a certificate under this act any such carrier shall be deemed to have agreed to the provisions of this paragraph, on its own behalf and on behalf of all transferees of such certificate.

The amendment was agreed to.

The next amendment was, on page 153, line 19, after the word "from", to insert "either", and in line 20, after the word "which", to strike out "and/or" and insert "or", so as to read:

(6) A common carrier by motor vehicle operating under any such certificate may occasionally deviate from either the route over which, or the fixed termini between which, it is authorized to operate under the certificate, under such general or special rules and regulations as the Commission may prescribe.

The amendment was agreed to.

The next amendment was, on page 154, line 10, before the word "person", to strike out "No" and insert "Except as otherwise provided in this section and in section 45, no", and in line 22, after the word "seasonal", to strike out "service," and insert "service", so as to read:

PERMITS FOR CONTRACT CARRIERS BY MOTOR VEHICLE

SEC. 39. (1) Except as otherwise provided in this section and in section 45, no person shall engage in the business of a contract carrier by motor vehicle in interstate or foreign commerce on any highway or within any reservation under the exclusive jurisdiction of the United States unless there is in force with respect to such carrier a permit issued by the Commission authorizing such person to engage in such business: *Provided,* That, subject to section 45, if any such carrier or a predecessor in interest was in bona fide operation as a contract carrier by motor vehicle on July 1, 1935, over the route or routes or within the territory for which application is made and has so operated since that time, or, if engaged in furnishing seasonal service only, was in bona fide operation on July 1, 1935, during the season ordinarily covered by its operations, and has so operated since that time, except in either instance as to interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such permit, without further proceedings, if application for such permit was made to the Commission as provided in paragraph (2) of this section within 120 days after October 15, 1935, and if such carrier was registered on July 1, 1935, under any code of fair competition requiring registration, the fact of registration shall be evidence of bona fide operation to be considered in connection with the issuance of such permit. Otherwise the application for such permit shall be decided in accordance with the procedure provided for in paragraph (2) of this section and such permit shall be issued or denied accordingly. Pending determination of any such application the continuance of such operation shall be lawful. Any person, not included within the foregoing proviso of this paragraph, who was engaged in transportation as a contract carrier by motor vehicle on October 15, 1935, and who made application to the Commission for a permit within the period of 120 days thereafter and who is engaged in transportation as a contract carrier at the time this amendatory act becomes effective, may, under such regulations as the Commission shall prescribe, continue such operation until otherwise ordered by the Commission: *Provided further,* That nothing in this act shall be construed to repeal, amend, or otherwise modify any act or acts relating to national parks and national monuments under the administrative jurisdiction of the Secretary of the Interior, or to withdraw such authority or control as may by law be held by the Secretary of the Interior with respect to the admission and operation of motor vehicles in any national park or national monument of the United States.

The amendment was agreed to.

The next amendment was, under the heading "Temporary authority for motor carrier operation", on page 158, line 7, after the word "section", to strike out "48" and insert "49", so as to read:

(2) Pending the determination of an application filed with the Commission for approval of a consolidation or merger of the properties of two or more motor carriers, or of a purchase, lease, or contract to operate the properties of one or more motor carriers, as contemplated in section 49, the Commission may, in its discretion, and without hearings or other proceedings, grant temporary approval, for a period not exceeding 180 days, of the operation of the motor-carrier properties sought to be acquired by the person proposing in such pending application to acquire such properties, if it shall appear that failure to grant such temporary approval may result in destruction of or injury to such motor-carrier properties sought to be acquired, or will interfere substantially with their future usefulness in the performance of adequate and continuous service to the public.

The amendment was agreed to.

The next amendment was, under the heading "Security for the protection of the public", on page 159, line 18, after the word "to", to strike out "shippers and/or consignees" and insert "either shippers or consignees, or both"; in line 20, after the word "to", to strike out "shippers and/or" and insert "such shippers or"; in line 23, after the word "compensate", to strike out "a shipper and/or consignee" and insert "either a shipper or consignee, or both", so as to read:

SECURITY FOR THE PROTECTION OF THE PUBLIC

SEC. 41. No certificate or permit shall be issued to a motor carrier or remain in force, unless such carrier complies with such reasonable rules and regulations as the Commission shall prescribe governing the filing and approval of surety bonds, policies of insurance, qualifications as a self-insurer or other securities or agreements, in such reasonable amount as the Commission may require, conditioned to pay, within the amount of such surety bonds, policies of insurance, qualifications as a self-insurer or other securities or agreements, any final judgment recovered against such motor carrier for bodily injuries to or the death of any person resulting from the negligent operation, maintenance, or use of motor vehicles under such certificate or permit, or for loss or damage to property of others. The Commission may, in its discretion and under such rules and regulations as it shall prescribe, require any such common carrier to file a surety bond, policies of insurance, qualifications as a self-insurer, or other securities or agreements, in a sum to be determined by the Commission, to be conditioned upon such carrier making compensation to either shippers or consignees, or both, for all property belonging to such shippers or consignees, and coming into the possession of such carrier in connection with its transportation service. Any carrier which may be required by law to compensate either a shipper or consignee, or both, for any loss, damage, or default for which a connecting motor common carrier is legally responsible shall be subrogated to the rights of such shipper or consignee, or both, under any such bond, policies of insurance, or other securities or agreements, to the extent of the sum so paid.

The amendment was agreed to.

The next amendment was, under the heading "Certificates for common carriers by water", on page 161, line 10, after the word "in", to strike out "paragraph (2)" and insert "paragraphs (2) and (3)", and in line 19, after the word "or", to strike out "(6)" and insert "(7)", so as to read:

CERTIFICATES FOR COMMON CARRIERS BY WATER

SEC. 43. (1) No common carrier by water shall engage in transportation subject to this act unless it holds a certificate of public convenience and necessity issued by the Commission: *Provided, however,* That, subject to section 45, if any such carrier or a predecessor in interest was in bona fide operation as a common carrier by water on the date of the enactment of this amendatory act over the route or routes or in the trade or trades for which application is made and has so operated since that time or, if engaged in furnishing seasonal service only, was in bona fide operation on the date of the enactment of this amendatory act during the season ordinarily covered by its operation, except in either event, as to interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such certificate without requiring further proof that public convenience and necessity will be served by such operation, and without further proceedings, if application for such certificate is made to the Commission as provided in paragraphs (2) and (3) of this section and within 120 days after this section takes effect. Otherwise the application for such certificates shall be decided in accordance with the procedure provided for in paragraph (3) of his section and such certificate shall be issued or denied accordingly. Pending the determination of any such application the continuance of such operation shall be lawful. Whenever any common carrier conditionally exempted by the provisions of section 2, paragraph (5) or (7), shall, by order of the Commission, be made subject to regulation as provided in this act, the Commission shall, upon application and without further proceedings, issue a certificate to such carrier in operation at the time of its order.

The amendment was agreed to.

The next amendment was, on page 163, line 8, after the word "require", to insert a colon and "*Provided further,* That no common carrier by water shall enter into any lease, contract, charter, agreement, or other undertaking, under and by which such carrier will provide any facility or furnish any service to any person other than to another carrier subject to this act, at less than the tariff rates of such common carrier by water lawfully on file with the Commission applying to such facility or to such service", so as to read:

(4) Such certificate shall specify the route or routes over which, and the ports to and from which, or the trade or trades in which, such carrier is authorized to operate, and, at the time of issuance and from time to time thereafter, there shall be attached to the exercise of the privileges granted by such certificate such reasonable terms, conditions, and limitations as the public convenience and necessity may from time to time require, including terms, conditions, and limitations as to the extension of the route

or routes of the carrier, and such other terms, and conditions, and limitations as are necessary to carry out, with respect to the operations of the carrier, the requirements of this act or those established by the Commission pursuant thereto: *Provided, however,* That no terms, conditions, or limitations shall restrict the right of the carrier to add to his or its equipment, facilities, or service within the scope of such certificate, as the development of the business and the demands of the public shall require: *Provided further,* That no common carrier by water shall enter into any lease, contract, charter, agreement, or other undertaking, under and by which such carrier will provide any facility or furnish any service to any person other than to another carrier subject to this act, at less than the tariff rates of such common carrier by water lawfully on file with the Commission applying to such facility or to such service.

The amendment was agreed to.

The next amendment was, on page 163, line 18, after the word "waterways" and the period, to insert, "In any proceeding to determine the justness or reasonableness of any rate, fare, or charge of any such water carrier, there shall not be taken into consideration or allowed as evidence or elements of value of the property of such carrier, either goodwill, earning power, or the certificate under which such carrier is operating; and in applying for and receiving a certificate under this act any such carrier shall be deemed to have agreed to the provisions of this paragraph, on its own behalf and on behalf of all transferees of such certificate", so as to read:

(5) No certificate issued under this act shall confer any proprietary or exclusive right or rights in the use of public waterways. In any proceeding to determine the justness or reasonableness of any rate, fare, or charge of any such water carrier, there shall not be taken into consideration or allowed as evidence or elements of value of the property of such carrier, either goodwill, earning power, or the certificate under which such carrier is operating; and in applying for and receiving a certificate under this act any such carrier shall be deemed to have agreed to the provisions of this paragraph, on its own behalf and on behalf of all transferees of such certificate.

The amendment was agreed to.

The next amendment was, under the heading "Permits for contract carriers by water", on page 165, line 2, after the word "or", to strike out "(6)" and insert "(7)", so as to read:

PERMITS FOR CONTRACT CARRIERS BY WATER

SEC. 44. (1) No person shall engage in transportation subject to this act as a contract carrier by water unless he holds an effective permit, issued by the Commission authorizing such operation: *Provided,* That, subject to section 45, if any such carrier or a predecessor in interest was in bona fide operation as an interstate contract carrier by water on the date of the enactment of this amendatory act in the trade or service for which application is made, and has so operated since that time, or, if engaged in furnishing seasonal service only, was in bona fide operation on the date of the enactment of this amendatory act during the season ordinarily covered by its operations, except in either event, as to interruptions of service over which the applicant or its predecessor in interest had no control, the Commission shall issue such permit, without further proceedings, if application for such permit is made to the Commission as provided in paragraph (2) of this section and within 120 days after this section takes effect. Otherwise the application for such permit shall be decided in accordance with the procedure provided for in paragraph (2) and such permit shall be issued or denied accordingly. Pending determination of any such application the continuance of such operation shall be lawful. Whenever any interstate contract carrier conditionally exempted by the provisions of section 2 (5) or (7) shall, by order of the Commission, be made subject to regulation as provided in this act, the Commission shall, upon application and without further proceedings, issue a permit to such carrier in operation at the time of its order.

The amendment was agreed to.

The next amendment was, on page 166, line 6, after the word "require", to insert a colon and "*Provided further,* That no contract carrier by water shall enter into any lease, contract, charter, agreement, or other undertaking, under and by which such carrier will provide any facility or furnish any service to any person, other than to another carrier subject to this act, at less than the schedule rates of such contract carrier by water lawfully on file with the Commission applying to such facility or to such service", so as to read:

(2) Application for such permit shall be made to the Commission in writing, be verified under oath, and shall be in such form and contain such information and be accompanied by proof of service upon such interested parties as the Commission shall by regulations require. Upon application, and subject to section 45, the Commission shall issue such permit if it finds that the applicant is fit, willing, and able properly to perform the service proposed and to conform to the provisions of this act and the requirements, rules, and regulations of the Commission thereunder, and that such operation will be consistent with the public interest and the policy declared in this act. The business of the carrier and the scope thereof shall be specified in such permit and there shall be attached thereto at time of issuance and from time to time thereafter such reasonable terms, conditions, and limitations, consistent with the character of the holder as an interstate contract carrier by water, as are necessary to carry out the requirements of this act or those lawfully established by the Commission pursuant thereto: *Provided, however,* That no terms, conditions, or limitations shall restrict the right of the carrier to substitute, or add contracts within the scope of the permit, or to add to his equipment, facilities, or service, within the scope of the permit, as the development of the business and the demands of the carrier's patrons shall require: *Provided further,* That no contract carrier by water shall enter into any lease, contract, charter, agreement, or other undertaking, under and by which such carrier will provide any facility or furnish any service to any person, other than to another carrier subject to this act, at less than the scheduled rates of such contract carrier by water lawfully on file with the Commission applying to such facility or to such service.

The amendment was agreed to.

The next amendment was, under the heading "Suspension, change, and revocation of certificates, permits, and licenses to motor carriers and motor-carrier brokers", on page 170, line 10, after the words "or to", to strike out "the" and insert "any", so as to read:

SUSPENSION, CHANGE, AND REVOCATION OF CERTIFICATES, PERMITS, AND LICENSES TO MOTOR CARRIERS AND MOTOR-CARRIER BROKERS

SEC. 48. (1) Certificates, permits, and licenses to motor carriers and motor-carrier brokers shall be effective from the date specified therein, and shall remain in effect until suspended or terminated as herein provided. Any such certificate, permit, or license may, upon application of the holder thereof, in the discretion of the Commission, be amended or revoked, in whole or in part, or may upon complaint, or on the Commission's own initiative, after notice and hearing, be suspended, changed, or revoked, in whole or in part, for willful failure to comply with any provision of this act, or with any lawful order, rule, or regulation of the Commission promulgated thereunder, or with any term, condition, or limitation of such certificate, permit, or license: *Provided, however,* That no such certificate, permit, or license shall be revoked (except upon application of the holder) unless the holder thereof willfully fails to comply, within a reasonable time, not less than 30 days, to be fixed by the Commission, with a lawful order of the Commission commanding obedience to the provisions of this act, or to any rule or regulation of the Commission thereunder, or to the term, condition, or limitation of such certificate, permit, or license, found by the Commission to have been violated by such holder: *And provided further,* That the right to engage in transportation in interstate or foreign commerce by virtue of any certificate, permit, license, or any application filed pursuant to the provisions of sections 38, 39, or 46, or by virtue of the second proviso of section 38 (1) or temporary authority under section 40, may be suspended by the Commission, upon reasonable notice of not less than 15 days to the carrier or broker, but without hearing or other proceedings, for failure to comply, and until compliance, with the provisions of section 46 (3), of sections 7 (1) or 8 (1), or with any lawful order, rule, or regulation of the Commission promulgated thereunder.

The amendment was agreed to.

The next amendment was, under the heading "Unification of carriers", on page 172, line 1, after the word "carriers", to strike out the colon and "*Provided, however,* That in the case of application for unification of motor carriers by a carrier, other than a motor carrier, or any person which is controlled by such a carrier or affiliated therewith within the meaning of paragraph (6) of this section, the Commission shall not enter an order approving the unification unless it finds that the transaction proposed will promote the public interest by enabling such carrier to use service by motor vehicle to public advantage in its operations and will not unduly restrain competition", so as to read:

(c) For any person, or any two or more persons jointly, to acquire control by stock ownership or otherwise of two or more carriers or for any person or persons which have control of one or more carriers to acquire control by stock ownership or otherwise of another carrier or carriers.

The amendment was agreed to.

The next amendment was, on page 172, line 19, after the word "will", to strike out "promote" and insert "be consistent with", and in line 21, after the word "*Provided*", to strike out "That approval of any transaction subject to the provisions of this section may be given without hearing if in

the judgment of the Commission a hearing is not necessary to enable it to make appropriate findings. Such approval may be upon such terms and conditions as the Commission shall find to be just and reasonable in the premises" and insert "That, with respect to any transaction under this section involving motor vehicle or motor-vehicle operations, approval of such transaction may be given, without a hearing if in the judgment of the Commission a hearing is not necessary to enable it to make the findings herein specified. Such approval may be upon such terms and conditions as the Commission shall find to be just and reasonable in the premises: *Provided, however,* That in the case of application for unification of motor carriers by a carrier by railroad, or any person which is controlled by such a carrier or affiliated therewith within the meaning of paragraph (6) of this section, the Commission shall not enter an order approving the unification unless it finds that the transaction proposed will promote the public interest by enabling such carrier by railroad to use service by motor vehicle to public advantage in its operations and will not unduly restrain competition", so as to read:

(2) Any carrier or carriers or other person seeking authority for or approval of any transaction subject to the provisions of this section shall present an application to the Commission seeking such authority or approval. The Commission is hereby authorized to approve after hearing upon reasonable notice to the public, and to such interested parties, and to the Governors of such States, as the Commission in its discretion shall determine, any transaction within the scope of the provisions of paragraph (1) if it finds that the same will be consistent with the public interest, and that the terms and conditions on which such transaction is to be effected are just and reasonable: *Provided,* That, with respect to any transaction under this section involving motor vehicle or motor-vehicle operations, approval of such transaction may be given, without a hearing if in the judgment of the Commission a hearing is not necessary to enable it to make the findings herein specified. Such approval may be upon such terms and conditions as the Commission shall find to be just and reasonable in the premises: *Provided, however,* That in the case of application for unification of motor carriers by a carrier by railroad, or any person which is controlled by such a carrier or affiliated therewith within the meaning of paragraph (6) of this section, the Commission shall not enter an order approving the unification unless it finds that the transaction proposed will promote the public interest by enabling such carrier by railroad to use service by motor vehicle to public advantage in its operations and will not unduly restrain competition.

The amendment was agreed to.

The next amendment was, on page 175, line 17, after the word "its", to strike out "provisions:" and insert "provisions.", so as to read:

(4) It shall be unlawful for any person, except as provided in this section, to accomplish or effectuate, or to participate in accomplishing or effectuating, the unification, or the control or management, in a common interest, of any two or more carriers (including two or more motor carriers which are not also carriers by railroad, or of one or more such motor carriers and one or more carriers other than motor carriers), however such result is attained, whether directly or indirectly, by use of common directors, officers, or stockholders, a holding or investment company or companies, a voting trust or trusts, or in any other manner whatsoever. It shall be unlawful to continue to maintain any such unification, control, or management accomplished or effectuated after the enactment of this section and in violation of its provisions. As used in this section, the words "control" or "management" shall be construed, specifically but not exclusively, to include the power to exercise, directly or indirectly, control or management or any substantial influence over policies or actions.

The amendment was agreed to.

The next amendment was, on page 177, after line 8, to strike out:

(8) For the proper protection and regulation of interstate commerce in accordance herewith, the Commission is hereby authorized, upon complaint or upon its own initiative without complaint, but after notice and hearing, to investigate and determine whether the holding by any person of stock or other share capital of any carrier (unless acquired with the approval of the Commission) has the effect of subjecting such carrier to the control of another carrier or to common control with another carrier. If the Commission finds after such investigation that such holding has the effect described, it shall by order provide for restricting the exercise of the voting power of such person with respect to such stock or other share capital (by requiring the deposit thereof with a trustee, or by other appropriate means) to the extent necessary to prevent such holding from continuing to have such effect.

The amendment was agreed to.

The next amendment was, on page 179, line 6, after the word "in", to strike out "a transaction approved or provided for this section shall be" and insert "a transaction approved or authorized under the provisions of this section shall be", so as to read:

(10) The authority conferred by this section shall be exclusive and plenary, and any carrier or corporation participating in or resulting from any transaction approved by the Commission under the authority conferred by said section, shall have full corporate power (with the assent, in the case of a purchase and sale, a lease, a corporate consolidation, or a corporate merger, of a majority, unless a different vote is required under applicable State law, in which case the number so required shall assent, of the votes of the holders of the shares entitled to vote of the capital stock of such corporation at a regular meeting of such stockholders, the notice of such meeting to include such purpose, or at a special meeting thereof called for such purpose) to carry such transaction into effect and to own and operate any properties and exercise any control or franchises acquired through said transaction without invoking any approval under State authority; and any carriers or other corporations, and their officers and employees and any other persons, participating in a transaction approved or authorized under the provisions of this section shall be and they are hereby relieved from the operation of the antitrust laws and of all other restraints, limitations, and prohibitions of law, Federal, State, or municipal, insofar as may be necessary to enable them to carry into effect the transaction so approved or provided for in accordance with the terms and conditions, if any, imposed by the Commission, and to hold, maintain, and operate any properties and exercise any control or franchises acquired through such transaction.

The amendment was agreed to.

The next amendment was, on page 179, line 23, after the word "'carrier'", to strike out "does not include a carrier by air, but does include" and insert "includes", so as to read:

(12) As used in this section the term "carrier" includes any corporation which, although not engaged in transportation, owns a railroad or other facilities used in transportation subject to this act or is organized for the purpose of constructing or acquiring a railroad or other facilities to be used in transportation subject to this act.

The amendment was agreed to.

The next amendment was, under the heading "Long-and-short-haul clause", on page 181, line 2, after the word "performed" and the semicolon, to strike out "and if a circuitous line or route is, because of such circuity, granted authority to meet the charges of a more direct line or route to or from competitive points and to maintain higher charges to or from intermediate points on its line or route, the authority shall not include intermediate points as to which the haul of the petitioning line or route is not longer than that of the direct line or route between the competitive points"; in line 15, after the word "upon", to insert "or otherwise lawfully in effect"; and in line 18, after the word "Commission", to insert a colon and the following proviso: "*And provided further,* That tariffs proposing rates subject to the provisions of this paragraph may be filed when application is made to the Commission under the provisions hereof, and such application and tariffs shall be handled in accordance with the provisions of paragraph (1) of section 28 of this act", so as to read:

LONG-AND-SHORT-HAUL CLAUSE

SEC. 50. (1) It shall be unlawful for any common carrier subject to the provisions of this act to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this act, but this shall not be construed as authorizing any common carrier within the terms of this act to charge or receive as great compensation for a shorter as for a longer distance: *Provided,* That upon application to the Commission such common carrier may in special cases, after investigation, be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property; and the Commission may from time to time prescribe the extent to which such designated common carrier may be relieved from the operation of this section, but in exercising the authority conferred upon it in this proviso the Commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed; and no such authorization shall be granted on account of merely potential competition not actually in existence: *And provided further,* That rates, fares, or charges existing at the time of the passage of this act by virtue

of orders of the Commission or as to which application has heretofore been filed with the Commission and not yet acted upon, or otherwise lawfully in effect, shall not be required to be changed by reason of the provisions of this section until the further order of or determination by the Commission: *And provided further*, That tariffs proposing rates subject to the provisions of this paragraph may be filed when application is made to the Commission under the provisions hereof, and such application and tariffs shall be handled in accordance with the provisions of paragraph (1) of section 28 of this act.

Mr. BYRD. Mr. President, I should like to ask the chairman of the committee what change the amendment will make in the long-and-short-haul clause?

Mr. WHEELER. It simply expedites the work. When application is made to the Commission for the lowering of rates in order to meet competition, the rate will go into effect if there is no controversy over it, and in about 80 percent of the cases there is no controversy. If there is controversy then the Commission suspends the rate and holds a hearing.

Mr. BYRD. Does that embody the same provisions as appear in the so-called Pettengill bill?

Mr. WHEELER. No; because the long-and-short haul is to remain in the bill, and we have modified to a certain extent because there was a great deal of complaint of the long delays due to the fact that the Commission would hold a hearing upon every little application even when there was no controversy. This provision is to expedite the work and do away with the delays.

The PRESIDING OFFICER. The question is on agreeing to the amendment last stated.

The amendment was agreed to.

The next amendment was, on page 181, after line 23, to strike out:

(2) Wherever a carrier by railroad shall in competition with a water route or routes reduce the rates on the carriage of any species of freight to or from competitive points it shall not be permitted to increase such rates unless after hearing by the Commission it shall be found that such proposed increase rests upon changed conditions other than the elimination of water competition.

The amendment was agreed to.

The next amendment was, on page 182, after line 5, to strike out:

(3) Wherever a carrier by water shall in competition with a rail route or routes reduce the rates on the carriage of any species of freight to or from competitive points it shall not be permitted to increase such rates unless after hearing by the Commission it shall be found that such proposed increase rests upon changed conditions other than the elimination of rail competition.

The amendment was agreed to.

The next amendment was, under the heading "Penalties", on page 183, line 13, before the word "for", to strike out "in the penitentiary", and in line 14, before the word "or", to strike out "2 years" and insert "1 year", so as to read:

PENALTIES

SEC. 51. (1) Any carrier or broker, or whenever such carrier or broker is a corporation, any director or officer thereof, or any receiver, trustee, lessee, agent, or person acting for or employed by such corporation who, alone or with any person, shall willfully do or cause to be done, or shall willingly suffer or permit to be done, any act, matter, or thing in this act prohibited or declared to be unlawful, or who shall aid or abet therein, or who shall willfully omit or fail to do any act, matter, or thing in this Act required to be done, or shall cause or willingly suffer or permit any act, matter, or thing so directed or required by this act to be done, not to be so done, or shall aid or abet any such omission or failure, or shall be guilty of any infraction of this act, for which no penalty is otherwise provided, or who shall aid or abet therein shall be deemed guilty of a misdemeanor and shall, upon conviction thereof in any district court of the United States within the jurisdiction of which such offense was wholly or in part committed, be subject to a fine of not less than $100 and not more than $5,000 for each offense: *Provided*, That if the offense for which any person shall be convicted as aforesaid shall be an unlawful discrimination in rates, fares, or charges for the transportation of passengers or property, such person shall, in addition to the fine hereinbefore provided for, be liable to imprisonment for a term of not exceeding 1 year, or both such fine and imprisonment, in the discretion of the court.

The amendment was agreed to.

The next amendment was, on page 184, line 4, after the word "imprisonment", to strike out "in the penitentiary", and in line 5, after the word "exceeding", to strike out "2 years" and insert "1 year", so as to read:

PENALTIES

SEC. 51. (1) Any carrier or broker, or whenever such carrier or broker is a corporation, any director or officer thereof, or any receiver, trustee, lessee, agent, or person acting for or employed by such corporation who, alone or with any person, shall willfully do or cause to be done, or shall willingly suffer or permit to be done, any act, matter, or thing in this act prohibited or declared to be unlawful, or who shall aid or abet therein, or who shall willfully omit or fail to do any act, matter, or thing in this act required to be done, or shall cause or willingly suffer or permit any act, matter, or thing so directed or required by this act to be done, not to be so done, or shall aid or abet any such omission or failure, or shall be guilty of any infraction of this act, for which no penalty is otherwise provided, or who shall aid or abet therein, shall be deemed guilty of a misdemeanor and shall, upon conviction thereof in any district court of the United States within the jurisdiction of which such offense was wholly or in part committed, be subject to a fine of not less than $100 and not more than $5,000 for each offense: *Provided*, That if the offense for which any person shall be convicted as aforesaid shall be an unlawful discrimination in rates, fares, or charges for the transportation of passengers or property, such person shall, in addition to the fine hereinbefore provided for, be liable to imprisonment for a term of not exceeding 1 year, or both such fine and imprisonment, in the discretion of the court.

The amendment was agreed to.

The next amendment was, on page 185, line 11, after the word "imprisonment", to strike out "in the penitentiary", and in line 12, before the word "or", to strike out "2 years" and insert "1 year", so as to read:

(3) Any person, or any officer or agent thereof, who shall knowingly and willfully, directly or indirectly, by false billing, false classification, false weighing, false representation of the contents of the package or the substance of the property, false report of weight, false statement, or by any other device or means, whether with or without the consent or connivance of the carrier, its agent or officer, obtain or attempt to obtain, transportation for such property at less than the regular rates then established and in force on the line of transportation; or who shall knowingly and willfully, directly or indirectly, by false statement or representation as to cost, value, nature, or extent of injury, or by the use of any false bill, bill of lading, receipt, voucher, roll, account, claim, certificate, affidavit, or deposition, knowing the same to be false, fictitious, or fraudulent, or to contain any false, fictitious, or fraudulent statement or entry, obtain or attempt to obtain any allowance, refund, or payment for damage or otherwise in connection with or growing out of the transportation of or agreement to transport such property, whether with or without the consent or connivance of the carrier, whereby the compensation of such carrier for such transportation either before or after payment, shall in fact be made less than the regular rates then established and in force on the line of transportation, shall be deemed guilty of fraud, which is declared to be a misdemeanor and shall, upon conviction thereof in any court of the United States of competent jurisdiction within the district in which such offense was wholly or in part committed, be subject for each offense to a fine of not less than $100 and not more than $5,000, or imprisonment for a term of not exceeding 1 year, or both, in the discretion of the court.

The amendment was agreed to.

The next amendment was, on page 185, line 13, after the word "person", to insert "or broker"; in line 16, after the word "agents", to insert "or any broker"; in line 19, after the word "carrier", to insert "or broker"; in line 20, after the word "shall", to insert a comma and "together with such common carrier or broker"; on page 186, line 1, after the word "imprisonment", to strike out "in the penitentiary"; and in line 2, before the word "or", to strike out "2 years" and insert "1 year", so as to read:

(4) Any person or broker, or any officer or agent thereof, who shall, by payment of money or other thing of value, solicitation, or otherwise, induce or attempt to induce any common carrier, or any of its officers or agents, or any broker, to discriminate unjustly in his favor as against any other consignor or consignee in the transportation of property, or who shall aid or abet any common carrier or broker in any such unjust discrimination, shall, together with such common carrier or broker, be deemed guilty of a misdemeanor, and shall, upon conviction thereof in any court of the United States of competent jurisdiction within the district in which such offense was wholly or in part committed, be subject to a fine of not less than $100 and not more than $5,000, or imprisonment for a term of not exceeding 1 year, or both, in the discretion of the court, for each offense.

The amendment was agreed to.

The next amendment was, on page 187, line 9, before the word "for", to strike out "in the penitentiary"; in the same line, after the word "exceeding", to strike out "2 years" and

insert "1 year"; in line 16, after the word "imprisonment", to strike out "in the penitentiary"; in line 17, after the word "exceeding", to strike out "2 years" and insert "1 year", so as to read:

(5) Anything done or omitted to be done by a corporation carrier, which, if done or omitted to be done by any director or officer thereof or any receiver, trustee, lessee, agent, or person acting for or employed by such corporation, would constitute a misdemeanor under this act, shall also be held to be a misdemeanor committed by such corporation and upon conviction thereof it shall be subject to like penalties as are prescribed herein with reference to such persons except as such penalties are changed in this paragraph. The willful failure upon the part of any carrier to file and publish the tariffs, schedules, or rates and charges as required by this act, or strictly to observe such tariffs or schedules until changed according to law, shall be a misdemeanor and upon conviction thereof the carrier offending shall be subject to a fine of not less than $100 nor more than $5,000 for each offense. It shall be unlawful for any person to offer, grant, or give, or to solicit, accept, or receive, any rebate, concession, or discrimination in respect to the transportation of any property in interstate or foreign commerce by any carrier, whereby any such property shall, by any device whatever, be transported at a less rate than that named in the tariffs or schedules published and filed by such carrier, as required by this act, or whereby any other advantage is given or discrimination is practiced. Every person who shall knowingly offer, grant, or give, or solicit, accept, or receive any such rebate, concession, or discrimination shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject for each offense to a fine of not less than $100 nor more than $5,000, or imprisonment for a term of not exceeding 1 year, or both, in the discretion of the court: *Provided*, That any person, or any officer or director of any corporation subject to the provisions of this act, or any act amendatory thereof, or any receiver, trustee, lessee, agent, or person acting for or employed by any such corporation, who shall be convicted as aforesaid, shall, in addition to the fine herein provided for, be liable to imprisonment for a term of not exceeding 1 year, or both such fine and imprisonment, in the discretion of the court.

The amendment was agreed to.

The next amendment was, on page 189, line 20, after the numeral "7", to strike out the comma and "section 8 or paragraph (11) of section", so as to read:

(7) Any carrier failing or refusing to comply with the terms of any regulation adopted and promulgated or any order made by the Commission under section 7 of this act shall be liable to a forfeiture of $100 for each such offense, and $25 for each and every day of the continuance of such offense.

The amendment was agreed to.

The next amendment was, on page 190, line 10, after the numeral "10", to strike out "paragraph (2), and", so as to read:

(9) In case of failure or refusal on the part of any carrier by railroad to comply with any order or direction of the Commission made pursuant to section 10, paragraphs (4) to (8), inclusive, thereof, of this act, such carrier shall be liable to a forfeiture of not less than $100 nor more than $500 for each such offense, and $50 for each and every day of the continuance of such offense.

The amendment was agreed to.

The next amendment was, on page 191, line 4, after the word "any", to strike out "order made under the provisions of sections 10 (16), 19 (4), or sections 26 to 28, inclusive, of this act shall forfeit to", and insert "order made under the provisions of section 6, section 10, paragraphs (12), (14), and (17), section 14 (1) and sections 26 to 29, inclusive, of this act shall forfeit to", so as to read:

(12) Any carrier, any officer, representative, or agent of a carrier, or any receiver, trustee, lessee, or agent of either of them, who knowingly fails or neglects to obey any order made under the provisions of section 6, section 10, paragraphs (12), (14), and (17), section 14 (1) and sections 26 to 29, inclusive, of this act shall forfeit to the United States a sum not less than $100 nor more than $5,000 for each offense. Every distinct violation shall be a separate offense, and in case of a continuing violation each day shall be deemed a separate offense.

The amendment was agreed to.

The next amendment was, on page 191, line 13, after the word "person", to insert a comma and "carrier by railroad, or express company", and in line 14, after the word "violating", to insert "paragraph (12) of section 5 or", so as to read:

(13) Any person, carrier by railroad, or express company violating paragraph (12) of section 5 or section 15 of this act shall be deemed guilty of a misdemeanor and for each offense on conviction shall pay to the United States a fine of not less than $100 or more than $1,000.

The amendment was agreed to.

The next amendment was, on page 192, line 9, after the word "act", to insert a period and "As used in this paragraph, in the next succeeding paragraph, and in section 19, the words 'keep' and 'kept' shall be construed to mean made, prepared, or compiled, as well as retained, and the words 'accounts, records, and memoranda' shall be construed to include all reports and copies thereof made, prepared, compiled, or retained by carriers or brokers pursuant to orders of the Commission made under any of the provisions of this act", so as to read:

(14) In case of failure or refusal on the part of any carrier, owner, or broker to keep such accounts, records, and memoranda on the books and in the manner prescribed by the Commission, under the provisions of section 19 of this act, or in case of failure or refusal on the part of any carrier, owner, broker, controlling person, affiliate, or other person to submit any accounts, books, records, memoranda, correspondence, or other documents to the Commission or any of its authorized agents or examiners for inspection or copying as required by section 19 of this act, such carrier, owner, broker, controlling person, affiliate, or other person shall forfeit to the United States not less than $100 or more than $500 for each such offense and for each and every day of the continuance of such offense, such forfeitures to be recoverable in the same manner as other forfeitures provided for in this act. As used in this paragraph, in the next succeeding paragraph, and in section 19, the words "keep" and "kept" shall be construed to mean made, prepared, or compiled, as well as retained, and the words "accounts, records, and memoranda" shall be construed to include all reports and copies thereof made, prepared, compiled, or retained by carriers or brokers pursuant to orders of the Commission made under any of the provisions of this act.

The amendment was agreed to.

The next amendment was, on page 193, line 5, after the word "thereto", to insert "or shall knowingly or willfully file with the Commission any false report or other document required to be filed by it"; in line 11, after the word "term", to strike out "not less" and insert "of not more"; and in line 12, after the word "year", to strike out "nor more than 3 years", so as to read:

(15) Any person who shall willfully make, cause to be made, or participate in the making of any false entry in any annual or other report required to be filed, or in the accounts of any book of accounts or in any record or memoranda kept by a carrier, owner, or broker, or who shall willfully destroy, mutilate, alter, or by any other means or device falsify the record of any such account, record, or memoranda, or any books, correspondence, or other documents, or who shall willfully neglect or fail to make full, true, and correct entries in such accounts, records, or memoranda of all facts and transactions appertaining to the business of the carrier, owner, or broker, or shall keep any accounts, records, or memoranda contrary to the rules, regulations, or orders of the Commission with respect thereto, or shall knowingly or willfully file with the Commission any false report or other document required to be filed by it, shall be deemed guilty of a misdemeanor and shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not less than $100 nor more than $5,000 or imprisonment for a term of not more than 1 year, or both such fine and imprisonment.

The amendment was agreed to.

The next amendment was, on page 193, after line 13, to strike out:

(16) Any carrier, owner, or broker, or any officer, agent, employee, or representative thereof, who shall willfully fail or refuse to make a report to the Commission, as required by this act, or to file true copies of any contract, or arrangement, under section 8, when required by the Commission, or to keep accounts, records, and memoranda in the form and manner approved or prescribed by the Commission, or shall knowingly and willfully falsify, destroy, mutilate, or alter any such report, account, record, or memorandum, or shall knowingly and willfully file any false report, account, record, or memorandum, shall be deemed guilty of a misdemeanor, and upon conviction thereof be subject for each offense to a fine of not less than $100 and not more than $5,000, or imprisonment in a penitentiary for a term of not exceeding 2 years, or both. As used in this paragraph, in the next succeeding paragraph, and in section 19, the words "keep" and "kept" shall be construed to mean made, prepared, or compiled, as well as retained, and the words "accounts, records, and memoranda" shall be construed to include all reports and copies thereof made, prepared, compiled, or retained by carriers or brokers pursuant to orders of the Commission made under any of the provisions of this act.

And in lieu thereof to insert the following:

(16) Any carrier, owner, or broker, or any officer, agent, employee, or representative thereof, who shall willfully fail or refuse to make and file an annual or other report with the Commission as required by this act, or to file true copies of any contract, agreement, or arrangement under section 8 when required by the Commission, or to make specific and full, true, and correct answer to any question authorized by the provisions of this act within 30 days from the time it is lawfully directed so to do, or shall deliver or relinquish possession of any freight transported by it contrary to the provisions of section 14 (1) of this act, shall forfeit to the United States the sum of $100 for each and every day it shall continue in default with respect thereto.

The amendment was agreed to.

The next amendment was, on page 195, line 5, after the word "equipment", to strike out the comma and "and all accounts, records, and memoranda, including all documents, papers, and correspondence now or hereafter existing and kept or required to be kept by carriers, owners, or brokers" and insert "of said carrier, owner, or broker, as provided in section 19 (5) of this act", so as to read:

(17) In case of failure or refusal on the part of any carrier, owner, or broker to accord to the Commission or its duly authorized special agents or examiners access to, or inspection or examination of, all lands, buildings, or equipment of said carrier, owner, or broker, as provided in section 19 (5) of this act, such carrier, owner, or broker shall be liable to a forfeiture of $100 for each day during which such failure or refusal continues.

The amendment was agreed to.

The next amendment was, on page 195, line 23, after the word "of", to strike out "section" and insert "sections", so as to read:

(19) Any carrier which violates any provision of sections 33 or 34 of this act, or which fails to comply with any of the orders, rules, regulations, standards, or instructions made, prescribed, or approved thereunder shall be liable to a penalty of $100 for each such violation and $100 for each and every day such violation, refusal, or neglect continues, to be recovered in a suit or suits to be brought by the United States attorney in the district court of the United States having jurisdiction in the locality where such violations shall have been committed. It shall be the duty of such attorneys to bring such suits upon duly verified information being lodged with them showing such violations having occurred; and it shall be the duty of the Commission to lodge with the proper United States attorneys information of any violations of sections 33 or 34 coming to its knowledge.

(20) In case of failure or refusal on the part of any carrier, receiver, or trustee to comply with all the requirements of section 35 of this act and in the manner prescribed by the Commission such carrier, receiver, or trustee shall forfeit to the United States the sum of $500 for each such offense and for each and every day of the continuance of such offense.

The amendment was agreed to.

The next amendment was, on page 197, line 6, after the word "not", to strike out "less" and insert "more", and in line 7, after the words "1 year", to strike out "not more than 3 years"; so as to read:

(21) Any person subject to the provisions of section 36 of this act or any director, officer, attorney, or agent thereof who knowingly assents to or concurs in any issue of securities or assumption of obligation or liability forbidden by said section or any sale or other disposition of securities contrary to the provisions of the Commission's order or orders in the premises, or any application not authorized by the Commission of the funds derived by the carrier or person through such sale or other disposition of such securities, shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not less than $1,000 nor more than $10,000, or by imprisonment for not more than 1 year, or by both such fine and imprisonment, in the discretion of the court.

The amendment was agreed to.

Mr. WHEELER. Mr. President, I ask unanimous consent to recur to page 191, and I also ask unanimous consent to reconsider the vote by which the amendment on line 13 was agreed to, in order that I may offer an amendment to it.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote by which the amendment was agreed to is reconsidered.

Mr. WHEELER. Mr. President, I move to amend that amendment by striking out the word "railroad", in line 13, and inserting the word "broker", and in line 14, by striking out the words "paragraph (12) of section 5 or."

Mr. McCARRAN. Mr. President, will the Senator kindly explain the object of the amendment?

Mr. WHEELER. It is merely a clarifying amendment to correct a typographical error, I am told by the experts. There is no "paragraph (12) of section 5" in the bill now.

Mr. McCARRAN. Does not that involve another entire section?

Mr. WHEELER. No; it is confined to section 15.

The PRESIDING OFFICER. Is there objection to the amendment proposed by the Senator from Montana to the amendment reported by the committee? If not, the amendment to the amendment is agreed to, and the amendment, as amended, is agreed to.

Mr. McCARRAN. Mr. President, with reference to the amendment on page 191, line 13, to which I have just made reference, may I reserve the right to correct a statement of the Senator from Montana and myself at a later time, because I think the Senator is in error as to the amendment which he has offered to the amendment.

Mr. WHEELER. I may be in error, but I am relying on the experts. I will, however, be very glad to have them talk with the Senator about it, and, if I am in error, a change can be made subsequently.

Mr. McCARRAN. Very well.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The next amendment was, on page 197, line 19, after the word "of", to strike out "section" and insert "sections"; on page 198, line 3, after the word "of", to strike out "section" and insert "sections"; and in line 6, after the word "than", to strike out "3 years" and insert "1 year", so as to read:

(23) Any construction, operation, or abandonment contrary to the provisions of section 37, or any operation or transfer contrary to the provisions of sections 38, 39, 43, 44, 45, 46, or 47, may be enjoined by any court of competent jurisdiction at the suit of the United States, the Commission or any commission or regulating body of the State or States affected, or any party in interest; and any carrier which, or any director, officer, receiver, operating trustee, lessee, agent, or person, acting for or employed by such carrier or broker, who knowingly authorizes, consents to, or permits any violation of the provisions of sections 37, 38, 39, 43, 44, 45, 46, or 47, shall be guilty of a misdemeanor, and upon conviction thereof be punished by a fine of not less than $100 nor more than $5,000 or by imprisonment for not more than 1 year, or both.

The amendment was agreed to.

The next amendment was, on page 198, after line 7, to insert:

(24) Any person or carrier violating the requirements of section 42 of this act, or any rule or regulation of the Commission made thereunder, shall be liable to a forfeiture of $100 for each day during which such violation continues.

The amendment was agreed to.

The next amendment was, on page 198, line 20, after the word "attorneys", to insert "at the request of the Commission and", so as to read:

(25) The forfeitures and penalties provided for in this act and recoverable in a civil suit shall be payable into the Treasury of the United States. Such suits shall be brought in the name of the United States, in the district where the defendant or one of the defendants has its principal operating office, or in any district through which any defendant carrier operates. It shall be the duty of the various United States district attorneys, at the request of the Commission and under the direction of the Attorney General of the United States, to prosecute for the recovery of such forfeitures and penalties. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

The amendment was agreed to.

The next amendment was, at the top of page 199, to insert:

INVESTIGATION INTO REGIONAL RATES

SEC. 52. The Commission is hereby authorized and directed to proceed immediately, in such manner as it deems advisable in the interest of a correct ascertainment of the facts, to investigate the rates on manufactured products and raw materials between points in one classification territory and points in another such territory, and to like rates within any of such territories maintained by common carriers engaged in transportation subject to this act, for the purpose of determining whether such rates are unjust or unreasonable or unlawful in any other respect in and of themselves or in their relation to each other, and to enter such orders as may be appropriate for the removal of any unlawfulness which

may be found to exist: *Provided*, That the Commission in its discretion may confine its investigation to such manufactured products and raw materials and the rates thereon as shippers thereof may specifically request to be included in such investigation.

Mr. FRAZIER. Mr. President, I should like to ask if there is any danger of intrastate rates being included in this amendment? I notice the phrase "or in their relation to each other."

Mr. WHEELER. This provision does not broaden the authority of the Interstate Commerce Commission in the slightest degree. It simply says that they shall carry on an investigation into these various territorial rates.

Mr. FRAZIER. It would not affect intrastate rates at all?

Mr. WHEELER. No.

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

Mr. WHEELER. I yield.

Mr. WHITE. I understood the Senator to say that this provision conferred no new power and imposed no new obligation on the Commission. I had rather assumed that was so, except for the language appearing in the second line, which directs the Commission to proceed immediately. I take it that is a new obligation and a specific obligation.

Mr. WHEELER. What I meant to say was that that is a new obligation to proceed to investigate, but the powers of the Commission as to regulating rates are not changed at all.

Mr. WHITE. That was my impression. I merely wanted to have it confirmed.

Mr. MILLER. Mr. President, I should like to ask the Senator from Montana a question. I am not certain that this amendment provides for an investigation of intraterritorial rates—that is, a shipment of goods moving from one territory or region into another territory or region. I think that ought to be included in the investigation if it is not included. I do not construe it as being included.

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

Mr. MILLER. Yes.

Mr. HILL. If the Senator will read the words on lines 6 and 7, page 199, the bill says:

Between points in one classification territory and points in another such territory.

The language could not be any clearer than that, I think.

Mr. MILLER. Does it include the investigation of movements of freight intraterritorially or intraregionally?

Mr. WHEELER. Does the Senator mean in the same territory?

Mr. MILLER. Yes.

Mr. HILL. Yes—

and to like rates within any of such territories.

Mr. MILLER. The point I have in mind is that I do not want the RECORD to be silent on what the Congress intended as to the extent of this investigation of discrimination in rates. If the amendment is all-inclusive, as the language indicates that it is all-inclusive, well and good.

Mr. WHEELER. Let me say that I think it is, and the experts of the Commission tell me that in their opinion it is. It is intended to take in everything.

Mr. MILLER. I wanted that statement to appear in the RECORD.

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

Mr. MILLER. Yes.

Mr. HILL. That is the intent and purpose. If the Senator will carefully read the language on lines 6, 7, and 8, I think he will see that it clearly directs that that be done.

Mr. MILLER. I think that is true. I agree that that is the context of the language, but I did not want any question to be raised about it.

Mr. CONNALLY. Mr. President, I desire to invite the attention of the chairman of the committee and the Senators from Arkansas and Alabama to the language on page 199, line 13. The investigation referred to by the Senators may be sufficiently complete; but what is the Commission to do after it gets through investigating?

The language is:

And to enter such orders as may be appropriate for the removal of any unlawfulness which may be found to exist.

A rate might be entirely lawful and yet be unfair and unjust with relation to some other rate.

Mr. HILL. If the Senator will yield at that point, if he will refer to section 6 of the bill, on page 27, he will find there an inhibition against unlawful rates.

Section 6, beginning in line 23, page 26, says:

It shall be unlawful for any common carrier to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory—

And so forth. The last three words have been put in today by amendment.

Mr. CONNALLY. But what the Senator from Texas is trying to point out is that right now we have a certain status of rates of which we have been complaining. One area in one territory has a certain set of rates. When those rates were made they were lawful, and they continued to be lawful so far as that feature of them was concerned. Now we tell the Interstate Commerce Commission to investigate them—for what purpose? For the purpose of making them reasonable and fair and just. So I think the language restricting the investigation to the question of unlawfulness ought to be liberalized.

Mr. WHEELER. Mr. President, may I interrupt the Senator? The experts from the Commission tell me that the word "unlawful" is the broadest term that could possibly be used. If a rate is unreasonable or discriminatory, it is held by the Commission to be unlawful; so that "unlawful" is the broadest term that could be used with respect to it.

I must confess that when I read the bill I felt exactly as the Senator from Texas did, and thought the language ought to be changed to be more specific, and to include unreasonableness or discrimination; but the experts tell me that this is the better term to cover the matter.

Mr. CONNALLY. I hope the Senator is right, and I hope the experts are right.

Mr. HILL. The information I had was that the word "unlawful" was the broadest term that could be used.

If I may have the attention of the chairman of the committee, having in mind, however, the fact that the question would arise about which the Senator from Texas has asked—the word "unlawful" now takes in "unjust," "unreasonable," or unlawful in any other respect, as you will find set out in line 10 of page 199—it would not change the intent and the purpose to strike out the word "unlawfulness" and insert in lieu thereof the words "unjust or unreasonable or unlawful rate"; and if there is no objection on the part of the chairman of the committee, I will offer that amendment.

Mr. WHITE and Mr. REED addressed the Chair.

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

Mr. CONNALLY. I yield first to the Senator from Maine, who, I believe, was on his feet first.

Mr. WHITE. Mr. President, it is my impression that if a rate is unjust as to amount, or if it is discriminatory as between shippers, or if it is discriminatory as between territories or sections of the country, it then becomes an unlawful rate. It seems to me that if we omit the word "unlawful" we shall have to exercise the utmost care in our enumeration of the offenses we have in mind. It seems to me that the word "unlawful" is all-comprehensive, and includes everything the proposed statute has in mind as constituting either an unjust or a discriminatory or a preferential or a prejudicial rate.

Mr. HILL. Or an unreasonable rate.

Mr. WHITE. Yes.

Mr. CONNALLY. That is probably a very fine thing with which to delude our consciences; but let me suggest that today the status of which we are complaining involves one set of rates in one territory and another set in another territory. Every one of those rates has been approved by the Interstate Commerce Commission. It has been approved by them under the law, under their discretion, under their wide authority; and those rates are lawful. They cannot be unlawful.

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

Mr. CONNALLY. I yield.

Mr. HILL. There are two thoughts on that subject. One is that in section 6 the pending bill changes the law, the idea being that what is lawful today will be unlawful after the bill becomes law.

Mr. CONNALLY. Would the Senator object to inserting "any unreasonableness or unlawfulness which may be found to exist"?

Mr. HILL. I have sent to the desk, and if the Senator who now has the floor will yield for that purpose I will ask to have read from the desk an amendment which inserts the words "any unjust or unreasonable or unlawful rates." I do not think it changes at all the scope of the language as now written; but if it will make the language any clearer, that is what we want to do. We desire to make it as clear as possible.

The PRESIDING OFFICER. The present occupant of the chair understands that the Senate is proceeding under a unanimous-consent agreement under which only unobjected-to committee amendments are to be considered at this time. Under that agreement the Chair would rule that this amendment would be out of order.

Mr. CONNALLY. The amendment is agreed to by the chairman of the committee. I ask unanimous consent that the amendment may be considered at this time.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas? The Chair hears none, and it is so ordered.

The amendment offered by the Senator from Alabama [Mr. HILL] will be stated.

The CHIEF CLERK. On page 199, line 13, in the committee amendment, it is proposed to strike out the word "unlawfulness" and to insert in lieu thereof the words "unjust or unreasonable or unlawful rates."

Mr. CONNALLY. That does not quite meet the objection for the reason that the Senator limits the action of the Commission to removal. A rate would not be removed without putting in a new one. If the Senator is going to use the word "rates," he ought to modify the word "removal" by using additional words.

Mr. HILL. I do not agree with the Senator at all in that narrow interpretation of the word "removal." If one rate is taken out and another is put in its place, the first rate is removed. I think the word "removal" is the word commonly and ordinarily used by the Interstate Commerce Commission in matters of this kind. Certainly that is what was shown by the testimony before our subcommittee. If we remove this book and put something in its place, the book is removed.

Mr. CONNALLY. I shall not object to the amendment. The first book is removed, but the second book is the one I am concerned with, because that is the one we are going to operate under.

Mr. WHITE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Maine?

Mr. CONNALLY. I yield.

Mr. WHITE. I have no objection at all to the amendment, but I very much doubt its wisdom. It proposes to insert the words "unjust or unreasonable or unlawful." That carriers to me the suggestion that the unjust and the unreasonable rates may not be unlawful rates. I think we shall be a good deal safer if we stick to the word "unlawful."

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

Mr. CONNALLY. I yield.

Mr. REED. I think there is a little confusion that may very easily be dissipated. I think the Senator from Texas fails to make a distinction between the term "legal" and the term "lawful" as used in describing rates charged and collected by carriers. A legal rate is the only rate that any carrier may collect.

Mr. CONNALLY. I do not agree with the Senator at all. A rate might be legal and yet be the most outrageous rate that could be applied.

Mr. REED. May I conclude, with the permission of the Senator from Texas, since he has yielded to me?

Mr. CONNALLY. Yes; I shall be very glad to yield.

Mr. REED. The only rate that a carrier may collect is the tariff rate, and that is the legal rate.

Mr. CONNALLY. Exactly.

Mr. REED. That legal rate, being the only rate the carrier may collect, may be unlawful if it be unjust, unreasonable, discriminatory, or prejudicial. I agree with the Senator from Maine. I suggest to the brilliant young Senator from Alabama—it being none of my business—that only in deference to him did I agree not to object to putting this language in the bill, where I do not think it belongs. I think, as stated by the Senator from Maine, that the Senator from Alabama is weakening the provision when he puts in the words "unjust or unreasonable." The term that is now in the bill is the strongest term, the broadest term, the most inclusive term that can be used.

The Senator from Texas fails to make a distinction between a legal rate and a lawful rate.

Mr. CONNALLY. What is the difference between an unlawful act and an illegal act, if the Senator is going to distinguish them?

Mr. REED. I tried to state it.

Mr. CONNALLY. I know the Senator tried, and he will try again. Those terms are almost synonymous.

Mr. REED. The only legal rate a carrier may collect is the rate published in a tariff.

Mr. CONNALLY. What are the rates in existence now which we are trying to correct? Are they legal or illegal?

Mr. REED. They are legal.

Mr. CONNALLY. Are they lawful?

Mr. REED. They might be unlawful, depending on whether they were unreasonable or unjust or prejudicial.

Mr. CONNALLY. They are certainly lawful until they are set aside by some competent authority.

Mr. REED. I beg pardon.

Mr. CONNALLY. If the shipper has to pay them, it does not make a bit of difference, when he goes to bed at night, whether they are unlawful or illegal; he has to pay them just the same.

Mr. REED. I defer to the great wisdom of the Senator from Texas, but I still insist that in this handling and description of common-carrier rates there is a distinction between a legal rate and a lawful rate.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Alabama to the amendment of the committee on page 199, line 13.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, under the heading "Investigation of various modes of transportation", on page 199, after line 19, to strike out:

INVESTIGATION OF VARIOUS MODES OF TRANSPORTATION

SEC. 52. The Commission is hereby authorized and directed to proceed immediately, in such manner as it deems advisable in the interest of a correct ascertainment of the facts, to investigate—

The amendement was agreed to.

The next amendment was, on page 199, after line 23, to insert:

SEC. 53. (1) There is hereby established a board of investigation and research (hereinafter referred to as the "Board") to be composed of three members to be appointed by the President, for the period of the existence of the Board as hereinafter provided. The President shall designate the member to act as Chairman of the Board and the Board may elect another of its members as Vice Chairman, who shall act as Chairman in the case of absence or incapacity of the Chairman. A majority of the Board shall constitute a quorum and the powers conferred upon the Board by this section may be exercised by a majority vote of its members. A vacancy on the Board shall not affect the powers of the remaining members to execute the functions of the Board, and shall be filled in the same manner as the original selection. The members of the Board shall receive such compensation as shall be fixed by the President at the time of their appointment, and in addition shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the exercise of the functions vested in the Board.

(2) It shall be the duty of the Board to investigate—

The amendment was agreed to.

The next amendment was, on page 201, line 13, after the name "Government", to strike out "credit;" and insert "credit.", so as to make the paragraph read:

(b) concerning the extent to which right-of-way or other transportation facilities and special services have been or are provided from public funds for the use, within the territorial limits of the continental United States, of each of the three types of carriers without adequate compensation, direct, or indirect, therefor, and the extent to which such carriers have been or are aided by donations of public property, payments from public funds in excess of adequate compensation for services rendered in return therefor, or extensions of Government credit.

The amendment was agreed to.

The next amendment was on page 201, after line 13, to insert:

(3) The Board is authorized to employ and fix the compensation of such experts, assistants, examiners, and other employees as it deems necessary for the performance of its duties and is authorized to utilize the services, information, facilities, and personnel of the various departments and agencies of the Government.

(4) For the purpose of carrying out the provisions of this section the Board may seek information from such sources and conduct its investigations in such manner as it deems advisable in the interest of a correct ascertainment of the facts, and the Board and its examiners shall be entitled to exercise the same powers with respect to conducting hearings and requiring the attendance of witnesses and the production of books, papers, correspondence, memoranda, contracts, agreements, or other records and documents as are conferred upon the Commission and its examiners by sections 23 and 24 of this act, and the provisions of paragraphs (4), (5), and (8) of section 24 of this act shall be applicable to all persons summoned by subpena or otherwise to attend and testify or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records and documents before the Board.

(5) On or before June 1, 1940, the Board shall transmit to the President and to the Congress preliminary reports of the studies and investigations carried on by it, together with such findings and recommendations as it is by that time prepared to make, and as soon as practicable thereafter, but in any event by May 31, 1941, shall submit to the President and to the Congress its further and final reports of the studies and investigations carried out by it pursuant to the provisions of this section, together with its findings and recommendations based thereon. All authority conferred by this section shall terminate May 31, 1941.

(6) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $, or so much thereof as may be necessary, to carry out the provisions of this section.

The amendment was agreed to.

The next amendment was at the top of page 203, to strike out:

and to report to the Congress within not more than 1 year from the effective date of this amendatory act its findings and conclusions, together with its recommendation as to any legislation relating to either of these matters which it deems necessary or desirable in the public interest. Thereafter it shall continue to keep itself informed with respect to the said matters and shall submit reports and recommendation thereon to the Congress from time to time as circumstances in its judgment may require.

The amendment was agreed to.

The next amendment was, under the heading "Saving clauses, repealing clauses, etc.", on page 203, line 20, after the word "pending", to insert "in any court or", so as to read:

SAVING CLAUSES, REPEALING CLAUSES, AND SO FORTH

SEC. 54. (1) This act is a codification and amendment of the Interstate Commerce Act, and shall not be construed as abolishing the Interstate Commerce Commission as at present constituted, or as affecting the terms of office of its members, or as affecting the status of its employees, or as creating a new commission, or as interfering with the continuity of said Commission as established under the act and acts of which this act is amendatory, or as interfering with or breaking the continuity of any proceedings begun under said prior act or acts and pending in any court or before the Commission upon the effective date of this amendatory act.

The amendment was agreed to.

The next amendment was, on page 205, line 20, after the numerals "1936", to strike out "and of the Civil Aeronautics Act of 1938"; on page 106, beginning in line 1, to insert "Commission by the Inland Waterways Corporation Act of June 7, 1924, as amended; and nothing in this act shall be construed to alter or diminish powers now vested in the"; and in line 4, after the name "Commission", to strike out "the Civil Aeronautics Authority", so as to read:

(5) The act entitled "An act to further regulate commerce with foreign nations and among the States", approved February 19, 1903, as amended; the joint resolution entitled "Joint resolution directing the Interstate Commerce Commission to take action relative to adjustments in the rate structure of common carriers subject to the Interstate Commerce Act, and the fixing of rates and charges", approved January 30, 1925; the Intercoastal Shipping Act, 1933, sections 18 and 19 of the Shipping Act, 1916, and any other provisions of said act, and any provisions of the Merchant Marine Act, 1920, and of the Merchant Marine Act, 1936, and of all other acts which are inconsistent with any of the provisions of this act are hereby repealed so far as they apply to matters within the jurisdiction vested in the Commission or the Board by the provisions of this act; but nothing in this act shall be construed to alter or diminish powers now vested in the Commission by the Inland Waterways Corporation Act of June 7, 1924, as amended; and nothing in this act shall be construed to alter or diminish powers now vested in the United States Maritime Commission, the Department of Agriculture, or the Department of Commerce, not in conflict with the provisions of this act, or to affect any law of navigation, the admiralty jurisdiction of the courts of the United States, liabilities of vessels and of owners for loss or damage, or laws respecting seamen, or any other statute or maritime law, regulation, or custom not in conflict with the provisions of this act.

The amendment was agreed to.

The next amendment was in section 2, on page 206, line 17, after the word "enactment", to insert a colon and *"Provided, however,* That the Commission shall, if found by it necessary or desirable in the public interest, by general or special order, postpone the taking effect of any provision of this act with respect to a group or groups of water carriers, to such time after sixty days, as the Commission shall prescribe, but not beyond the 1st day of April 1940", so as to make the section read:

SEC. II. This act (except this section, which shall become effective immediately upon enactment) shall become effective 60 days after enactment: *Provided, however,* That the Commission shall, if found by it necessary or desirable in the public interest, by general or special order, postpone the taking effect of any provision of this act with respect to a group or groups of water carriers, to such time after 60 days, as the Commission shall prescribe, but not beyond the 1st day of April 1940.

The amendment was agreed to.

The PRESIDING OFFICER. Without objection, the clerk will renumber the paragraphs to accord with the action of the Senate.

Mr. REED. Mr. President, at this point I desire to offer an amendment on behalf of and by the authorization of the Committee on Interstate Commerce, beginning at line 12. I send it to the desk and ask that it be read.

The PRESIDING OFFICER [Mr. BROWN in the chair]. The clerk will state the amendment.

The CHIEF CLERK. On page 206, it is proposed to insert after line 12 a new paragraph reading as follows:

(6) All orders, determinations, rules, regulations, permits, contracts, or agreements which have been issued or authorized by the United States Shipping Board or the Department of Commerce or the United States Maritime Commission under any provision of law repealed or amended by this act or in the exercise of duties, powers, or functions transferred to the Commission by this act and which are in effect at the time this act takes effect shall continue in effect until modified, terminated, superseded, or repealed by the Commission or by operation of law. Any proceeding, hearing, or investigation commenced or pending before the United States Maritime Commission at the time this act takes effect shall be continued by the Commission in the same manner as though originally commenced before the Commission if such proceeding, hearing, or investigation (1) involves the administration of duties, powers, and functions transferred to the Commission by this act, or (2) involves the exercise of jurisdiction similar to that granted to the Commission under the provisions of this act. All records, reports, tariff schedules, contracts, or agreements transferred to the Commission under this act shall be available for use by the Commission to the same extent and to the same effect as if such records were originally records of the Commission.

All schedules filed with the United States Maritime Commission prior to the effective date of this act under the provisions of the Intercoastal Shipping Act of 1933 and the Shipping Act of 1916, as amended, relating to water transportation subject to this act, shall continue in effect until modified, terminated, superseded, or repealed by the Commission or as otherwise provided in this act.

Mr. REED. Mr. President, the amendment was suggested by the experts of the Maritime Commission and the experts from the Interstate Commerce Commission working with us to cover the period of transfer of certain duties and authori-

ties from the Maritime Commission to the Interstate Commerce Commission. In the bill is a clause which forbids the Interstate Commerce Commission suspending an initial schedule of a water carrier. In other words, it is for the purpose of protecting the water carrier.

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

Mr. REED. Let me finish the explanation, and I will yield.

Mr. McCARRAN. Will the Senator yield now?

Mr. REED. No; I would rather not. The Maritime Commission has issued certain orders, and has certain rates in effect. It has certain proceedings pending before it. All the amendment proposes to do is to transfer the rates and orders and pending proceedings from the Maritime Commission to the Interstate Commerce Commission. It provides that such rates and schedules may be effective, and that any proceedings begun in the Maritime Commission shall be considered as having been begun in the Interstate Commerce Commission, and shall proceed from there.

Now I am glad to yield.

Mr. McCARRAN. Will the Senator kindly clarify to the Senate what is meant by the term "initial schedule?"

Mr. REED. An initial schedule is a schedule of rates that is in effect on the date when regulation by the Interstate Commerce Commission over water transportation takes effect.

Mr. McCARRAN. May the Senate understand this amendment as affecting that schedule?

Mr. REED. The amendment transfers the rates which have been authorized by the Maritime Commission to the Interstate Commerce Commission, and continues those rates in effect until changed by order of the Interstate Commerce Commission.

Mr. McCARRAN. Does not that mean without hearing by the Interstate Commerce Commission?

Mr. REED. That would be correct; but the Interstate Commerce Commission can have a hearing. Somehow or other we have to get the authority, we have to get the schedules, we have to get the orders, we have to get the proceedings, from the Maritime Commission over to the Interstate Commerce Commission.

Mr. McCARRAN. Mr. President, I may say, if the Senator will yield again, that it is the "somehow or other" in which I am interested.

Mr. REED. I may say to the Senator from Nevada that the amendment was prepared in conference with the Maritime Commission and with the Interstate Commerce Commission, and it was written by them as being an amendment which would accomplish the desired purpose.

Mr. WHEELER. They were the ones who suggested it.

Mr. McCARRAN. Mr. President, I have not had opportunity to read the amendment, but I think it is an all-encompassing amendment; in other words, as I listened to it being read, it seemed to affect the entire bill from beginning to end. I think it is far reaching.

Mr. REED. I assure the Senator from Nevada that he is in error in that.

Mr. McCARRAN. I cannot be assured.

Mr. REED. It is the very simplest amendment we can frame to effect what is desired.

Mr. McCARRAN. I know, but these "simple" things are the things I am always suspicious of.

Mr. REED. I do not understand how anyone in the Senate could have a suspicious nature.

Mr. WHEELER. Let us adopt the amendment, and if there is any question about it, and the Senator desires to raise a point regarding it, we may reconsider the amendment.

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

Mr. AUSTIN. Mr. President, will not the Senator withhold his suggestion?

Mr. McCARRAN. I think this amendment is all-important, and I want it understood by the Senate.

Mr. McNARY. Mr. President, will the Senator yield for just a moment? Let me suggest that the amendment go over until tomorrow, so that we may have further time to consider it.

Mr. McCARRAN. Mr. President, we are dealing with a matter which affects the entire United States.

Mr. McNARY. I agree with the Senator.

Mr. McCARRAN. We are dealing with something which affects every section of the Nation. We are dealing with something that is now far reaching in this country and will have a far-reaching effect for a long time to come. The Transportation Act of 1920 has had a far-reaching effect since its enactment to the present time. The pending bill, if enacted, will supersede the Transportation Act of 1920, if I am correct. In other words, the Transportation Act of 1920 will be set aside, all its provisions will be set aside, all decisions rendered in pursuance of and in keeping with the Transportation Act of 1920 will be set aside, even to the decisions of the court of last resort.

I want to know why the bill should be passed with only a few Senators present.

Mr. McNARY. I agree with the observations of the able Senator from Nevada. I do not think we should act on the bill this evening. I want the amendment to go over until tomorrow. I want time to study it.

Mr. McCARRAN. Yes. I also want time to study it.

Mr. WHEELER. I am perfectly willing to let it go over until tomorrow.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Kansas [Mr. REED] will go over.

Mr. WHEELER. Mr. President, it was not a matter that the committee was interested in, but it was suggested by the joint commission because the Commission thought it necessary to be done. I am frank to say to the Senate that I took the word of the Commissioners. I assumed they knew what they were doing.

However, I wish to say to the Senator that, of course, the bill amends the Transportation Act of 1920. I know the Senator from Nevada would desire the act of 1920 amended. One of the reasons why the water carriers and others are suspicious of the Interstate Commerce Commission is that Congress in the act of 1920 imposed duties upon the Interstate Commerce Commission which the Senator from Nevada never in the world would have voted for had he then been a Member of the Senate. I call attention to that because when the Interstate Commerce Commission is criticized for what it has done the criticism should rightly be directed against the Congress of the United States because of the Transportation Act which it passed.

Mr. McCARRAN. I wish to say to the Senator that I do not criticize the Interstate Commerce Commission. I think the Commission has done excellent work under the legislation Congress provided.

Mr. WHEELER. In framing the pending measure the committee was extremely careful to preserve every provision of the present law which has been construed by the Supreme Court up to the present time.

Mr. McCARRAN. While the Senator is on the floor, will he kindly tell me what effect the measure will have on the fourth section?

Mr. WHEELER. The fourth section remains as it now is, with the exception of the equidistance clause, which those who have been fighting for the retention of the fourth section say is unworkable and should be repealed.

Mr. McCARRAN. Will not the repeal of that clause adversely affect the very territory which the Senator represents?

Mr. WHEELER. No, indeed. If it did it would not be repealed.

Mr. McCARRAN. I am wondering whether today or tomorrow the Senator from Montana will clarify that point.

Mr. WHEELER. I shall be very happy to do so.

Let me say to the Senator from Nevada that Mr. John B. Campbell, formerly a member of the Commission, testified before our committee for days and weeks. He represented the western section of the United States. Mr. Campbell wrote a letter to the Senator from Kansas [Mr. REED], a copy of which was shown to me, in which he agreed to certain amendments to the fourth section which do not affect

our section of the country. The proposed amendments dealt with noncontroversial matters. We amended the bill so that its provisions would apply when no controversy existed, but if there was a controversy, then the Commission could suspend the rate until such time as a hearing is had. That was agreed to by Mr. Campbell, and it was agreed to by the Commission. Some members of the Commission were opposed to the so-called Pettengill bill. We are maintaining the fourth section as it now is, with the exception of the equidistance clause. It was suggested that the fourth section be repealed, but I refused. I said that I would not introduce any bill which attempted to repeal the fourth section.

Mr. McCARRAN. In other words, the measure protects those who are interested in the long-and-short-haul provision of the law.

Mr. WHEELER. It certainly does.

Mr. AUSTIN. Mr. President——

The PRESIDING OFFICER. Let the Chair state that the pending business is the final amendment on page 206, lines 17 to 23.

Mr. AUSTIN. I wish to make a proposal for a unanimous-consent agreement, and that is to recur to page 199, line 24, and reconsider the vote by which the committee amendment was adopted.

The PRESIDING OFFICER. Will the Senator withhold his request until we dispose of the amendment on page 206, lines 17 to 23?

Without objection, the committee amendment is agreed to.

Is there objection to the request of the Senator from Vermont [Mr. AUSTIN] to recur to the committee amendment on page 199 beginning in line 24? The Chair hears none.

Mr. AUSTIN. Mr. President, I now ask unanimous consent that the vote by which the committee amendment was adopted be reconsidered, so that I may offer an amendment relating to the qualifications of the members of the board provided for in that amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Vermont that the vote by which the committee amendment on page 199, beginning in line 24, was agreed to be reconsidered? The Chair hears none. The amendment is reconsidered.

Mr. AUSTIN. I move to amend the committee amendment on page 200, line 3, by inserting after the word "provided" and the period the following new sentence:

Not more than two members of said Board shall be members of the same political party.

Mr. WHEELER. I have no objection.

The PRESIDING OFFICER. Without objection, the amendment to the committee amendment is agreed to, and, without objection, the amendment as amended is agreed to.

EXECUTIVE SESSION

Mr. MINTON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. BROWN in the chair) laid before the Senate messages from the President of the United States submitting several nominations and a convention, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers for promotion in the Regular Army.

Mr. LOGAN, from the Committee on Military Affairs, reported favorably the nomination of First Lt. James Edward Tate to be captain in the Medical Corps, from May 15, 1939.

Mr. KING, from the Committee on the District of Columbia, reported favorably the nomination of George E. Allen, of the District of Columbia, to be a Commissioner of the District of Columbia for a term of 3 years, and until his successor is appointed and qualified.

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

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state in order the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of Frank E. Flynn to be United States attorney for the district of Arizona.

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

The legislative clerk read the nomination of Felipe Sanchez y Baca to be United States marshal for the district of New Mexico.

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

The legislative clerk read the nomination of Jesse Jacobs to be United States marshal for the northern district of New York.

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

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

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

That concludes the calendar.

POSTMASTER AT GADSDEN, ALA.—NOTIFICATION TO PRESIDENT

Mr. HILL. Mr. President, yesterday the Senate confirmed the nomination of Col. Walter M. Thompson to be postmaster at Gadsden, Ala. It is very desirable that Colonel Thompson take the office of postmaster on the 1st of June, if possible. I therefore ask unanimous consent that the President be notified forthwith of the confirmation of the nomination of Colonel Thompson.

The PRESIDING OFFICER. Without objection, the President will be notified.

RECESS

Mr. MINTON. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 47 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, May 24, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 23 (legislative day of May 19), 1939

ASSOCIATE JUSTICE OF THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF COLUMBIA

James W. Morris, of Florida, to be an associate justice of the District Court of the United States for the District of Columbia to fill a position created by the act of Congress of May 31, 1938.

COAST GUARD OF THE UNITED STATES

Claude Green Winstead to be an ensign in the Coast Guard of the United States, to rank as such from May 29, 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 23 (legislative day of May 19) 1939

UNITED STATES ATTORNEY

Frank E. Flynn to be United States attorney for the district of Arizona.

UNITED STATES MARSHALS

Felipe Sanchez y Baca to be United States marshal for the district of New Mexico.

Jesse Jacobs to be United States marshal for the northern district of New York.

POSTMASTERS

COLORADO

Glemma M. Chapin, Crook.
Edward R. Mulvihill, Palisade.

LOUISIANA

Pierre F. Morein, Ville Platte.

MARYLAND

Ralph E. Ireland, Grasonville.
Ernest K. Taylor, Perry Point.

MISSOURI

Ferd W. Goeltz, Bismarck.

NEW MEXICO

Dolores I. Lujan, Des Moines.

NEW YORK

James W. Haines, Mohonk Lake.

WISCONSIN

Alwin W. Kallies, Bonduel.
Clarence G. Lockwood, Markesan.
Bernard J. Rabbitt, Neshkoro.
Cleon E. McCarty, Osceola.
John J. Voemastek, Rib Lake.
Helen T. Donalds, St. Croix Falls.
James S. Kennedy, Shell Lake.
John S. Dodson, Siren.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 23, 1939

The House met at 12 o'clock noon.

Dr. Martin Luther Thomas, D. D., LL. D., pastor of the Bible Presbyterian Church, Los Angeles, Calif., offered the following prayer:

Our Heavenly Father, we come to Thee in the name of Jesus Christ our Lord, thanking Thee for life, health, and divine mercy. We bless Thee for all Thou hast done for us as individuals and a nation. We thank Thee for those noble men who have labored in these halls whose memories make sacred this place, whose labors and sacrifices not only gave us a nation but preserved us as a nation and a people. Our Father, we have not always walked in humility and contrition of heart, but forgive Thou us where we have failed. Upon these men who now compose this honored body, whose hourly and daily responsibilities are great, we humbly beseech Thy wisdom and understanding. Bless the honored Speaker of this Congress, his aides and helpers. Grant unto us as a people, through this body, continued unity, peace, and divine protection, that this Nation conceived and dedicated to the preservation of life, liberty, and the pursuit of happiness might not perish from the earth. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. St. Claire, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 17. Concurrent resolution providing for a welcome to the King and Queen of Great Britain on the occasion of their visit to the Capitol on June 9, 1939.

The message also annuonced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1583. An act to amend the act of March 2, 1929 (45 Stat. 1492), entitled "An act to establish load lines for American vessels, and for other purposes."

HOUSE RADIO PRESS GALLERY

Mr. COCHRAN. Mr. Speaker, I submit a privileged report from the Committee on Accounts for immediate consideration.

The Clerk read as follows:

House Resolution 199

Resolved, That in accordance with the provisions of House Resolution 169, amending rule XXXV of the Rules of the House of Representatives, as adopted by the House of Representatives on April 29, 1939, there shall be paid out of the contingent fund of the House of Representatives, until otherwise provided by law, compensation at the rate of $2,700 per annum for the services of a superintendent and at the rate of $1,560 per annum for the services of a messenger for the radio room of the House radio press gallery, the services of the messenger to be provided only during the sessions of the Congress.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DISTRICT OF COLUMBIA MILK INVESTIGATION

Mr. KITCHENS. Mr. Speaker, I present a privileged report from the Committee on Accounts for immediate consideration.

The Clerk read as follows:

House Resolution 194

Resolved, That the further expenses of conducting the investigation authorized by House Resolution 146, incurred by the Committee on the District of Columbia, acting as a whole or by subcommittee, not to exceed $1,500, including expenditures for the employment of experts, clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by the committee, signed by the chairman thereof and approved by the Committee on Accounts.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE SOCIAL SECURITY ACT HEARINGS

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report back favorably (H. Rept. No. 677) a privileged resolution and ask for its immediate consideration.

The Clerk read as follows:

House Concurrent Resolution 25

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3, section 2, of the Printing Act, approved March 1, 1907, the Committee on Ways and Means of the House of Representatives be, and is hereby, authorized and empowered to have printed for its use 5,000 additional copies of the hearings held before said committee during the current session on the bill entitled "Social Security Act Amendments of 1939."

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address made by the President last night to the American Retail Federation Forum at the Mayflower Hotel.

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

There was no objection.

(The matter referred to appears in the Appendix of the RECORD, p. 2145.)

REPORT OF BOARD OF VISITORS TO THE COAST GUARD ACADEMY

Mr. BLAND. Mr. Speaker, I ask unanimous consent to file for printing in the RECORD at this point a report of the Board of Visitors to the Coast Guard Academy, consisting of Members of the Senate and the House; and I ask unanimous consent to extend my remarks on the Coast Guard Academy following the report.

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

There was no objection.

The report is as follows:

WASHINGTON, D. C., *April 28, 1939.*

To the PRESIDENT OF THE SENATE.
To the SPEAKER OF THE HOUSE OF REPRESENTATIVES.

GENTLEMEN: As provided in section 7 of the act approved April 16, 1937, authorizing the establishment of a permanent instruction staff at the United States Coast Guard Academy, the annual Board of Visitors to the Coast Guard Academy was appointed in January of this year, consisting of the following:

Senators: Hon. JOSIAH W. BAILEY, of North Carolina, chairman, Committee on Commerce, United States Senate, ex officio member; Hon. FRANCIS T. MALONEY, of Connecticut; Hon. WALLACE H. WHITE, Jr., of Maine.

Members of the House of Representatives: Hon. SCHUYLER O. BLAND, of Virginia, chairman, Committee on Merchant Marine and Fisheries, House of Representatives, ex officio member; Hon. LINDSAY C. WARREN, of North Carolina; Hon. EDWARD J. HART, of New Jersey; Hon. RICHARD J. WELCH, of California.

In further conformity to the above-mentioned act, the Secretary of the Treasury, under date of March 14, 1939, designated 9 a. m., Thursday, April 20, 1939, as the time for the meeting of the Board of Visitors at the Coast Guard Academy, New London, Conn. Senators JOSIAH W. BAILEY and WALLACE H. WHITE, accompanied by Representatives EDWARD J. HART and RICHARD J. WELCH, left Washington at 10 a. m. April 19, arriving at New London, Conn., at about 5 p. m. the same date, when they were met by the superintendent of the academy and conducted to his quarters on the reservation. The departure of Representative S. O. BLAND was delayed until 1 p. m. on account of a meeting of the Merchant Marine and Fisheries Committee, and Senator MALONEY was unable to leave Washington before 5 p. m. Members of the Board arriving at 5 were entertained at dinner by the superintendent and Mrs. Jones in their quarters. Later the party was joined by Representative BLAND, and motion pictures depicting various phases of Coast Guard life were shown the members of the Board.

The Board convened the following morning at 9 a. m. and was later joined by Senator MALONEY. The first business upon the assembling of the Board was the election of a chairman, and Representative S. O. BLAND, the nominee of Senator J. W. BAILEY, was so elected. The Board expressed the desire that Commander (E) E. Reed-Hill, United States Coast Guard, act as secretary, a position filled by this officer during the meeting of the preceding Board in 1938.

Admiral R. R. Waesche, Commandant of the United States Coast Guard, and Capt. E. D. Jones, Superintendent of the Academy, were invited to appear before the Board and to bring to the attention of same any pertinent and necessary matters. There was a general discussion of various matters affecting the academy with the exception of the curriculum, which the Board ascertained was satisfactorily taken care of by the advisory committee of the Coast Guard Academy, which, appointed by law, makes recommendations in such matters to the Secretary of the Treasury. The Board discussed and inquired into the following matters:

(1) Set-up of appropriations for the academy.

(2) The loss of the two schooners (Gloucester fishing type), one sunk and the other damaged beyond economic repair by the hurricane of September 1938.

(3) Use of facilities at the academy by the United States maritime service in the Coast Guard training of licensed and unlicensed personnel of the merchant marine.

(4) The geographical distribution of cadets accepted by the service.

(5) The number of enlisted men admitted for cadetship.

(6) The method of obtaining cadets by open competitive examinations held throughout the United States.

(7) The effect of special preparation for competitive examinations by so-called cram schools.

(8) The pay and allowances of cadets.

(9) The handling of cadet funds and cadet messes.

(10) Need for publicity in obtaining cadet material.

(11) The proper date for the meeting for the Board of Visitors, probably a few weeks later in the year.

(12) The enactment of legislation authorizing an appropriation for contingencies for the Superintendent of the Academy which was recommended by the previous Board of Visitors and which was approved on this date.

The Board inspected the academy grounds and reviewed the battalion of cadets, after which the members had luncheon with the cadets.

The Board was most favorably impressed with the academy and the administration thereof and finds it a thoroughly modern educational institution of high standards. The Board believes that comparatively few young men are familiar with the advantages of a cadetship in the Coast Guard, and the Board is of the opinion that every reasonable effort should be made to present to the qualified throughout the country the opportunity offered at the Coast Guard Academy for an education and a career.

The Board recommends an appropriation of not to exceed $200,000 for the construction of a suitable vessel for the training of cadets in the handling of sails—this vessel to be a replacement of the two schooners no longer available due to damage sustained by the hurricane—as the proper training of cadets is being seriously handicapped by the lack of a suitable sailing vessel; that additional funds be made available for replacements, supplies, and repairs to laboratory equipment; and that the act of April 16, 1937, be so amended that when a member appointed in January is unable to attend the annual meeting an additional member may be appointed in his stead.

The Board desires to make mention of the cordial reception and hospitable treatment furnished its members by Captain Jones, the other officers, and cadets at the academy.

Having completed its inspection, the Board departed New London at 2:19 and arrived in Washington at 9:20 that night.

Respectfully submitted.

SCHUYLER O. BLAND, *Chairman.*
JOSIAH W. BAILEY.
FRANCIS T. MALONEY.
WALLACE H. WHITE, Jr.
EDWARD J. HART.
RICHARD J. WELCH.

ELLIS REED-HILL,
Secretary to the Board.

THE COAST GUARD ACADEMY

Mr. BLAND. Mr. Speaker, the Coast Guard established in 1790 as the Revenue Marine is the national maritime law-enforcement agency of the United States. Its police powers are derived from the laws enacted for the regulations and promotion of American sea-borne commerce. Its growth parallels the maritime development of the Nation. The reasons for the establishment of the service and the duties imposed upon it are so closely interwoven with the history of the commerce and navigation of the United States as to constitute a single theme.

The Coast Guard officer of today must be trained for an organization which is charged primarily with performing important peacetime functions in the maritime field, including instruction and training of licensed and unlicensed personnel of the merchant service, and secondarily with the preparation for national defense in time of war.

At New London, Conn., the Coast Guard Academy, a modern educational institution of high standing, is maintained for the professional instruction of candidates for a commission in the United States Coast Guard. Cadetships at this institution are granted to qualified young men of not less than 17 nor more than 22 years of age following open competitive examinations held throughout the United States annually. The course at the academy requires the completion of 4 full years of study and the work done is well in excess of that ordinarily required for a bachelor of science degree from civilian institutions. In addition to the time given to engineering, seamanship, navigation, and other professional and cultural subjects, the cadet specializes in maritime law and courses related to maritime economics and maritime transportation.

Originally the officers for the revenue marine were commissioned from the merchant service and it is interesting to follow the evolution of the process of obtaining Coast Guard officers. Many of the original appointees had served in the Continental Navy during the Revolution; some were destined to return to distinguished careers in the Navy with the cutters permanently placed on that establishment after the quasi war with France. The cutters thus served to carry on unbroken the traditions of the Revolutionary Navy.

For a period of 85 years officers were obtained from both the Navy and the merchant marine. This had the advantage of providing the service with officers having an understanding of both naval and merchant ship methods. A serious disadvantage, however, was the cleavage between two groups whose background and training were basically dissimilar. Some naval officers detailed to the cutters found the service distasteful, the duties irksome. In consequence, Secretary of the Treasury Louis McLane in 1832 issued orders discontinuing the detail system and providing that vacancies should be filled by promotions made within the service.

During the period that followed junior officers were appointed as third lieutenants. They received their training aboard ship until a vacancy as second lieutenant occurred. The principal disadvantage to this system was that some of the officers appointed to the probationary grade were too old to learn their profession. The need for younger material was recognized, but for many years little was done to remedy the situation.

Finally, Secretary of the Treasury John Sherman secured passage of the law establishing the cadet system. The act of July 31, 1876, provided:

> That hereafter upon the occurring of a vacancy in the grade of third lieutenant in the Revenue Marine Service, the Secretary of the Treasury may appoint a cadet, not less than 18 nor more than 25 years of age, with rank next below that of third lieutenant, whose pay shall be three-fourths that of a third lieutenant, and who shall not be appointed to a higher grade until he shall have served a probationary term of 2 years and passed the examination required by the regulations of said Service.

Under this authority a board consisting of Capts. George C. Moore, J. H. Merryman, and J. A. Henriques was convened at Washington in December 1876 to hold the first examinations for cadetship. As a result of this examination 8 of the 19 candidates were appointed. The schooner *Dobbin* was overhauled and fitted as a school ship and Captain

Henriques appointed to command. On May 25, 1877, the *Dobbin* sailed on the first practice cruise. Her complement was 3 officers, a surgeon, 6 warrant officers, and 17 men in addition to the 8 cadets.

On October 15 the *Dobbin* arrived at New Bedford, Mass., which had been chosen as winter headquarters, and the first academic term began. Prof. Edwin Emery, of Whitinville, Mass., was appointed to teach algebra, history, English, and French. The two lieutenants taught navigation, seamanship, and gunnery.

In the meantime plans had been drawn for a new cadet training ship. This vessel, named after Secretary of the Treasury (later Chief Justice) Salmon P. Chase, was bark rigged, 106¼ feet long, 25½ feet beam, armed with four 4-inch guns. The cadet steerage had accommodations for 12 cadets in six staterooms. The *Chase* replaced the *Dobbin* in the summer of 1878, and for the next 12 years operated under the sytem originally provided, that is, in port for academic instruction during 8 or 9 months of the year, and cruising for practical instruction during the other 3 or 4 months.

In 1890 there was a surplus of graduates of the naval academy. The *Chase* was accordingly placed out of commission and for the next 4 years the lower grades were filled by appointments from this surplus. In May 1894, in consequence of the absorption by the Navy of all graduates of the academy, the *Chase* was recommissioned and a new class appointed under the previous system.

Under the operation of the act of March 2, 1895, the retirement of officers who previously had been retained on the active rolls of the service under "waiting orders", and the promotions incident to these retirements entirely exhausted the grade of third lieutenant. In order to provide the large number of officers required to fill the junior grade, the *Chase* was lengthened by 40 feet, cadet accommodations increased to 12 double rooms, and the system of instruction completely reorganized. Under the new scheme entrance requirements were materially raised with the idea of obtaining cadets whose scholastic education would be practically complete before appointment, thus leaving the 2-year course open for technical and professional instruction. This required a change in the division of time between cruising and port instruction to 7 months at sea and 4 months in port. During the remaining month the practice cutter underwent an annual overhaul and the cadets were granted leave.

The course of instruction at this time was mainly in seamanship, navigation, marine surveying, compass correction, naval architecture, gunnery, and law. Instruction in marine engineering was rudimentary as there was no machinery aboard the *Chase*. The engineer officers of the service constituted a separate corps and were obtained from graduates of engineering schools.

Beginning in 1900 the *Chase* made its winter headquarters at Arundel Cove, near Baltimore. Here in a few frame buildings converted to serve as classrooms the school of instruction established its first shore roots. In 1903, Congress authorized the extension of the course to 3 years.

The act of June 23, 1906, authorized the appointment of two civilian instructors and also provided for the appointment of cadet engineers to serve a probationary time of at least 6 months. After the passage of this act, the curriculum was completely revised. The policy of teaching only professional subjects was abandoned; history, English, physics, and chemistry were added; the course in mathematics was increased in scope. A course for cadet engineers was provided and the instruction of line cadets in engineering was broadened. Cadets were required to agree to serve for 3 years after graduation.

In 1907 the *Chase* made her last cruise. As a parting gesture to the age of steam that had overtaken and passed her spotless hull, she sailed in review before the massed fleets of the navies of the world gathered, 140 strong, in Hampton Roads to celebrate the three-hundredth anniversary of the settlement of Virginia. For 30 years this beautiful ship had served both as a home and school for the future officers of the service. The next 30 years were destined to hold greater changes in navigation than the previous three centuries. The era of sail was dead.

The *Chase* was replaced by the *Itasca*, a brig-rigged steamer. The cadet corps had grown from 8 to 60. From now on engineering began to play a more important part in the course of instruction and additional shore facilities for this branch became necessary. After a survey of available locations, negotiations were begun with the Army which resulted in the transfer of Fort Trumbull, in New London, to the service. Here further changes were made in the curriculum; the course for cadet engineers was lengthened to 1 year.

In 1915 the Revenue-Cutter Service and Life Saving Service were consolidated to "constitute a part of the military forces of the United States." This increased the scope of operation of the service materially, and increased its effectiveness as an arm of the national defense.

During the next few years the problem of crowding into a 3 years' course the variety of instruction demanded by the service became acute. The intervention of the World War, during which the academy was turned into a training station for the Navy, overshadowed this problem for the time being, but the end of the war brought it again into the foreground.

The post-war period was one of rapid change for the Coast Guard. Aviation had been introduced; numerous added duties imposed. In order to combat the rising tide of smuggling after the passage of the National Prohibition Act the Coast Guard fleet was greatly expanded and a temporary increase in officers and men to man this fleet was authorized in 1924. Finally in the act of July 3, 1926, a permanent increase in the officer personnel was authorized, the line and Engineers Corps were consolidated and the Secretary of the Treasury was given discretion to increase the course of instruction to 4 years. In 1929 the construction of a new academy on a site provided by the city of New London was authorized. In 1930 the 4-year course was inaugurated. In 1932 transfer to the newly completed academy was effected.

With the provision of this modern and completely equipped plant matériel requirements are adequately met. The principal changes since then have had as their objective the improvement of the course of instruction so as to take full advantage of the facilities provided.

With this in mind the Commandant, in 1934, asked the presidents of Columbia, Harvard, and Yale Universities and Massachusetts Institute of Technology each to nominate a member of the faculty to serve as members of an advisory committee to recommend changes in the course of instruction. The work of this committee in laying out a sound curriculum and their continuing interest in the improvement of this course has been invaluable. As a result of their recommendations a permanent staff of professors and instructors was authorized by the act of April 16, 1937. This act also provided for the appointment of the advisory committee and of a board of visitors composed of three Senators and four Members of the House of Representatives.

This legislation, enacted almost exactly 60 years from the date the first cadet reported on board the *Dobbin*, has served to crown the efforts of those early officers whose foresight has provided the Coast Guard with the complete facilities now available for the education of its future officers.

The Coast Guard is a military service. It was founded as such by Alexander Hamilton, who recommended that its first officers be commissioned by the President, on the ground that "it will not only induce fit men the more readily to engage but will attach them to their duty by a nicer sense of honor."

The system of discipline established at the academy is accordingly military in character. Its purpose is to develop the qualities of leadership upon which the success of any service largely depends.

For this two instruments are available—the cadet battalion ashore and the practice cruise at sea.

Each newly appointed cadet takes his place in the battalion, where his military instruction begins. Discipline at the academy centers in this organization, which is officered throughout by cadets selected on a basis of seniority and proficiency under the supervision of the tactical officers assigned. Military responsibilities are laid on gradually, and promotion to

cadet company and battalion officers in the first class year come as a reward for the demonstration of military character, proficiency, and leadership.

The annual practice cruise begins about June 1 and is of 2½ months' duration. The first and third classes embark on the latest class of cutters for a foreign cruise of about 10,000 miles. The itineraries of these cruises are planned to include carefully selected ports in European and South American waters. While in port, tours to places of historical and scientific interest are arranged. These trips are of considerable cultural value. During the cruises a cadet makes while at the academy he may have the opportunity of observing widely separated nationalities in a score of foreign countries in Europe, Africa, South America, and the West Indies.

The second class makes shorter coastwise cruises in sail and on patrol boats of the service, while the newly appointed class which reports in August is also given several week-end and other short cruises to accustom them to their future service afloat.

Aboard ship the cadets take their places in the regular ship's organization. They stand watch on deck and in the engine room according to their experience, navigate, man the battery and boats, steer and heave the lead. In the complex ship routine they apply the theory they learn in their classes ashore and learn the practical uses of seamanship, navigation, engineering, and gunnery.

In the course of the cruise they complete the firing course in rifle, pistol, and machine-gun practices at a Coast Guard range. Toward the end of the cruise they join other ships of the service in the course of battle practice prescribed for all Coast Guard ships.

The cadet's day begins with reveille at 6 a. m. Ten minutes later assembly sounds, the battalion marches to the dock, and mans the flotilla of ships' boats for a half hour's pull. Breakfast formation is at 7:05. After breakfast the cadets make their beds and prepare their rooms for inspection. At 7:45 the battalion is formed for inspection and marched to class for the first recitation at 8. Recitation and study periods of 1 hour each follow until noon. Fifteen cadets constitute a class section. Lunch formation is at 12:15 p. m. Recitations and laboratory work are resumed at 1 and continue until 3, when an hour of supervised physical training is held. The period from 4 to 6 is devoted to team practice and other sports. Dinner formation is at 6:15. From 7 to 10, study hours are observed. Taps at 10:10 ends the day.

Military drill is held 3 days a week in 1-hour periods. Liberty is granted on Wednesday afternoon from 4:15 to 6, on Saturday afternoon from 1 to midnight, and on Sunday from after chapel to 7 p. m.

During the practice cruise, ship routine is observed.

Leave is granted for 1 week at Christmas and for 3 weeks at the end of the practice cruise.

The Academy occupies a reservation of 45 acres overlooking the Thames River at New London, Conn. Built as a unit at a cost of two and three-quarter million dollars in 1932, the red brick buildings of colonial Georgian architecture are both pleasing in appearance and effectively planned.

The administration building, Hamilton Hall, named for the first Secretary of the Treasury, contains the administrative offices, board rooms and a library, on whose walls are murals descriptive of service history. The library contains about 12,000 volumes, which are now added to at the rate of about 2,000 volumes a year. The entire second floor is occupied by a sick bay of 20 beds, completely equipped with operating, X-ray, chemical, and dental laboratories.

Flanking Hamilton Hall to the southward is the academic building, Satterlee Hall, named for Capt. Charles Satterlee, who, with his entire crew, was lost in the cutter *Tampa*, torpedoed by a German submarine in the World War. Classrooms and laboratories for electricity, radio, metallurgy, physics, and chemistry are located in this building.

To the northward of Hamilton Hall is Chase Hall, the cadet barracks, named for Salmon P. Chase, Lincoln's Secretary of the Treasury, and afterward Chief Justice of the Supreme Court. Cadet rooms, arranged on three "decks," are assigned in accordance with the battalion organization. The first deck also contains the first class and the second and third class recreation rooms; the fourth class rates no recreation room. This deck also contains offices for the officers of the day, both cadet and commissioned, and the commandant of cadets. The basement contains a well-equipped, small-bore rifle range.

Across the quadrangle from Chase Hall is the cadet mess hall and galley.

Directly behind Hamilton Hall is the engineering building, McAllister Hall, named for Capt. Charles A. McAllister, engineer in chief of the Coast Guard from 1905 to 1919 and later president of the American Bureau of Shipping. This building contains machine and carpenter shops, foundry, and an engineering laboratory, which is one of the best arranged and most up to date of any in the country. Complete steam, Diesel, and gasoline engine ship installations, auxiliary machinery, aircraft engines, and testing instruments are laid out so that they may be moved and hooked up as required for tests. The equipment includes a full-sized working fire room and auxiliary engine room of the type found aboard a modern cutter, complete with forced draft, air lock, and measuring tanks.

South of McAllister Hall is the enlisted men's barracks, Yeaton Hall, named for Hopley Yeaton, the first commissioned officer of the Service.

Behind Yeaton Hall is Billard Hall, named for Admiral Frederick C. Billard, superintendent of the Academy at the outbreak of the World War and Commandant of the Coast Guard when the new Academy was authorized. The main floor of this building contains a large gymnasium, a gunnery spotting range, a stage, and a trophy room, in which is housed the Perham collection of small arms and numerous athletic trophies.

The lower level contains a 60-foot swimming pool, showers and locker rooms, and squash court. On this same floor is the armory, containing small arms, types of guns used in the Coast Guard from 1-pounder to 5-inch, fire-control equipment, wrecking mines, depth charges, and ammunition samples.

Extending north from Billard Hall is Jones Field, named for Cadet Henry L. Jones, '29, lost at sea, July 3, 1927. On the wall bounding this field is a section of the giant chain which was stretched across the Hudson River at West Point to prevent the passage of British warships.

Below Billard Hall and overlooking the river from a high rock is the observatory with its traditional "walk" and gallery. Opposite the observatory is the rigging loft, scene of the annual ring dance, at other times devoted to the more prosaic uses of instruction in seamanship and storage of boat gear.

The waterfront extending from a wharf at the south at which the largest cutters may lie, to the seaplane ramp at the north provides facilities for the fleet of small boats used for instruction and a filled-in field used for housing visiting airplanes.

Officers' quarters, occupying the high hill bounding the reservation to the southward, complete the academy's physical plant.

The academy was designed to accommodate 208 cadets but is capable of handling 312 by berthing 3 in a room. Shops, laboratories, classrooms, and other facilities are capable of handling this expansion. The usefulness of this provision has already been demonstrated for with the establishment of a Maritime Service Training School for officers of the merchant marine at Fort Trumbull, the shops and laboratories at the academy are used for the practical instruction of this group.

Individuals pass through the academy as their classes graduate, the cadet corps remains to hand down the customs that have become a part of its tradition. These customs have evolved into a way of living distinctive of the academy. The cadet corps as repository of this heritage plays an important part in academy life. It serves not only to temper the rigor of the course of instruction but to build up morale by sponsoring the various extra-curricular activities that constitute an important part of academy life.

These activities afford a welcome break in the routine, provide the important factor of social relaxation and encourage initiative and sportsmanship.

Besides the regular physical instruction provided in the routine, the academy maintains intercollegiate schedules in football, basketball, baseball, boxing, swimming, rifle, cross country, tennis, and sailing. Intramural competition in these sports and in soccer supplement the varsity schedules. Competition is in general confined to nearby New England colleges, among which are Trinity, Wesleyan, Amherst, Connecticut State, Clark, Massachusetts State, Worcester Tech, Norwich University, and Middlebury. In boxing, which is considered a major sport because of its value in promoting courage and self-reliance, schedules are maintained with the leading eastern colleges, including Yale, Rutgers, Western Maryland, and Syracuse. The boxing squad is normally as large as the football squad. Cadets who have been awarded varsity insignia by the athletic association for playing on the various teams are eligible to membership in the Monogram Club. The wide participation by cadets in all forms of athletic sports is indicated by the fact that more than one-third of the corps as a rule are members of the Monogram Club.

Small-boat sailing, while classed as athletics, is also encouraged as a useful recreational activity. Included in the fleet attached to the academy are six one-design sloops which cadets are allowed to use during their own time after reaching the required standard of proficiency.

Musical organizations include the Glee Club and the cadet orchestra. All cadets are required to learn to dance. Regularly scheduled dances are held throughout the winter months. During graduation week the ring dance of the second class and the formal graduation dance serve to bring the social season to a close.

Publications include Running Light, a guide for the fourth class, and Tide Rips, the annual of the first class. Tide Rips serves as a record of the graduating class and contains numerous illustrations and descriptions of the academy and the cruise.

EXTENSION OF REMARKS

Mr. LUDLOW. Mr. Speaker, the gentleman from Virginia [Mr. WOODRUM] made a most excellent address last night over the radio on national finances and relief. I wish every person in the country might read that address, and I ask unanimous consent to include it in an extension of remarks in the RECORD.

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

There was no objection.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

Mr. DICKSTEIN. Mr. Speaker, by direction of the Committee on Immigration and Naturalization I ask unanimous consent that this committee may, on Wednesday and Thursday of this week, sit during the sessions of the House. They will have under consideration the Wagner-Rogers-Dingell bill, and a number of witnesses from various sections of the country will be here, who must be heard.

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

There was no objection.

EXTENSION OF REMARKS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein a very brief statement in the press on the question of un-Americanism.

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

There was no objection.

THE TOWNSEND BILL

Mr. HENDRICKS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

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

There was no objection.

Mr. HENDRICKS. Mr. Speaker, I hate to have to continue to explain, but owing to no fault whatever of the Committee on Ways and Means there are imperfections in the Townsend bill. For this reason the committee was not able to take final action today but will do so tomorrow.

Mr. Speaker and Members, I call your attention to the CONGRESSIONAL RECORD of May 22, and my remarks, in which I made a defense of the actions of the Committee on Ways and Means. Some Members have thought I made disparaging remarks. I am sorry they misconstrued what I intended. The record speaks for itself.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the gentleman from Florida may proceed for 1 additional minute in order that I may ask him a question.

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

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I would like to ask the gentleman from Florida [Mr. HENDRICKS] on what authority he states that the committee will act on the Townsend bill tomorrow? I had a conversation with him this morning and he stated at that time he had received a communication from Dr. Townsend, in which he stated he wanted us to consider a new bill. The only thing I promised the gentleman was that if the bill was introduced I would bring it to the attention of the committee tomorrow.

Mr. HENDRICKS. I will accept the gentleman's statement. I had no intention of committing the gentleman to action tomorrow. I will offer the perfected bill, as I was asked to do, and I hope the gentleman's committee will take action.

Mr. DOUGHTON. I only said I would bring it to the attention of the committee, and I hope to do that tomorrow.

EXTENSION OF REMARKS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein certain correspondence between Dr. Townsend, the gentleman from Florida, Representative HENDRICKS, and myself in respect to the amendments discussed on the floor of the House this morning which Dr. Townsend promised to furnish the committee. I may say that there has been some criticism of our committee about its slowness of action in reporting the Townsend bill. The criticism has been unjust. I therefore ask unanimous consent that I may place in the RECORD at this point the correspondence setting forth what has taken place between Dr. Townsend, the gentleman from Florida [Mr. HENDRICKS], and myself with respect to his bill.

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

There was no objection.

Mr. DOUGHTON. Under leave to extend, I insert the following extract from Dr. Townsend's testimony before the Committee on Ways and Means on February 17, 1939:

Mr. MCCORMACK. You said that you had some amendments that you were going to submit to the House if the bill came up for consideration in the House.

Dr. TOWNSEND. Yes.

Mr. MCCORMACK. Why do you not submit those amendments to the committee?

Dr. TOWNSEND. I will, if they want them.

Mr. MCCORMACK. We have been here for some time and we will be here for some time longer. Do you not think the proper place to submit amendments, if you have any of them, to your bill, is to the committee before which the bill is being heard?

Dr. TOWNSEND. I really did not know that this was the place where amendments were to be submitted.

Mr. MCCORMACK. This is the place where amendments should be offered, because if we are going to take any action on the bill, we will consider the bill in executive session and then make amendments to it. That is the usual course of procedure.

Dr. TOWNSEND. I will present my proposed amendments to you tomorrow.

Dr. Townsend did not present his proposed amendments on the following day, as he promised. The hearings continued until April 7, 1939, but on no day during this time did Dr. Townsend present or tender to the committee his suggested amendments. In fact, nothing further was heard

from him until on May 10, 1939, approximately 3 months later, I received a letter from Dr. Townsend dated May 9, 1939, enclosing certain suggested amendments, and on May 17 the gentleman from Florida [Mr. HENDRICKS] introduced H. R. 6378, which purported to contain the amendments to H. R. 2, which Dr. Townsend desired.

On May 19, 1939, I received the following letter from Dr. Townsend:

WASHINGTON, D. C., *May 19, 1939.*

Hon. ROBERT L. DOUGHTON,
Chairman, Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR MR. DOUGHTON: Recently Congressman HENDRICKS introduced H. R. 6378, which was referred to the Ways and Means Committee, of which you are chairman.

It occurred to me that since an issue has been built up on H. R. 2 (also introduced by Congressman HENDRICKS) the question may arise in your committee as to which bill the Townsend forces prefer. May I assure you and all members of the Ways and Means Committee that H. R. 6378 is the same bill as H. R. 2, except that H. R. 6378 carries the amendments which I submitted to your committee, and which I am sure improve the bill. It was my suggestion that Congressman HENDRICKS introduce H. R. 6378 in order that we may get a vote on a bill drawn as we wish it. I therefore sincerely recommend that your committee take action on H. R. 6378 instead of H. R. 2.

Respectfully,

DR. FRANCIS E. TOWNSEND.

This morning I received the following letters from Dr. Townsend and the gentleman from Florida [Mr. HENDRICKS], which are self-explanatory:

WASHINGTON D. C., *May 23, 1939.*

Hon. ROBERT L. DOUGHTON,
Chairman, Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR MR. DOUGHTON: Recently, in accordance with the request of the committee, I submitted to you as chairman copies of the amendments which we desired to H. R. 2 in accordance with our testimony before the committee.

Subsequently you requested Congressman HENDRICKS to prepare a new draft of bill incorporating these amendments. This was accordingly done, and new draft of bill, now known as H. R. 6378, was introduced in the House by Congressman HENDRICKS on May 17, 1939.

On May 19 I wrote you as chairman advising that we would very much appreciate H. R. 6378 being reported to the House.

It now appears that through stenographic error H. R. 6378 omits one section of H. R. 2. I am herewith enclosing a copy of the omitted section, and trust this may be included in the bill H. R. 6378 as reported to the House. If new draft is desired to correct this stenographic error, Congressman HENDRICKS will be pleased to introduce a new bill in the House this noon.

Respectfully,

DR. FRANCIS E. TOWNSEND.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., May 23, 1939.

Hon. ROBERT L. DOUGHTON,
Chairman, Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR MR. DOUGHTON: I understand that Dr. Townsend has written you this morning and submitted a section that was left out of the new bill H. R. 6378 and asking that this section be included. This section is not new material or new amendment. It is simply a provision of H. R. 2 which was left out of H. R. 6378 through stenographic error.

I sincerely recommend that the committee take action and place this section back in H. R. 6378. I may suggest that both proponents and opponents are desirous of voting on the issue as the Townsend people prefer it. If I thought you were prepared to make a favorable report on this bill, I would expect you to make whatever amendments you desired that you thought would improve it; but since I am sure that the committee has no intention of making a favorable report but simply report it without recommendation in order to give the proponents and opponents a chance to vote on the issue, I feel that it is imperative that this section go back in.

I would like to advise the committee that I have worked under pressure for a number of weeks to avoid the petition method, and up to now have been successful on the ground that the committee has assured me that they will give me some sort of report. I sincerely trust that the negotiations for this report will not break down because of a simple stenographic error, as I do not believe there would be any justification for it.

Today is the deadline for the petition. I would still like to keep it out; and if the committee will merely say that they will give us a report without recommendation on a clean bill, I shall be glad to introduce a new bill today, even though I would prefer having this matter inserted in the present bill, which can easily be done by the committee.

With kind regards, I beg to remain,

Respectfully,

JOE HENDRICKS.

Dr. Townsend is in error in stating that I had requested the gentleman from Florida to prepare a new draft of a bill incorporating the amendments suggested by him. I merely stated to the gentleman from Florida that if he introduced such a bill I would bring the same to the attention of our committee for its consideration.

The foregoing correspondence speaks for itself, and any intelligent and fair-minded person will certainly come to the conclusion that if any criticism should be directed at anyone, it would be to Dr. Townsend and his associates for their failure to present a definite program and not change their minds from day to day.

After a great deal of clamor for a hearing on H. R. 2, Dr. Townsend disowned this bill early in the hearings, and then waited until the hearings were concluded and almost 3 months after his abandonment of H. R. 2, to submit his new bill, H. R. 6378, and then within a few days after the introduction of this bill, he comes forward with the statement that the committee should not act on H. R. 6378, as it is incorrect, and a new bill will have to be introduced.

The Ways and Means Committee has been most patient, despite these dilatory tactics.

PERMISSION TO ADDRESS THE HOUSE

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. KNUTSON]?

There was no objection.

Mr. KNUTSON. Mr. Speaker, I would like to ask the gentleman from Florida [Mr. HENDRICKS] a question. The bill that he will introduce today will contain the amendments that Dr. Townsend promised the Ways and Means Committee on February 17 he would give us the following day; is that right?

Mr. HENDRICKS. I do not know what Dr. Townsend promised the committee, but it contains the amendments that Dr. Townsend wanted.

Mr. KNUTSON. I will call the gentleman's attention to the printed hearings, page 609, where Dr. Townsend promised to have certain amendments to H. R. 2 in the hands of the committee the following day. If the bill that the gentleman introduced the other day contains the Townsend amendments, then it is only fair to have the RECORD show that 3 months elapsed from the time Dr. Townsend promised these amendments until the time the committee received them.

Mr. HENDRICKS. I do not have any objection to the gentleman having the RECORD show what he will.

LABOR DEPARTMENT APPROPRIATION BILL, 1940

Mr. TARVER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5427) making appropriations for the Labor Department for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference with the Senate on the disagreeing votes of the two Houses and for the appointment of conferees on the part of the House.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. TARVER]?

There was no objection; and the Chair appointed the following conferees: Mr. TARVER, Mr. HOUSTON, Mr. RABAUT, Mr. PLUMLEY, and Mr. ENGEL.

EXTENSION OF FACILITIES OF UNITED STATES PUBLIC HEALTH SERVICE

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3537) to extend the facilities of the United States Public Health Service to active officers of the foreign service of the United States, with Senate amendments thereto, disagree with the Senate amendments and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BLOOM]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, what are the Senate amendments?

Mr. BLOOM. I do not know. They are very minor amendments but I do not know what they are.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BLOOM]?

There was no objection; and the Chair appointed the following conferees: Mr. BLOOM, Mr. LUTHER A. JOHNSON, and Mr. FISH.

BUSINESS IN THE SIXTH YEAR OF ROOSEVELT IS ABOUT 50 PERCENT BETTER THAN IN THE FOURTH YEAR OF HOOVER

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD and to include therein a brief article containing a tabulation of figures.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. SMITH]?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I desire to place in the RECORD for the information of the Members of the House and the people of the country the very illuminating figures which were published in the Evening Star, Washington, D. C., May 22, 1939, in an article written by its national columnist, Mr. Jay Franklin. The figures relating to every known barometer and index of business show the degree of recovery and improvement in general business conditions existing at the present time as compared with the last year of the Hoover administration. Present conditions in every activity of business, industry, agriculture, and finance are shown to be 50 percent better than they were in 1932. The facts speak for themselves and furnish a complete answer to the false and misleading propaganda to the contrary which is being circulated throughout the country.

The article referred to is as follows:

WE, THE PEOPLE—BUSINESS RAGES ROOSEVELT IS RUINING IT, BUT FIGURES ARGUE DIFFERENTLY

(By Jay Franklin)

For some strange reason the Tories rage and the Wall Streeters gnash their fangs whenever a new dealer points out that they are making pots more money under Roosevelt than under Hoover. They became angry when I quoted the financial editor of the Chicago American, they became furious when I quoted the Associated Press, and they will probably excommunicate me for citing these figures from Dr. Eric Muehlberger. I do not guarantee them in detail, but I am convinced of their substantial accuracy.

The figures under comparison are for the first part of 1939 and the first part of 1932, using quarterly or weekly totals, as available. Remember, in early 1932 it was far from sure—politically—that Pesident Hoover would not be reelected. Business had all the confidence the White House could pump into the market, taxes were conveniently low, there were no National Labor Relations Act, S. E. C., wage and hour law, or other forms of "regimentation" to act as a "deterrent" on business enterprise, and there were no serious foreign war scares. Here you have the picture of Mr. Hoover's "confident" business and Mr. Roosevelt's "discouraged" business:

Commodity	Under Hoover, 1932	Under Roosevelt, 1939
Stock prices (average)	$81.20	$100.61
Bond prices (average)	$74.29	$85.78
Monetary gold stock	$4,345,000,000	$15,801,000,000
Federal Reserve credit	$1,859,000,000	$2,572,000,000
Currency circulation	$5,548,000,000	$6,915,000,000
Brokers' loans	$379,016,662	$547,443,175
New York rediscount rate, percent	3	1
Bank clearings (22 cities)	$90,859,453,000	$96,268,786,000
United States Steel (tons shipped)	1,124,851	2,235,209
Steel ingot output, tons	4,329,830	9,506,594
Pig-iron output, do	3,757,196	8,315,927
Automobile production	376,665	1,055,576
Building permits	74,677,796	293,703,797
Petroleum output, barrels	36,936,900	57,175,850
Bituminous coal, tons	102,455,000	111,650,000
Electric current, kilowatt-hours	26,094,970,000	37,893,658,000
United States raw cotton consumed, bales	1,374,010	1,803,521
United States wool consumption, pounds	57,600,000	97,400,000
Rayon yarn consumption, do	39,800,000	102,400,000
United States exports	$461,000,000	$699,821,000
United States imports	$398,000,000	$526,652,000
Gold imports	$89,728,000	$745,159,000
Car loadings	9,574,837	9,822,512
Railway earnings (51 roads)	$66,045,525	$84,998,333
Sears, Roebuck sales	$59,793,251	$125,428,094
Moody's commodity index	86.5	141.8
Wheat, bushels	.68	.95
Corn, do	.45	.66
Oats, do	.34	.46
Cotton, pounds	5.77	9.26
Wool, do	.44½	.62½
Crude oil, barrel	2.02	2.00
Coal, furnace, ton	11.62	10.08
Copper, pound	5.75	10.37
Lead, do	3.00	4.75
Zinc, do	2.51	4.50
Steel scrap, ton	9.80	14.75
Iron pigs, do	15.00	22.84
Steel billets, do	27.00	34.00
FEDERAL RESERVE BOARD INDICES (1923–25=100)		
Industrial production	67	98
Manufactures	65	96
Minerals	84	110
Construction	26	58
Factory employment	68	91
Factory pay rolls	53	87
Carloadings	61	66
Department store sales	70	88

Since all these figures are, at best, approximations, the whole case for the New Deal's business policy can be summarized by saying that in the sixth year of Roosevelt business is about 50 percent better than in the third year of Hoover.

All right; you business babies who are howling that Roosevelt is ruining you, let's see you take a crack at this picture. And remember these Hoover figures are taken from the first part of 1932, when you had your man in the White House and the Government was taking its orders from you. The figures for 1939 are taken from a period when Roosevelt was acting for the country as a whole, and they say that you are much better off under the New Deal than under the old order. And still you squawk!

EXTENSION OF REMARKS

Mr. JOHNS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio address delivered by myself over WHA at Madison, Wis.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. JOHNS]?

There was no objection.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement of Wadsworth W. Mount, of the Merchants' Association of New York.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

Mr. HARNESS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered by myself at Louisville, Ky., on May 16 before the American Millers Association.

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

There was no objection.

Mr. HARNESS. Mr. Speaker, I wish to make this further statement to the House: I have complied with the rule by submitting the manuscript to the Public Printer and have received an estimate of the cost. The Public Printer advises me this document is one and one-half pages more than the length regularly authorized. I ask unanimous consent that this address may be printed in the RECORD notwithstanding that fact.

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

There was no objection.

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD and to include therein a reference to the fact that whenever any remarks are made with reference to trade treaties, propaganda statistics are inserted in the RECORD immediately after them.

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

There was no objection.

STATE DEPARTMENT PROPAGANDA ON TRADE TREATIES

Mr. TREADWAY. Mr. Speaker, I have asked for this time in order to direct the attention of the House to the efficient and high-geared propaganda machine of the State Department.

It has gotten so that every time a Republican Member speaks on the subject of trade treaties some Member on the other side of the aisle rises and asks permission to insert in the RECORD at the conclusion of the Republican Member's remarks certain of the State Department's propaganda extolling the alleged benefits of the trade-treaty program. Apparently the Members carry this ready-prepared propaganda around in their pockets so as to have it ready at the opportune time.

This practice of filling the RECORD with this propaganda has occurred time and time again. It happened yesterday, when at the conclusion of my remarks the gentleman from Washington [Mr. COFFEE] asked permission to insert a statement by Albert J. Hutzler, of the Trade Agreements Unit of the Department of Commerce. This statement had already been printed in the RECORD at public expense at least once and possibly several times before. Sometimes these insertions take the form of articles which have been prepared in one of the departments, and sometimes they take the form of extensions of the Member's own remarks.

The statement which was inserted yesterday by the gentleman from Washington proves that it is impossible to depend upon any of the Government agencies for the real facts with reference to the treaty program. The Government propaganda always shows the favorable side of the treaty program, but never the unfavorable side. It is accordingly necessary for Republican Members of Congress to give the other side of the picture so that the people may judge for themselves the real effects of the treaty program.

Even the Members on the other side of the aisle have been misled by this propaganda. For example, the majority leader stated yesterday that in 1926, 1927, and 1928, under Republican tariffs, this country had practically no commerce with the rest of the world.

Of course, that was a perfectly absurd statement. Yet anyone reading it in the RECORD would have a right to rely upon it, coming as it does from one in such a responsible position. The fact is, however, that in the years of which he spoke our foreign trade was undergoing a great expansion. In 1928 our exports amounted to over $5,000,000,000, or some $2,000,000,000 in excess of last year.

I cite this incident merely to show that there is much work to be done on the part of the Republican minority in showing up not only the misrepresentations of the alleged benefits of the treaty program but also the misrepresentations of the alleged iniquities of the Republican tariff policy.

We who have been endeavoring to demonstrate the fallacies of the treaty program and the dangers which are inherent in the present tariff reduction policy face a tremendous difficulty in getting the facts to the people. It is virtually impossible, as the gentleman from New York [Mr. FISH] pointed out yesterday, for opponents of the treaty program to get any publicity of their arguments except through the columns of the CONGRESSIONAL RECORD, which, as we all know, does not have a very wide distribution. Why this should be I do not know, since we are supposed to have a free press in this country. It seems strange that anything said in favor of the treaty program comes under the heading of news, but that anything said in opposition does not.

Another thing we have to contend with is the practice of the State Department in sending its emissaries throughout the country to address women's clubs, chambers of commerce, and so on, for the purpose of spreading one-sided information in reference to the treaty program. When these audiences hear only one side of the story and when the people read only one side of the story in the press they are likely to be convinced that the treaty program has some merit. But when they become acquainted with the real facts they will realize they have been deceived.

We of the Republican minority are waging an uphill fight in bringing home to the people the truth about the treaty program and what it is doing to them. We will continue that fight until it is won.

EXTENSION OF REMARKS

Mr. JENKINS of Ohio. Mr. Speaker, I wish to submit two requests. First, I ask unanimous consent to extend my own remarks in the RECORD with reference to taxes on the T. V. A. and to discuss a newspaper article and print certain excerpts from it. They will be brief. I also ask unanimous consent to extend my remarks and discuss a newspaper article with reference to farm control of crops and to quote briefly from the article.

Mr. RANKIN. Reserving the right to object, Mr. Speaker, from what paper is the newspaper article attacking the T. V. A. taken?

Mr. JENKINS of Ohio. A Tennessee paper.

Mr. RANKIN. What paper?

Mr. JENKINS of Ohio. I do not know; one of the two great papers in Knoxville.

Mr. RANKIN. Is it the paper which has been attacking the T. V. A. all the time?

Mr. JENKINS of Ohio. I do not know which one it is.

Mr. RANKIN. That is all right.

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

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter from the Soil Conservation Service.

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

There was no objection.

Mr. MAPES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address by the Republican leader, the gentleman from Massachusetts [Mr. MARTIN], before the Retailers' National Forum at the Hotel Mayflower on yesterday.

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

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of relief for those in need, and to include therein a copy of a letter I have received from the Governor of Connecticut.

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

There was no objection.

Mr. HARRINGTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief statement of Fulton Lewis, Jr., Mutual Network commentator, concerning the testimony of Congressman C. A. ANDERSON, of Missouri, before the House Labor Committee.

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

There was no objection.

Mr. CANNON of Florida. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a newspaper article under date of May 19 from Clewiston, Fla.

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

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. CHURCH. 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 Illinois?

There was no objection.

Mr. CHURCH. Mr. Speaker, in October of last year I joined with some other Members of Congress from Illinois in

a telegram to the President of the United States, urging that he take proper steps to impress upon the Government of Great Britain the profound interest of the United States in seeing that the promises of the Balfour declaration of 1917 to the Jewish people are fully carried out. At that time there were reports that the British Government was preparing to renounce its pledge of 1917 that Palestine would be the homeland of the Jewish people. And those of us who are deeply interested in that pledge being kept as Christendom's obligation to the Zionists joined in an appeal to the President to make representations to the British Government that this Government would view with disfavor any renunciation of that obligation.

I rise here to make a public appeal to the President of the United States. I urge that this Government immediately protest, in behalf of the people of the United States, against the proposal embodied in the White Paper issued last week. Great Britain proposes to make Palestine a state for both Arab and Jewish people. That amounts to a betrayal of Jewish people.

The Balfour declaration of 1917 and the establishment of the mandate for Palestine under Great Britain was clearly intended to make Palestine the homeland of the Jews. That is made evident not only from the language of the declaration itself but also by the statements of the heads of various governments made at the time.

The declaration was unreservedly endorsed by the other powers. The French Government on June 4, 1917, through its Minister, M. Cambon, committed itself to—

> The renaissance of the Jewish nationality in that land from which the people of Israel were exiled so many centuries ago.

In America, President Wilson wrote at the time that—

> The allied nations, with the fullest concurrence of our own Government and people, are agreed that in Palestine shall be laid the foundation of a Jewish commonwealth.

Mr. Speaker, even the statements made by the British Cabinet Ministers who played an active part in framing the Balfour declaration, indicated that it was fully intended that Palestine would be the "homeland" of the Jews. Lloyd George said:

> Great Britain extended its mighty hand in friendship to the Jewish people to help it regain its ancient national home and to realize its age-long aspirations. Lord Robert Cecil stated: "Our wish is that Arabian countries shall be for Arabs, Armenia for the Armenians, and Judea for the Jews."

In short, Mr. Speaker, Great Britain and the other powers committed themselves to the pledge that Palestine would be the homeland of the Jews. That pledge must be kept. I urge that this Government impress that fact upon the Government of Great Britain.

Mr. McDOWELL. 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 Pennsylvania?

There was no objection.

Mr. McDOWELL. Mr. Speaker, on yesterday the distinguished gentleman from Mississippi [Mr. RANKIN] in a controversy with my colleague from Pennsylvania [Mr. RICH] made this statement:

> May I say to the gentleman from Pennsylvania that the CONGRESSIONAL RECORD is the one free press we have left in which both sides can be presented.

Mr. Speaker, I have given instructions that the name of the gentleman from Mississippi be placed on the mailing list of the Wilkinsburg Gazette in order that he may receive copies from two free presses.

Mr. RANKIN. Why that punishment? In the words of Christ to St. Paul, "Why persecutest thou Me?"

[Here the gavel fell.]

Mr. CURTIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my own remarks in the RECORD.

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

There was no objection.

Mr. CURTIS. Mr. Speaker, I have today introduced a bill which, if enacted, would require all imported articles to be conspicuously labeled, "Foreign goods." At the present time, imported articles are required to carry a statement as to the country of their origin. For instance, a can of Argentine beef will have in small printing on the can, "Made in Argentina." The present markings go unnoticed and so far as protecting American industry is concerned, they are ineffective.

My bill proposes to place in a conspicuous place on every imported article, a mark, stamp, brand, label, or tag of yellow color, with the words "foreign goods" printed thereon in gothic type. These labels shall be in proportion with the size of the article or package, but in no case shall be less than 1 inch square. This bill, if enacted into law, will enable the American public to detect foreign goods on the shelves of the stores and shops of our Nation.

The American market is the birthright of American agriculture and American labor. They are entitled to that market. We are happy to observe that the American public is unanimously in favor of the American market for the American farmer, laborer, and businessman. This was emphatically shown in their protest recently made when the President of the United States stated the contrary doctrine.

We should let the public know whom they are patronizing, and thus create a demand for American goods. Let us call a spade a spade, and brand imported articles as foreign goods with a conspicuous yellow tag. Let us give the American buying public a chance to decide whom they shall patronize. I, for one, firmly believe that everyone living under the Stars and Stripes should at all times possible, patronize American agriculture, American labor, and American industry. The American market is the only market we have, all others are like unto a house builded upon the sand—let us protect the American market.

EXTENSION OF REMARKS

Mr. CHIPERFIELD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and I include therein a letter on the farm problem which I received from Ira Ashby, manager of 20 tenant farms, comprising 6,050 acres, located in my district.

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

There was no objection.

A NEW REPUBLICAN CANDIDATE FOR PRESIDENT—LEADING REPUBLICANS ANSWER MR. TREADWAY ON RECIPROCAL-TRADE AGREEMENTS

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?

There was no objection.

Mr. RANKIN. Mr. Speaker, from press reports we learn that there is a new candidate for President on the Republican ticket, Mr. Wendell L. Willkie, president of the Commonwealth & Southern, who has been referred to as the fashion plate of the Power Trust.

It is not surprising to find that the utilities now demand control of the Republican Party and that one of their moguls be selected as its candidate for the Presidency. It is a well-known rule of the game that he who pays the fiddler may call the tune.

Of course, if he is nominated, little will be said by the Republican press about his connection with the utilities. He will probably be heralded as a friend of the farmer—the farmers' candidate.

There is one thing about it, if he should be nominated and elected, the country would then have a President who can teach the American farmers how to water the stock and shear the sheep. [Applause.]

Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to insert therein certain quotations on the reciprocal-trade agreements.

Mr. RICH. Reserving the right to object, Mr. Speaker, is that a free press about which the gentleman is speaking,

or is it one where the New Deal has censored everything that has gone into it?

Mr. RANKIN. I am calling attention to it now in a free press, the CONGRESSIONAL RECORD.

Mr. RICH. Who wrote the article?

Mr. RANKIN. It was written by a local columnist. I suppose he is a Republican. The article appeared in the Washington Star.

Mr. FISH. It was written by David Lawrence, who is a supporter of the President.

Mr. RANKIN. I do not suppose Wendell Willkie ever supported the President.

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

There was no objection.

Mr. RANKIN. Mr. Speaker, I desire at this time to discuss certain speeches that have been made by the gentleman from Massachusetts [Mr. TREADWAY] which indicate a flexibility that would probably qualify him as a candidate for Vice President on the Willkie ticket.

That would also be a "New Deal" ticket, from a Republican standpoint, for, as I shall show as I go along, the statements made by the gentleman from Massachusetts [Mr. TREADWAY] have not only been answered by responsible Democrats, but they have been completely answered by the leaders of his own party.

REPUBLICANS ANSWER MR. TREADWAY

In a speech in the House on April 26, 1939, Mr. TREADWAY set forth what he considered five fundamental objections to the trade-agreement program. He challenged proponents of the trade-agreements program to answer his objections without equivocation. These answers may readily be given in the words of prominent Republicans, and on yesterday he seems to have repeated that blunder.

Here are his alleged objections:

OBJECTION NO. 1. UNCONSTITUTIONAL DELEGATION OF POWER

Mr. TREADWAY listed as fundamental objection No. 1 an unconstitutional delegation of power. The Honorable William S. Culbertson, an outstanding Republican, before the Senate Committee on Finance on February 15, 1937, had the following to say regarding this phase of the Trade Agreements Act:

In the first place, I believe the law is sound from a legal point of view. Before this committee in 1921 we heard arguments against the constitutionality of the so-called flexible tariff provision. The same arguments that have been made here against this resolution were made then against the flexible tariff section. That section was enacted and finally came before the Supreme Court for consideration and its constitutionality was confirmed in the Hampton case.

In a law that involves foreign relations, as this law does, the decisions of the Court indicate that a less exact rule is required than in the case where a domestic problem is involved. That is indicated by the Curtiss-Wright decision which was recently handed down by the Supreme Court, and in quite a number of other decisions.

* * * * * * *

The Republicans themselves, in the Tariff Act of 1890 and the Tariff Act of 1897, established, so far as our commercial policy was concerned, the principle of systematic reciprocity; namely, a law in which Congress defines the principle on which reciprocity is to proceed and to develop, and then leaves it to the Executive to carry out the details.

It might be noted that Mr. Culbertson spent some 15 years on the Tariff Commission and in the Diplomatic Service of the United States, where he had an excellent opportunity to study at first hand the practices essential for realistic commercial policies. In 1937 he published a book on reciprocity, in which he claims Republican origin for the fundamentals of the trade-agreements program.

OBJECTION NO. 2. IMPORTATION OF COMPETITIVE PRODUCTS

Fundamental objection No. 2 relates to the importation of so-called "competitive" foreign products, which is supposed to be contrary to the basic principles of foreign trade. In connection with what constitutes a competitive product it should be remembered that if the extreme tariff philosophy of some of the Republicans had been adopted in the 1930 act we would have a duty on bananas, on the theory that they came into competition with apples, potatoes, onions, and other domestic articles. Fortunately, however, for the good of the country not all Republicans held such extreme and ludicrous views. The Republican witness called to answer Mr. TREADWAY on his objection No. 2 is the Honorable Frank Knox, Republican candidate for Vice President in 1936. He recently toured South America and wrote a series of articles on the possibilities of expanding trade with those countries. The following appeared as part of his article in the Chicago News, March 21, 1939:

But even if farmer opposition at home suffices to prevent any modification of regulations concerning fresh beef, this does not close the door to agreement. The largest single export item of Argentina is linseed. We use far more linseed oil than we produce. We could take all of Argentina's linseed and still be short about 60 percent of our needs. We could admit linseed free from duty. It would be a great aid to Argentina and would help us.

We require large quantities of quebracho extract, the wood from which tanning extract is made. We could take most, if not all, of this from Argentina. We use far more hides than we produce. A modification of the tariff on hides is both feasible and desirable. We import wool from abroad. A part of our foreign supply might well come from the pampas of Argentina.

It is seen that Mr. Knox did not limit a hoped-for expansion of trade with South America to noncompetitive products. He is realistic in his views and knows that in order to obtain concessions we must give some.

In a speech at Pierre, S. Dak., January 12, 1939, Mr. Knox further said:

To sell American farm products abroad, we must buy some of what our foreign customers have to sell. You cannot always sell and never buy in foreign markets.

Mr. Knox's views are backed up by that section of the Republican press not jaundiced by a narrow partisan approach to great national problems. For example, the Star, Terre Haute, Ind., April 22, 1939, said, in part:

Thus far, events have to a large extent vindicated Secretary Hull and his policy of seeking more instead of less intercourse between nations.

OBJECTION NO. 3. COST OF PRODUCTION

Mr. TREADWAY's fundamental objection No. 3 was that reductions in duty were not based on the cost-of-production formula. The testimony of Robert Lincoln O'Brien, longtime Republican Chairman of the Tariff Commission, stated before the Senate Committee on Finance, May 1, 1934:

Mr. O'BRIEN. Well, the notion that you can obtain costs of production, the notion that you ought to obtain them, the notion that tariffs between countries should rest upon differences in costs of production, even if omniscience should give us the power to determine them, is all wrong. The tariff is a question of national policy; on some things you ought to have a tariff greater than the difference in the cost of production; other things, less than the difference in cost of production.

Senator COSTIGAN. As a matter of fact, Chairman O'Brien, there are many tariffs at this time which are higher than the difference in costs of production.

Mr. O'BRIEN. Oh, yes; very much higher—higher than the selling price of the article in this country in some instances. On the other hand, there are tariffs on articles which are very much less than the differences in the cost of production. I maintain that a tariff shculd be a matter of national policy. What do you want to do about it? What is the best thing to do? If anyone would tell us what the exact difference in the cost of production of all the commodities in the world was between this country and the chief competing country, that difference ought not to be the tariff. To start with, it would be changing all the time. It would not last 1 month in any event.

* * * * * * *

I dislike the law very much indeed—the idea that we are to find the difference in the cost of production here and abroad and to base a tariff on it. I believe nobody, short of omniscience, could do it and stick to it for any length of time; and if we could do it, we ought not to do it.

In a letter dated August 20, 1910, to the chairman of the National Congressional Republican Committee, President Taft wrote:

The difficulty in fixing the proper tariff rates in accord with the principle stated in the Republican platform is in securing reliable evidence as to the difference between the cost of production at home and the cost of production abroad. The bias of the manufacturer seeking protection and of the importer opposing it weakens the weight of their testimony. Moreover, when we understand that the cost of production differs in one country abroad from that in another and that it changes from year to year and from month to

month, we must realize that the precise difference in cost of production sought for is not capable of definite ascertainment, and that all that even the most scientific person can do in his investigation is, after consideration of many facts which he learns, to exercise his best judgment in reaching a conclusion.

It might be added that the Republicans, in enacting the Fordney-McCumber and Hawley-Smoot Acts did not stick to the cost-of-production formula. In the first place, rates of duty in the act of 1930 on several products were raised above costs obtained by the Tariff Commission through a careful and painstaking investigation. Examples: Butter, straw hats, print rollers, flaxseed, paint-brush handles. If these cost findings had not been disregarded in considering the Tariff Act of 1930, Mr. TREADWAY's party might be in a better face-saving position relative to the cost-of-production formula at present. Furthermore, anyone who knows anything about the Tariff Act of 1930 must know that there are hundreds of rates of duty which have no relationship to costs whatever and are far in excess of any hypothetical cost figures obtained.

OBJECTION NO. 4. THE MOST-FAVORED-NATION PRINCIPLE

Mr. TREADWAY listed the most-favored-nation principle as his fundamental objection No. 4. It so happens that several men high in the Republican Party have expressed themselves favorably and in convincing language on the most-favored-nation principle. For example, Chief Justice Hughes, when Secretary of State, in a letter to Senator H. C. Lodge, March 13, 1924, stated:

As we seek pledges from other foreign countries that they refrain from discrimination, we must give such pledges, as history has shown that these pledges can be made adequately only in terms of unconditional most-favored-nation treatment. We should seek simplicity and good will as a fundamental condition of international trade.

As late as 1932 the Republican platform stated:

The historic American policy known as the "most-favored-nation principle" has been our guiding program and we believe that policy to be the only one consistent with a full development of international trade, the only one suitable for a country that has as wide and diverse a commerce as America, and the most appropriate for us in view of the great variety of our industrial, agricultural, and mineral products, and traditions of our people.

Chairman O'Brien, in 1936, in attempting to persuade his party to support the trade-agreements program, stated:

This method, if properly employed, is an advantage which the flexible tariff law in itself did not possess in giving us a concession for our exports in exchange for any that we yield to the foreigner. By the application of the most-favored-nation principle we obtain from other countries all the advantages which they give to anybody in the way of access to their markets, while at the same time we accord them a similar relation to ours.

OBJECTION NO. 5. HEARINGS AND NEGOTIATIONS

Fundamental objection No. 5 related to hearings and methods of negotiating.

Mr. A. H. W. Stimson, who appeared before the Senate Committee on Finance in 1937, established his Republicanism by stating that he had been elected for various offices on a Republican ticket 28 different times. He indicated that he had no trouble in being heard on trade agreements, in part as follows:

I would like to say something to you on one reason why I am down here. Perhaps it won't be permissible. That is about this talk of locked doors. * * * They voted to have me go down to Washington and find out what it was all about.

So I came down here and I went right to the State Department. I didn't have to have any Senators or Congressmen to hold me up or make an appointment for me. I was a poor, impoverished farmer representing a lot of other poor, impoverished tobacco growers, made so under the so-called high protective tariff that never protected us.

Again we are able to call upon Mr. Culbertson as a witness. Mr. Culbertson said before the Senate Committee on Finance in February 1937:

I have followed the administration of this law for 3 years with a great deal of care. I have represented clients before the Committee for Reciprocity Information. In some cases I have opposed the reduction of duties in these agreements. I have observed the inner workings of the program and believe that the men back of it, the men responsible for it, are applying the principles of the law in the interest of the Nation's good.

These are merely samples of the many expressions of members of Mr. TREADWAY's own party relative to his fundamental objections to trade agreements. If these answers are not satisfactory to Mr. TREADWAY, he may wish to have the living representatives of his party, who made these appropriate replies to his objections, clarify their positions. It may be noted, however, that these Republican leaders outside of Congress seem to more nearly represent the views of more than 60 percent of the Republicans who approved the Hull program in a Gallup poll little over a year ago.

So we find the gentleman from Massachusetts [Mr. TREADWAY] in a hopeless minority even in his own party.

EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a speech recently made by the Honorable John W. Hanes, Under Secretary of the Treasury.

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

There was no objection.

DEPARTMENT OF AGRICULTURE AND FARM CREDIT ADMINISTRATION APPROPRIATION BILL, 1940

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments, disagree to the Senate amendments and ask for a conference with the Senate.

The Clerk read the title of the bill.

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

Mr. TABER. Mr. Speaker, reserving the right to object, this is a very important measure. Altogether there are increases of $380,000,000 in the Senate amendments, and I feel we should at least have the right of a separate vote upon amendments 145, 146, and 147, the three largest items in the bill.

Would the gentleman from Missouri be prepared to agree that these three amendments shall be brought back to the House for a separate vote before they are agreed upon by the conferees?

Mr. CANNON of Missouri. Mr. Speaker, the conferees on the part of the House assure the gentleman from New York that we will comply in every respect with the custom and the parliamentary procedure ordinarily observed in conferences between the two Houses.

Mr. WOODRUM of Virginia. Mr. Speaker, reserving the right to object, will the gentleman from New York yield?

Mr. TABER. I yield.

Mr. WOODRUM of Virginia. Senate amendment No. 145 is the amendment which adds $225,000,000 of parity payments to the bill, which amendment was defeated in the House.

Mr. TABER. That is correct.

Mr. WOODRUM of Virginia. And as to which the President made an adverse recommendation.

Mr. TABER. That is correct.

Mr. WOODRUM of Virginia. Amendment No. 146 added $113,000,000 for disposal of surplus agricultural commodities, which was also defeated in the House on a vote.

Mr. TABER. That was defeated in the Committee of the Whole.

Mr. WOODRUM of Virginia. Amendment No. 147 adds an additional $25,000,000 for farm tenancy, which was also defeated in the House, and none of the three amendments was recommended by the Budget.

Mr. TABER. That is correct.

Mr. WOODRUM of Virginia. I wish to join the gentleman in making the statement that under these circumstances the conferees agreed to give the House an opportunity to vote on these three amendments. They have been defeated in the House. They add large sums to the bill and are against the recommendations of the President, and I want to appeal to the gentleman to stand by the President

in this instance and give the House an opportunity to vote on it.

Mr. CANNON of Missouri. Mr. Speaker, in practically every appropriation bill that goes to the Senate, the Senate adds amendments increasing the amount carried by the bill. In the last 25 years I recall only one appropriation bill passed by the House which the Senate did not increase. They have invariably added items and increased appropriations, frequently by unconscionable amounts. Likewise, Mr. Speaker, there are few instances, and no recent instance, in which appropriation bills have gone to the Senate, where the Senate did not add some item that had been voted on adversely in the subcommittee, the whole committee, or on the floor during its consideration by the House.

So, Mr. Speaker, this bill differs in no respect whatever, either in content or routine, from the average appropriation bill messaged by the House to the Senate and returned to the House with Senate amendments.

In the bill now on the Speaker's table, and in the request to take it from the Speaker's table and send it to conference, we have precisely the same proposition we have here every time an appropriation bill is returned from the Senate, and the request which I have made is the stereotyped request which is always made under such circumstances, and always agreed to as a matter of routine, in the regular and orderly process of sending a bill to conference. It has never been denied before, at least not in the modern practice, and I am at a loss to understand why this particular bill should be made the exception to the practice of the House.

Mr. TARVER. Mr. Speaker, will the gentleman yield to me for a moment?

Mr. CANNON of Missouri. I yield to the gentleman from Georgia, the ranking majority member of the subcommittee.

Mr. TARVER. I desire to call attention to the fact that the gentleman from Virginia [Mr. WOODRUM] is in error in stating that the Senate amendment relating to farm-tenant loans was voted upon in the Committee of the Whole House. As I recall, there was no vote on any amendment seeking to raise the amount carried in the House bill for farm-tenant loans.

Mr. TABER. Mr. Speaker, I may say to the gentleman that the gentleman from Oklahoma [Mr. JOHNSON] did offer such an amendment and it was defeated in the Committee of the Whole House.

I have often served on conferences where the Committee of Conference made a definite and positive assurance to the House that they would bring back certain amendments of the Senate in disagreement. I may say before I object that unless the gentleman from Missouri and the conferees who are to serve tell the House definitely that unless the Senate is prepared to recede upon these three amendments, they will bring them back in disagreement, I shall be obliged to object to the bill going to conference.

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

Mr. CANNON of Missouri. I yield to the gentleman from Illinois.

Mr. SABATH. When the gentleman from Missouri appeared before the Rules Committee, he was questioned relative to whether the House would have an opportunity to have a separate vote on these amendments or whether he would agree to stand by the action of the House.

He assured us that he would stand by the action of the House and will not agree to the Senate amendment. It is upon that assurance that a rule has been granted. Now, if the same promise is made to the House at the present time, I, of course, feel that there should be no objection, and we can save time by not bringing up the rule. Otherwise, of course, the rule will be brought up making it in order to take the bill from the Speaker's table.

Mr. COX. Mr. Speaker, my friend, the gentleman from Illinois [Mr. SABATH], chairman of the Committee on Rules, is in error in the statement he just made. The committee did not exact of the gentleman from Missouri [Mr. CANNON] a promise that he would stand by the action of the House under all circumstances. The gentleman from Missouri frankly stated to the committee that he would seek, as best he could, along with his colleagues, other House conferees, to maintain the position of the House. That is what the gentleman said, and not that he and his colleagues would not agree to the Senate amendment.

Mr. SABATH. That is what I intended to say.

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

Mr. TABER. Mr. Speaker, I further reserve the right to object.

Mr. CANNON of Missouri. Mr. Speaker, I merely wish to say that the conferees of the House are always under obligation to maintain as best they can the position of the House, and our conferees expect to do that. Of course, conference with the Senate is a conference. Under the Constitution, the Senate has as much to say about legislation as the House, and it naturally follows that conferences are in effect compromises.

Neither House can expect to always have its own way about everything. It is a matter of give and take. In the pending bill there is a difference between the two Houses on 157 items. I am certain the House does not expect the Senate to yield on all 157 amendments. All that I can say is that the conferees will consider themselves bound under this resolution to maintain as best they may the provisions of the bill as it passed the House. They expect to represent the House faithfully and as effectively as possible in the conference, and will get the best agreement practical under the circumstances.

That is true of any committee of conference appointed by the House, and there is no occasion to expect that the managers on the part of the House will follow any other course in this conference.

In fact, Mr. Speaker, this is an unprecedented objection. The agricultural appropriation bill has always been sent to conference by unanimous consent. A search of the records reveals no objection to such a request since 1891, and on that occasion the objection was subsequently withdrawn. There is no difference between this bill and hundreds of other appropriation bills which have been sent to conference by consent. All of the circumstances enumerated in the objections advanced here this afternoon are to be found in the progress of every other appropriation bill through the House. The only distinguishing difference which can be drawn is that the appropriations objected to here are for the benefit of agriculture. I see no reason why the farmer should be picked out as the sacrificial goat. We have spent millions above the Budget in other bills and nobody has objected to such bills going to conference, but when the farmer comes up, of course, that is different. [Applause.] I trust, however, that in view of the low wage received by the farmer in comparison with all other wage scales, and in view of the low price received by the farmer for his products in comparison with his cost of production, the objection will be withdrawn and the bill will be permitted to follow the usual course followed by other appropriation bills, and always followed heretofore by the agricultural appropriation bill.

Mr. TABER. Mr. Speaker, I object.

The SPEAKER. The gentleman from New York objects to the unanimous-consent request of the gentleman from Missouri.

The Chair recognizes the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Speaker, by the direction of the Committee on Rules, I call up House Joint Resolution 201, which I send to the desk and ask to have read for immediate consideration.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 201

Resolved, That immediately upon the adoption of this resolution the bill (H. R. 5269) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments thereto, be, and the same hereby is, taken from the Speaker's table, to the end that all Senate amendments be, and

the same are, disagreed to and a conference is requested with the Senate upon the disagreeing votes of the two Houses, and the Speaker shall immediately appoint conferees on the part of the House without intervening motion.

Mr. COX. Mr. Speaker, I yield 30 minutes to the gentleman from Michigan [Mr. MAPES] to dispose of as he sees fit, and may I inquire of the gentleman from Michigan whether he will be prepared to yield time to those for and against the resolution? My reason for asking that question is that I would like to determine as to how I shall yield on this side.

Mr. MAPES. Mr. Speaker, I am not able to answer that definitely at the present time, but I shall try to ascertain and let the gentleman know in a short time.

Mr. COX. Mr. Speaker, the controversy which arises over this resolution has already been made pretty definite and clear to the membership of the House. The gentleman from Missouri [Mr. CANNON] who is probably as good a parliamentarian as has served in this body in its entire history, has called the attention of the House to the fact that this objection is most unusual, it not having been made since 1891. Frankly, Mr. Speaker, I think that the bill should be sent to conference and that this House should manifest its complete confidence in the gentleman from Missouri [Mr. CANNON], and the gentleman from Georgia [Mr. TARVER], and the others who will be the representatives of the House in the conference, to make effective to the best of their ability the will of this House as has been heretofore expressed by votes taken upon the amendments around which the controversy revolves.

Mr. Speaker, I reserve the remainder of my time.

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

Mr. COX. Yes.

Mr. COCHRAN. A vote to send this bill to conference by no means binds those who vote to send it to conference to the conference report.

Mr. COX. Not at all.

Mr. COCHRAN. In other words, if the conference report is not suitable to some of us, we still have the right to vote against the conference report and the Senate increases.

Mr. COX. Of course, I think it well that it be understood that there is no thought that those voting for the resolution now pending would be in any wise committed to support the report of the conferees.

Mr. MAPES. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, we are confronted today not with the merits of the farm bill, but with a question of procedure. We are confronted with the question of whether the agricultural appropriation bill should go to conference without instructions, or whether some strings ought to be tied to the conferees before they sit in conference, or perhaps, failing in all that, whether it ought to go back to the full Appropriations Committee for further deliberation.

I want to get at the very heart of the matter by submitting what I think is an uncontrovertible statement of fact to show the difficulties that will probably ensue with respect to some items in this bill.

This bill was considered for 4 or 5 weeks in the Subcommittee on Agriculture. Then it was considered in the full Appropriations Committee. Then it came to the floor of the House for 4 days and finally went to the Senate. When they finished they had written in $381,000,000 over and above the amount carried in the House bill. That represents $374,000,000 over the Budget and $258,000,000 over the appropriation for 1939.

Some of those amendments are very, very substantial, but it is not my idea that everything ought to have a string tied to it, but only those that are necessary to protect the integrity of this body. They include, for instance, an amendment to increase the amount for Bang's disease over $2,600,000. They include an amendment for forest acquisition, increasing the amount by $3,000,000. They put in $920,000 for the pink bollworm; $2,417,000 more than the House bill carried on plant quarantine; $225,000,000 for parity adjustment payments, after it had been defeated by a record vote upon the floor of this House by a majority of 13 votes. That happened on the 28th day of March and you will find it recorded in roll call No. 44.

They included another item that was not carried in the House bill of an additional $113,000,000 for the disposal of surplus farm commodities. Finally they added an additional $25,000,000 for farm tenancy and an additional $4,000,000 for forest roads and trails.

I think I see eye to eye with the chairman of my subcommittee in respect to a great many of these amendments, but this situation arises: When the farm price-adjustment payments were considered on the floor of this House it was defeated by a record vote of 13 votes. Four of the six members of the subcommittee who may serve as members of the conference were recorded in favor of price-adjustment payments. Having committed themselves by record vote, without seeking to do injury to the gentlemen or to prophesy what their attitude in conference would be, yet they are recorded on that item in favor of it. When you have the Members of the other body sitting on the other side of the conference table fully pledged to that item, and you have four of the six House conferees who voted for that item, it is a pretty fair assumption, without aspersing the integrity of any member of the conference committee, that there is a likelihood that they will yield on that point, and in spite of the House action it will not be brought back in disagreement.

Now, if it is not brought back in disagreement, there is no opportunity for a separate vote. We vote the conference report up, we vote it down, or we can recommit it with instructions; but unless you instruct the conferees today or send this bill to the House Agricultural Appropriations Subcommittee and then the full committee, there will be no opportunity to get a separate vote upon the item on which the House is already recorded, and no separate vote on other important items.

I have a farming community, six counties. I have telegrams galore on my desk in the office from officers of the local Farm Bureau Federation, asking me to support the price-adjustment payments. If I were only mindful of my own political future, I would not think anything about it and I would not be in the Well of this House today, but must I remind you on that item, gentlemen, that 3 weeks ago the President of the United States, in a press conference, addressed to us informally this reproach when he said, "Congress welched on parity taxes." He says that we, the Congress, owe him $212,000,000 for the price-adjustment payments last year, and we found no taxes in order to offset that item.

Secondly, here is the statement of the Secretary of Agriculture before the Senate Appropriations Committee on the 13th of April 1939. When he was responding to a question from the Republican leader in that body, Secretary Wallace said:

> I would merely say, answering you in the same spirit in which you ask the question, I would say that I would feel it would be exceedingly unsound to take out of the Treasury of the United States the additional parity payments above the soil-conservation payments as a permanent proposition, and it seems to me that there would have to be a very unusual emergency, indeed, to warrant taking it out of the Treasury without finding some method of financing that would bring what is going on home to the industries involved, both from the farm side and also from where the taxes come.

Then the Senator said:

> Well, in your mind, does that unusual emergency exist at the present time?

The Secretary of Agriculture said:

> I do not think anyone can say whether it is right now.

I have for my authority the President of the United States. I have the Secretary of Agriculture on my side. I have the Budget Bureau on my side.

Neither in this session nor in the last session of Congress has a single suggestion been made to devise taxes to offset this item. No suggestion to that effect has come from the Ways and Means Committee. No such suggestion has come from the chairman of the subcommittee handling this bill. No bill has been introduced. Instead, the Congress

flaunts the President, the Secretary of Agriculture, the Secretary of the Treasury, and the Budget Bureau by voting borrowed funds without so much as an effort to provide the revenues to balance such an expenditure. I am sure that while all farmers, including those in my district are interested in parity payments so long as loose fiscal policies continue, they are also interested in the ever-expanding national debt as a result of these borrowings, the ever-increasing interest on the debt, and in the steady march of the Nation toward fiscal degeneracy. There is small virtue in paying parity payments to farmers and then taking away from them twice that amount in direct and indirect taxes.

In view of the speech that the President of the United States made to the Retail Federation last night—and I was present to hear it—I feel it is my duty to protect the integrity of this House. The fact that at least four of the members of the subcommittee out of a total of six who may sit with the Senators in conference and who are already at least pledged in principle by a record vote on the 28th day of March of this year may augur against the possibility of this House getting a separate vote on that item in spite of the fact that the President says we still owe parity payments from last year and the Secretary of Agriculture has not yet discerned the emergency unless we can first find the offsetting taxes. Having in mind the interest of the fiscal solidarity of this country, I think there is nothing for me to do at the present time, than to take this stand and to see that we get a separate vote, that the integrity of the House may be preserved.

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

Mr. DIRKSEN. I yield.

Mr. CRAWFORD. If I understand the gentleman correctly, four of the Members who will probably serve on the conference committee have voted in favor of the principle involved in the $225,000,000 amendment as well as the $113,000,000 amendment. Will the gentleman correct me in this if I am in error? If these two items of $338,000,000 stay in the bill as here presented this money could be used in connection with cotton, and those who receive the benefits of those cotton payments could still put the cotton in the loan similar to that now held by the Commodity Credit Corporation. Am I correct?

Mr. DIRKSEN. That may be correct, but I would rather not open up the substantive provisions of the bill since a procedural matter is pending before the House at the present time. This deals entirely with the feasibility of letting the conferees of the House go into conference without instructions. Mr. Speaker, this can be done, you can vote down the previous question and the rule; and that, of course, will open it up for amendments. Then we can submit three amendments covering the $113,000,000 for commodity disposal, the $225,000,000 for parity payments and the $25,000,000 additional for the Farm Security Administration for farm tenant loans. In view of the action that was taken in the Committee of the Whole House on the state of the Union and also by this House on a record vote, it is only fair to the Members that this kind of instruction should go along with the bill to conference so that there will be no agreement on these matters and that they will be brought back for a separate record vote.

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield 2 additional minutes to the gentleman from Illinois.

Mr. DIRKSEN. I do not want to be in the position of reflecting upon the chairman of the subcommittee. He is absolutely right when he states that this is a rather unusual procedure, but these are rather unusual times, and these are unusual circumstances; so unusual proceedings are constantly at hand. I would not reflect upon him for anything because we stood shoulder to shoulder for weeks in the committee and then on this floor seeking to protect the bill and hold the appropriation somewhere close to the Budget; but the $225,000,000 item came up and there was a record vote on it. You can do your own assuming and inferring as to what might happen in the conference committee on this particular item. I think it is only fair in view of the action taken in this House when the bill was originally under consideration, that the conferees be instructed. There is one way to do it, that is to vote down the previous question and offer these suggestions in the form of amendments; then the conferees can go into conference with the Senate under the instructions of the House.

In response to the statement that a vote against the previous question constitutes a vote against parity payments, that is the sheerest nonsense. If that amendment is brought back in disagreement, the membership stands in precisely the same position that it did when the appropriation bill first came before the House in March, and each Member will have an opportunity to vote for or against the retention of this item.

Oddly enough, most attention has centered on parity payments and very little on the other large item of $113,000,000 for the disposal of surplus farm commodities by means of export subsidies, diversion of relief, and diversion to other than normal channels of trade. As the bill left the House, it contained $90,000,000 for this item. That $90,000,000 equals 30 percent of the customs duties for the previous calendar year. The Senate wrote in an additional $113,000,000, making a total of $203,000,000 for that purpose. The $90,000,000, of course, is assured because it is authorized by section 32 of the Agricultural Adjustment Act. The $103,000,000 will be borrowed funds, since revenues are infinitely less than the expenditures and no additional taxes have been provided for this purpose.

In connection with this item, let me point out that under this program for the years 1936, 1937, 1938, and 1939, such a staple item as lard was not included, either in that part of the program relating to encouragement of exports, diversion to byproducts, or diversion to relief. Now, very recently as every Member knows, the experiment to dispose of surpluses through regular food stores has been undertaken by means of special orange and blue stamps, to families that are on relief. I note that the items which may be obtained for these special food stamps embrace butter, shell eggs, dry edible beans, dried prunes, oranges, fresh grapefruit, wheat flour, graham flour, and corn meal.

Now the amazing thing is that while the program for which funds are made available in the bill, calls for adjustment payments on corn, yet there is no indication of assistance in finding outlet for the lard into which that corn will be converted. The Department of Rural Economics of Ohio State University estimates that 700,000,000 pounds of lard will be waiting for a market outside of the United States and yet there is no hint that lard will figure in the export subsidy plan or in the surplus-food disposal plan now being conducted experimentally at Rochester and Dayton. This is a matter of highest importance, and I am of the opinion that that item should be separately handled. If, however, it is agreed to in conference, all hope of putting that program on a basis more equitable to all sections of the country will be definitely foreclosed.

I believe the House is sufficiently informed on the issues involved and if you believe that the conferees should be instructed, your course is to vote down the previous question and open the rule for the necessary amendments.

Mr. COX. Mr. Speaker, I yield 7 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Speaker, there has already been pointed out to you the incongruity of our economy-minded friends' undertaking to effect drastic economies by pursuing unusual tactics of the character which they are now pursuing in this House only when a measure is reached which vitally affects the agricultural population of this country. The chairman of our subcommittee, the gentleman from Missouri [Mr. CANNON] has pointed out that the procedure of this character with reference to an agricultural appropriation bill has not been followed in this House since 1891.

No man is justified in assuming that because four members of the subcommittee as Members of this House voted upon the passage of this bill through the House in favor of

parity payments that those members of the subcommittee in the event of a conference with the Senate will not as best they can reflect the attitude of the House in an endeavor to bring about an agreement with the Senate which will be satisfactory to the membership of the House. The past record, if I may mention the fact, of our subcommittee justifies my saying that there are no Members of the House who have been more earnest in their endeavors to effect economies than the members of this particular subcommittee. Year after year we have brought back to you here in the House a conference report on the agricultural appropriation bill running many millions of dollars below the figures which were placed in these bills by the Senate; and there is no reason why under the circumstances which exist today the House should not have sufficient confidence in the membership of our subcommittee to anticipate that they will endeavor to bring back to the House a conference report which will merit and receive its approval.

As the gentleman from Missouri [Mr. COCHRAN] pointed out, the conferees have no authority to enter into any agreement which will make effective this legislation. Whatever they do must in the last eventuality receive the approval of this House before it can become effective, and there is no reason other than the unfounded fears of certain gentlemen who are perhaps making some political capital out of this particular issue to anticipate that your subcommittee is going to endeavor to put anything over on the House. It could not do it if it had the intention to do it.

Let me say that I am in absolute accord with the President of the United States in his views that the Congress ought to provide revenue with which these farm benefits shall be paid. I have frequently expressed this viewpoint not only on the floor but in communications with my constituents. The statement has been made that the President has evidenced his opposition to the parity-payment provision of the bill as written in the Senate. This in my judgment is not correct. The President of the United States, in my judgment, is in favor of the provision of parity payments, but he insists in connection with that position that Congress ought to make provision for raising the revenue with which those payments are paid; and in doing that I think his position is absolutely sound.

If a mistake has been made with reference to this farm program when was it made? It was made when you passed the Agricultural Adjustment Act in 1938 and inferentially, at least, promised the farmers of the country that you would provide parity payments if they would subject themselves to the restrictions on agriculture provided in that act. I voted against the Agricultural Adjustment Act of 1938 on its passage through this body.

The gentleman from Virginia, who it appears is one of the persons in the House who is interested in this very unusual procedure, voted for that act; the gentleman from Virginia was the chairman of the subcommittee handling a bill which during the last session finally passed with a Senate amendment providing $212,000,000 in parity payments for the year 1938. The gentleman from Virginia, in my judgment, is not in position to object to the procedure which the Senate has sought to institute in the making of these parity payments, although I do not wish that statement to be understood by you as indicating that I, as a Member, would not do what I could to sustain the position which has been evidenced by the House on this particular issue, or at least to reach an agreement with the Senate conferees satisfactory to the House.

There certainly appears to me no reason why the House, so far as this bill is concerned, should make a distinction against the agricultural interests of the country by insisting that the bill should not go to conference in the usual way, with the liberty on the part of the conferees, as a matter of give and take with the Senate, to work out, if they can, some agreement with the Senate which will be satisfactory to the membership of both bodies. [Applause.]

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Speaker, a fact is a thing that admits of no doubt. It is a thing that corresponds perfectly with everything that is or has been or shall be.

As a Republican and on the admitted facts, I speak for the appropriations contained in this bill. The statement is made that the present vote affects simply a question of procedure; but we know that this is not true. Criticism of this procedure is, after all, merely a pretext. The real question is whether we are going to support these appropriations or not. Why should a quibble about procedure be brought into this House now, being a procedure that has not been invoked before for nearly a half century. Why is this strange procedure now called out to beat the just cause of the farmers? It is a fact that the platform of my party in 1932 promised control of acreage of land under cultivation as an aid to the efforts of the farmer to balance production. That is what this appropriation will do. It is a fact that the platform of the Republican Party in 1936 promised to protect land resources, which is soil conservation as contained in this bill, and also to provide in the case of agricultural products of which there is an exportable surplus, payment of reasonable benefits for certain uses. That, Mr. Speaker, is a fact which cannot be controverted. And that is what this bill will do.

It is also true that the Democratic platform of 1936 promised parity for farmers. It promised to raise farm income to pre-war purchasing power. The appropriations in this bill are the only things before this House or the only things that can come before the House which will restore parity, promised by both of the parties. Averaging the situation now, the farmer does not have parity. Everybody knows that. It has been proven over and over again that he stands in the relation of about 66 or 72 as compared to 120 for other industries. These things are facts.

Mr. HOPE. Will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Kansas for a question.

Mr. HOPE. It is a fact also that even with the passage of this bill the farmer will still fall short of parity?

Mr. GILCHRIST. Certainly. This bill will not give the farmer parity. It will give him only about 75 percent of parity.

Mr. Speaker, the question before us today is, Shall you keep your promise? Is your promise a mere scrap of paper? Is that what either or both of the parties is going to say here today? Will you say to the farmer, "Oh, well, we love you very much indeed, but we love others still better and we have decided to give you up; we will break the promise we made to you"?

If that is the purpose, I say to you that this innovation in procedure will not be allowed to fool the farmers all the time. Republicans are now here arguing that the President and the Secretary of Agriculture are against this appropriation. If this be so, then I must add that I do not know just when this side of the aisle became convinced that it should come into such complete agreement with the President and the Secretary of Agriculture. But I doubt that it is so. It may not be. Anyway the farmers are entitled to this money. [Applause.]

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I was hoping that politics would not enter into this debate; therefore, I regret that the gentleman from Iowa has brought the charge that the Democratic Party is not keeping its pledges and promises to the farmers of the country. No administration in the history of our Nation has done as much for the farmers as has the present one. As to the objection made today with reference to this bill, it comes from the Republicans, and not from the Democrats. I am always desirous of giving the membership the right and privilege to vote on every question. As chairman of the Rules Committee, I called a meeting of that committee yesterday at 2 o'clock so that a rule could be brought in to take this bill from the Speaker's table and have it sent to conference. It therefore grieves

me that the gentleman from Missouri [Mr. CANNON], for whom I have the highest regard, should state that only when an agricultural bill is under consideration are objections raised. I say that objections are raised to the unreasonable increase inserted in this bill by the Senate which were voted down by the House. As the bill comes to us from the other side it carries $391,000,000 more than the House bill and $258,000,000 more than the 1938 appropriation, although in that year we had drought-stricken and flood-ravaged sections to consider, and agricultural prices were lower than they are today. This bill now carries $376,000,000 more than the sum recommended by the Director of the Budget.

Mr. Speaker, in years gone by I have known of occasions, and I think the gentleman from Missouri has, too, when the House instructed or secured a pledge from its conferees as to carrying out the wishes of the House. That is a question I asked him yesterday, and that is what he repeated on the floor of the House. I may not have used the same language, but, as the gentleman from Georgia [Mr. COX] stated later on, that is virtually the fact. I believe that we can assure the House that its will is going to be carried out to the best of our ability.

I think it would be well to take this bill from the Speaker's table and send it to conference. We can trust the conferees, in my opinion, because they are men in whom we have the utmost confidence, notwithstanding the fact that they have voted perhaps for these particular appropriations as inserted by the Senate, which increase the appropriations contained in the bill by over $380,000,000. In the interest of the gentlemen from Georgia and of some of my Republican friends, may I say that this bill as it left the House carried appropriations totaling nearly $900,000,000 for the agricultural industry of this country. I feel that we have again demonstrated our desire to help the farmers with deeds and not with empty promises, as the Republicans have done in years gone by.

Mr. Speaker, while I favor the passage of the rule, I do so with the understanding that the assurances of the gentleman from Missouri will be kept, in that the House conferees will not yield on the Senate amendments, especially on the three largest items. Further, that the conferees will report to the House should the Senate refuse to yield so that the membership may be afforded the opportunity of a record vote on the amendments. It has been and will always be my aim to give the membership the right to vote on any important legislation.

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield 2 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Speaker, I am for sending this bill to conference. [Applause.] I know that the $225,000,000 for parity payments is only a drop in the bucket. I know that agriculture has been double-crossed, criss-crossed, bisected, and quartered here in this Congress. It comes with poor grace for my friends to object to this bill, especially when I know that some of them were elected to Congress because their predecessors told the farmers they did not know what they wanted.

The time has come when we should pay more attention to the 32,000,000 men, women, and children on the farms than to the few supposed imaginary enemies in foreign lands. [Applause.] We have voted millions and billions for so-called foreign aggression, which you called national defense, but we refuse to vote $225,000,000 for the farmer, who is the real national defense. If you put the farmer where he belongs, on an equality with industry, and give him cost of production, then you will not have to be fooling each year with these appropriations.

I appeal to you, my conservative friends on both sides of the aisle, to get busy and give us cost of production, and we will take care of ourselves and will not come back here and beg for $225,000,000 where we ought to ask for $7,500,000,000 to balance the farmers' budget. The promised parity that we gave to the farmer in the 1934 and 1938 Farm Acts was a fraud and a deception to begin with. It did not give him cost of production. Now we refuse even to comply with that fraud and deception. We made the farmer believe that we were going to subsidize him and then we fleeced him.

This situation cannot be laughed at; it cannot be joked at. You promised the farmer parity and you have not given him parity. It is a hallucination to say that $225,000,000 will give him parity. It will do nothing of the kind. The Secretary of Agriculture has testified over on the Senate side that if the farmer got cost of production he would get an increase in his income of $7,500,000,000. That would give him real parity and not make-believe "Alice in Wonderland" parity. [Applause.]

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. WOODRUM].

Mr. CLASON. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The gentleman from Massachusetts makes the point of order that there is no quorum present. The Chair will count. [After counting.] Two hundred and thirteen Members are present, not a quorum.

Mr. CLASON and Mr. WOODRUM of Virginia rose.

Mr. CLASON. Mr. Speaker, I withdraw the point of order in view of the large number that are present.

The SPEAKER. Under the circumstances, the Chair is not authorized to recognize the gentleman inasmuch as the Chair had already announced no quorum present. A constitutional question is raised.

Mr. WOODRUM of Virginia. Mr. Speaker, five or six more came in over here.

The SPEAKER. Were these gentlemen here present when the Chair was counting?

Were the gentlemen in the rear of the hall who are holding up their hands not present when the Chair counted a moment ago?

The Chair will count the present membership again. [After counting.] Two hundred and twenty-seven Members are present, a quorum.

Mr. MAPES. Mr. Speaker, I yield 5 additional minutes to the gentleman from Virginia [Mr. WOODRUM].

The SPEAKER. The gentleman from Virginia is recognized for 10 minutes.

Mr. WOODRUM of Virginia. Mr. Speaker, I wish to comment on the suggestion that has been made that there are many unusual things about this procedure. In the first place let us recall for a moment what the general rules of the House provide when a House bill such as this is returned to the House from the Senate. The general rules of the House provide that the bill with the amendments shall go to the Appropriations Committee for the Appropriations Committee to consider the amendments and then report the bill back to the House with amendments and with their recommendations as to the amendments, in which event the House has an opportunity to go into the Committee of the Whole and consider the Senate amendments, the bill then being reported to the House and considered in the House. This is the general rules of the House. This practice of asking unanimous consent to send a bill to conference, while it is very generally indulged in, is an exception to the rules of the House and is done only by unanimous consent. There is absolutely nothing unusual about undertaking to bind conferees, especially when it is known that the individual opinions of the conferees are perhaps not what a majority of the House thinks about the given subject, and it is no reflection upon the conferees to take that sort of a position.

What is the unusual part of this procedure? The unusual thing is that the Appropriations Committee brought to the House in the beginning an appropriation bill with $225,000,000 in it more than the Budget and the President had recommended. That was defeated in the House. The Senate then added that amount to the bill over and above the Budget estimates.

These gentlemen say that never before has objection been made to sending an agricultural bill to conference. Perhaps not. Never before has there been such an agricultural bill, never before has there been such a procedure, and never be-

fore in my 16 years of service has the Appropriations Committee of the House undertaken to raise Budget estimates $225,000,000 over the specific protest of the President of the United States.

If you are interested in agriculture and the farmer, certainly no one here and certainly none of my colleagues on this side will say that the President is not interested in agriculture. Certainly you will not say that President Roosevelt is not interested in trying to help agriculture. He has specifically withheld his approval of parity payments. When the President signed the agricultural bill of 1938, he did so with the statement that if it were sought to make parity payments, then the funds should be raised by taxes. Since the bill passed the Senate, the President and the Secretary of the Treasury have protested against the action of the Congress in raising the bill by this terrific amount above the Budget estimates.

Now, what is the parliamentary situation? The parliamentary situation is that you will have only one opportunity to express yourselves on this matter, and that is on the vote on ordering the previous question on the rule. Mind you, this rule not only sends the bill to conference but takes away the right of the House to instruct its conferees. I do not object to that. I have never been of the temperament that objected to "gag" rules. Listen! This House can always do what a majority of the Members of the House want to do. That is fundamentally true under our rules. There is never any situation here where a majority of the Members of the House cannot do what they want to do. If a majority of the Members of the House want these excessive increases made in the agricultural bill without having a right to vote upon them individually, you can do that today by voting down the previous question. But remember, if the previous question is voted down and the bill is sent to conference under this rule, then just as surely as the sun rises and sets the House conferees will agree to these parity payments in conference. I do not say this as a reflection upon those gentlemen. They certainly have a right to their opinion upon this matter and I respect their opinion; I do not share their opinion, but I respect it, but they are committed to this. They brought the bill in here over the protest of the Budget. It was defeated on the floor. It was put on in the Senate, and I do not see how it would be humanly possible for these gentlemen to maintain the position they have taken before the country unless they are for these parity payments.

So what will happen? They will agree to this conference and you will have one vote, either for the agricultural appropriation bill or against it, and you know what that means.

Of course, the bill should go to conference. There are over 100 amendments in it. The amount carried in the bill has been increased. It was already the largest appropriation in the history of the Government, $835,000,000, and they added $330,000,000 over the Budget estimate. If this bill passes the Congress and the President signs it, there is no use for anybody to get up in this House or anywhere else and talk about economy or trying to balance the Budget or trying to have any sort of sane, sensible budgetary control of Federal finances. This is the whole issue.

There is $500,000,000 in here for the farmers for benefit payments under the Soil Conservation Act, $25,000,000 for farm tenancy that the President recommended; $835,000,000 altogether that the President recommended, but the President has not recommended these increases and since it passed the Senate he has specifically placed his disapproval upon them.

Now, I ask you only that you make it possible for this House to vote individually on whether or not it wishes to agree to these large increases.

If the previous question is voted down, a motion will be made to amend the rule, sending the bill to conference, giving the conferees the right to negotiate with the Senate on all of these other amendments, but asking them merely to bring back these three amendments—parity payments, $225,000,000; surplus crop disposal, $113,000,000; and farm tenancy, $25,000,000—in order that the House, after consideration, may say whether or not it wishes to accept them.

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

Mr. WOODRUM of Virginia. I yield to the gentleman from Georgia.

Mr. PACE. The gentleman has stated the enormous amount in this bill, when the facts are that when the items for agriculture in the last Congress are added and compared with those in this bill, it carries less than was appropriated at the last session of the Congress. The parity provision was carried in the relief bill and not in an appropriation bill. Does the gentleman agree with that statement?

Mr. MARTIN J. KENNEDY. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from New York.

Mr. DIRKSEN. Mr. Speaker, in order that there may be no misunderstanding, if the gentleman from Georgia means that the total amount is below the amount appropriated in 1939, I will say to the gentleman that the bill is $258,000,000 over the 1939 appropriation act for agriculture.

Mr. PACE. If the gentleman will yield, the figures are in the RECORD showing that all of the items appropriated by the last Congress for the farming interests are less than what are carried in this bill, including the other items appropriated for.

Mr. MARTIN J. KENNEDY. Did I understand the gentleman to say that the items he is referring to have been specifically objected to by the President of the United States?

Mr. WOODRUM of Virginia. The item of parity payments was not approved by the President in a Budget estimate, and since the bill passed the Senate, in a press conference the President and the Secretary of the Treasury expressed their disapproval of the item.

Mr. MARTIN J. KENNEDY. In the event we vote down the previous question and the rule is amended, do I understand there are to be some hearings on these additional appropriations?

Mr. WOODRUM of Virginia. No; the bill will go to conference, and the conferees will have to come back to the House for separate votes on these three amendments before they can be agreed to in conference.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Montana.

Mr. O'CONNOR. I may be wrong about this, but who knows more about the conditions and the necessities of their respective districts throughout the United States, the Congressmen who represent those districts, the President of the United States, the Director of the Budget, or the Secretary of Agriculture? I would like to have the gentleman's opinion upon that.

Mr. WOODRUM of Virginia. Mr. Speaker, I think the gentleman can answer that as well as I can, but I say to the gentleman that if we are going to have any sort of sensible and logical budgetary control of our finances, we must have some criterion or yardstick; and Congress has set up in the law the Budget and the recommendations of the President, and I think they should have some sort of standing in the House.

I yield back the remainder of my time.

Mr. MAPES. Mr. Speaker, I yield such time as he desires to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Speaker, I have been amazed and chagrined to see some of our Republican leaders lead the fight against sending this farm bill to conference. The Republican Party evidently has made up its mind that it does not need the support of the Farm Belt. This bill does not do the job of bringing to our farmers anywhere near the measure of relief that is necessary to maintain farm homes, but it at least provides $225,000,000 parity payments, which was written in there by the Senate since this House acted upon the bill. Is there a Member of this Congress who can conscientiously say we are going too far when we provide a part of the losses which the farmers suffer annually because of the disparity between farm prices and other commodities?

No; this angle is not touched. The objectors say that this question on the floor is merely a question of procedure. They are more interested in procedure and the integrity of the House than they are in the plight of the farmers. I have always held the gentleman from Illinois [Mr. DIRKSEN] in the very highest esteem, but when he says we must preserve the integrity of the House at all cost, no matter what condition the farmer is in, I am not only amazed but completely disappointed. When the gentleman from New York [Mr. TABER] voiced his opposition to sending this bill to conference, I was not surprised, because his philosophy as demonstrated in this House has always been to keep down expenses when it comes to agricultural questions.

The gentleman from Virginia [Mr. WOODRUM], a Democrat, can always be depended upon to follow the leadership of the reactionary Republicans, and today he reechoed the arguments of the gentleman from New York [Mr. TABER] and opposed this measure with not only Democratic time of the House but with 5 additional minutes granted by the Republicans.

All of these gentlemen, who seem to wring their hands and weep over large appropriations, voted for appropriation bills providing two and one-fourth billion dollars for the national defense at a time when we are at peace with all nations and could not possibly get into war unless we insisted on it. Has anyone in the House ever heard either of the gentlemen ever offer opposition to any bill providing relief to big business? Never. But when relief for labor, relief for agriculture come up, they all embrace each other, regardless of party, and vote with a common, united front against the classes of our citizens who are actually in distress. The foreclosure of 2,000,000 farm homes during this depression, the foreclosure of 1,500,000 city homes in the last 3 years, does not seem to appeal to them. On these questions they are determined to preserve the procedure of the House and the integrity of the House. Philosophy of this sort, if long enough indulged in, can only lead to the destruction of the Republic. [Applause.]

Mr. MAPES. Mr. Speaker, I yield 1 minute to the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska [Mr. COFFEE].

Mr. COFFEE of Nebraska. Mr. Speaker, in the 2 minutes allotted to me I want to call to the attention of the Members of the House and of the conferees, whoever they may be, the restriction in the Senate amendment providing for parity payments. Under this amendment, parity payments to corn producers will be restricted to those in the commercial corn-producing areas only. In other words, it will restrict payments to the commercial areas in 586 counties in 12 States. There is nothing in the substantive law of the Agricultural Adjustment Act of 1938 which would restrict these payments to corn producers in the commercial areas only. Parity payments are authorized under the provisions of section 303 of that act. The language in parentheses in the Senate amendment "in the commercial corn-producing area" should be eliminated. Corn loans under the law permit those not in the commercial area to borrow only 75 percent as much as those in the commercial area. As a consequence last year corn producers in the favored commercial areas were able to borrow 57 cents per bushel, and those outside of the commercial area could only borrow 43 cents per bushel. Unless the restrictive language in the Senate amendment is eliminated, parity payments on corn will be confined to those who can now borrow 57 cents per bushel on their corn, and those who can only borrow 43 cents per bushel on their corn will be denied any parity payments whatever.

In 1938 there were 42,815,500 acres of corn in the commercial corn-producing area. The noncommercial area harvested 49,330,500 acres of corn. The total production of corn in the commercial corn-producing area in 1938 was 1,553,713,000 bushels, and in the noncommercial area it totaled 1,012,508,000.

I hope the conferees will eliminate the discriminatory language in the Senate parity payment amendment and make it conform to the amendment on which we voted in the House and which I supported.

The SPEAKER. The time of the gentleman from Nebraska has expired.

Mr. COX. Mr. Speaker, I yield one-half minute to the gentleman from Georgia [Mr. PACE.]

Mr. PACE. Mr. Speaker, I made a statement a moment ago and I want to confirm it.

On page 5493 of the CONGRESSIONAL RECORD is an itemized statement of the appropriations of the last Congress for the farmers, including $200,000,000 for roads, which they charge to the farmers; $1,529,000,000 was appropriated at the last session for this year. The present appropriation for next year is $1,387,000,000. The statement was made here just now that this was an enormous, unprecedented amount, when it is $142,000,000 less than was appropriated by the last Congress, and includes enormous items which are not fairly chargeable to the farmer. [Applause.]

Here is the summary, prepared by the finance officer of the Department of Agriculture, and placed in the CONGRESSIONAL RECORD on May 12 by Senator RUSSELL, of Georgia:

SUMMARY

Regular funds, Department of Agriculture, according to group classification units, showing appropriations, 1939; Budget estimates, 1940; House bill, 1940; and as reported to Senate, 1940

Bureau and item	Appropriation, 1939	Budget estimate, 1940	House bill, 1940	As reported to Senate, 1940
A. Ordinary activities	$94,326,426	$98,144,448	$90,689,251	$98,638,539
B. Special items	14,906,185	4,071,185	2,996,185	7,338,185
C. Receipt and contributed funds	7,631,835	7,837,635	7,837,635	7,837,635
D. Payments to States (for extension work, experiment stations, and cooperative forestry and wildlife activities)	27,558,833	28,497,583	28,661,912	30,680,583
E. Farm Tenant Act	40,739,797	32,000,000	31,950,230	56,950,230
F. Loans, relief, and rural rehabilitation	197,804,714			
G. Agricultural adjustment and related funds	912,324,893	623,000,000	637,535,000	975,535,000
H. Federal Crop Insurance Act	25,500,000	6,000,000	5,923,200	5,923,200
I. Road Funds	201,500,000	213,000,000	201,000,000	205,000,000
Total, Department of Agriculture (including flood-control transfer)	1,522,292,683	1,012,550,851	1,006,593,413	1,387,903,372
J. Flood control (transfer from War Department)	7,000,000	3,000,000		
Grand total, Department of Agriculture	1,529,292,683	1,015,550,851	1,006,593,413	1,387,903,372

Mr. MAPES. Mr. Speaker, I yield the balance of my time to the gentleman from New York [Mr. TABER].

The SPEAKER pro tempore (Mr. DEMPSEY). The gentleman from New York, is recognized for 7 minutes.

Mr. TABER. Mr. Speaker, I have in my district a preponderance of agriculture. I am as much interested in the welfare of the American farmer as any man in America. I have opposed large appropriations of funds for almost every purpose. I have voted against large appropriations for the Army and for the Navy. I have voted against what I believed to be unconscionable appropriations for the W. P. A. I have found, as I have followed the situation from day to day in this House, that the more money we appropriate the more distress we create in America. The only possible salvation for the people of America is for this Congress to wake up and to realize that we cannot go on with a spending program without bringing greater and greater distress to the farmer and to those who are in industry. [Applause.]

Now, the idea with reference to this is not hostile to the farmer, but the idea with reference to this is to try to keep things within reasonable bounds. As this bill passed the House it carried $70,000,000 more for soil-conservation payments than will be made by the Department of Agriculture this year. Unless we begin now to realize our responsibilities to the people, we are leaving the people of this country in worse shape than we found them when the Congress met in January.

Now, it is not an unusual thing to ask a committee of conference to agree to bring back for a separate vote certain amendments. I have served on at least a dozen conferences since I have been a member of the Committee on Appropriations where the conferees agreed to bring back certain provisions for a separate vote. There is no such thing as putting this up on a farm measure first. It is the regular procedure that has been followed for years and years, one that is followed where a large number in the House feel that they should have an opportunity to vote. The question here presented is this: If we vote down the previous question, then we vote to give the Members of the House a fair opportunity to vote on each of these amendments. If we do not vote down the previous question, then we tell the membership of the House that they cannot have an opportunity to vote separately upon the three amendments that are in this bill that have been put in by the Senate, totaling $360,000,000.

Is it not time that we should begin to economize? I am not asking to begin on the farmer. I have spoken here in the Well on many occasions, asking this House to economize. I shall, just so long as I can, continue to ask the House to vote intelligently and fairly to the people of the United States on these measures.

I hope that the membership will realize their responsibility and will vote down the previous question when it is reached, so that we can have a square opportunity to vote on each of these amendments by themselves, square-toed.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. JENKINS of Ohio. As I understand it, after this debate is concluded, the matter will come before us for a vote on the previous question. Then, if the previous question is voted down, someone will move to amend this resolution?

Mr. TABER. So that we may have a separate vote on each amendment—each of the three amendments.

Mr. JENKINS of Ohio. The purpose, then, will be to give the conferees authority to go back to conference and dispose of the small amendments that are not in controversy and that the House has never acted upon before?

Mr. TABER. If the Senate will yield on the three large ones so that they can dispose of the whole thing.

Mr. JENKINS of Ohio. Yes; and if the Senate does not yield on the three large ones, then the conferees will be instructed that they must bring these matters back to us.

Mr. TABER. That is right.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. H. CARL ANDERSEN. For purposes of clarification, is it not a fact that a vote against this rule means a vote against parity? Is not the farmer entitled to this parity appropriation, when every other line of industry, labor, and all major groups have already been subsidized or had millions appropriated for them by this or previous Congresses? [Applause.]

Mr. TABER. It is not because there would be a separate vote and an opportunity to vote squarely on the parity question. If you vote against the previous question it is a vote against a combination of the items that many of us want an opportunity to vote on separately.

Mr. H. CARL ANDERSEN. I still think I am right.

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

Mr. TABER. I yield.

Mr. MARCANTONIO. As a matter of fact, unless this rule is amended we shall have no choice except to take everything or leave everything.

Mr. TABER. That is just the situation. The question is whether or not you want a fair opportunity to vote on each of these three large amendments.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. SCHAFER of Wisconsin. And if we vote for the previous question, and then vote for the rule and it is brought in, we put a vote of approval on the passage of these amendments as specified in the rules.

Mr. TABER. Yes.

Mr. Speaker, I hope the House will vote down the motion to order the previous question.

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I yield the remainder of my time to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Speaker, this is the most remarkable rule reported by the Committee on Rules during this Congress—remarkable because it does not change in one iota the custom of the House—because it does not deviate by the dotting of an "i" or the crossing of a "t" the procedure the House customarily follows under such circumstances.

Ordinarily special orders are reported from the Committee on Rules for the purpose of varying procedure, for the purpose of setting aside the routine of the House, but this resolution is submitted merely to prevent an objection raised by a Member from displacing the routine of the House and disorganizing the procedure usually followed in sending a bill to conference. So, in voting for this rule you are voting to do what the House has always done, and in the way that the House has always handled it.

It is extraordinary in another respect in that it has driven back under the sheltering arms of the President my distinguished friend from Virginia, who consistently, emphatically and implacably has been challenging the recommendations of the President on W. P. A. and work-relief unemployment. Here this afternoon he appeals to us to follow the President and repeatedly reiterates his devotion to the Presidential admonition. We are glad to see the lost lamb coming back to the administration fold. However, I must remind you that neither the President nor the Secretary of Agriculture are opposed to parity payments. What they have insisted on is that revenue be provided by Congress for the purpose and when this subject was last before the House, I inserted in the RECORD a letter from the President approving parity payments.

Mr. Speaker, if this resolution were voted down where would it leave us? We would be in the same position as if we had adopted the resolution.

The Senate has put this amendment in the bill, and they insist that it stay in the bill. This resolution insists that the amendments be rejected. If this resolution should be defeated and the bill comes back from the committee, you will find yourself just where we are now. All you can do if this resolution is defeated and the bill comes back will be to vote to disagree. This resolution votes to disagree. So, if you vote this resolution down and go through the entire, detailed, circuitous performance, you come right back to where you started, and you will then be just where you are now, and you will still have to go over and deal with the Senate just as this resolution proposes that you now go over and deal with the Senate. In other words, Mr. Speaker, the results to be secured by defeat of this resolution are so inconsequential as to lead to the conclusion that there must be something else back of this extraordinary opposition to the usual method of sending a bill to conference.

What extraordinary consideration prevails upon the gentleman from New York to raise an objection when he has not made such an objection in any session of Congress to any other appropriation bill? Why should this particular bill be selected for the objection? The only explanation of

the purpose of the objection is the character of the amendments cited by the gentleman. He mentions three amendments, the amendment appropriating money for parity payments, the amendment providing funds for surplus commodity purchases, and the amendment for the relief of farm tenancy. There are more than 150 Senate amendments to the bill. But the gentleman singles out amendments which raise the price of farm products. He picks three amendments designed to carry out the pledges of both political parties in their national conventions. He selects three amendments redeeming commitments legislatively made to the farmers of the country by act of Congress. The inevitable conclusion, the only tenable explanation is that the purpose of the objection is to nullify the program to give the farmer his share of the national income and to make the present disproportionate return to agriculture, labor, and industry the permanent agricultural policy of the United States.

Unless some other explanation can be given by those who object to this bill going to conference in its present status, the line seems to be drawn between those who favor increased prices for farm products and those who wish the farmer to continue to feed and clothe the world at less than the cost of production.

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I move the previous question on the resolution.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 143, noes 122.

Mr. TABER. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 192, nays 181, answered "present" 1, not voting 56, as follows:

[Roll No. 79]

YEAS—192

Alexander	Curtis	Johnson, Lyndon	Peterson, Fla.
Allen, Ill.	Darden	Johnson, Okla.	Peterson, Ga.
Allen, La.	Delaney	Jones, Tex.	Pierce, N. Y.
Andersen, H. Carl	Dempsey	Keller	Pierce, Oreg.
Anderson, Mo.	DeRouen	Kilday	Pittenger
Andresen, A. H.	Dies	Kirwan	Poage
Arends	Doughton	Kitchens	Ramspeck
Arnold	Douglas	Kleberg	Randolph
Barden	Dowell	Kocialkowski	Rankin
Barnes	Doxey	Landis	Rayburn
Bates, Ky.	Duncan	Lanham	Richards
Beckworth	Dunn	Larrabee	Robinson, Utah
Bell	Elliott	Lea	Rogers, Okla.
Bland	Ellis	Leavy	Romjue
Bloom	Ferguson	LeCompte	Schaefer, Ill.
Boland	Fitzpatrick	Lemke	Schulte
Boykin	Flannagan	Lewis, Colo.	Secrest
Brooks	Flannery	McAndrews	Shannon
Brown, Ga.	Ford, Miss.	McCormack	Sirovich
Bryson	Ford, Thomas F.	McGehee	Smith, Va.
Buck	Fries	McLaughlin	Smith, Wash.
Buckler, Minn.	Fulmer	McMillan, John L.	Snyder
Burdick	Garrett	Mahon	South
Burgin	Gehrmann	Mansfield	Sparkman
Byrne, N. Y.	Geyer, Calif.	Martin, Colo.	Steagall
Byrns, Tenn.	Gibbs	Martin, Ill.	Stefan
Byron	Gilchrist	Martin, Iowa	Sumner, Ill.
Caldwell	Gore	Massingale	Sutphin
Cannon, Fla.	Gossett	Mills, Ark.	Sweeney
Cannon, Mo.	Grant, Ala.	Mills, La.	Talle
Carlson	Gregory	Monroney	Tarver
Casey, Mass.	Griffith	Mouton	Taylor, Colo.
Celler	Guyer, Kans.	Mundt	Tenerowicz
Chandler	Gwynne	Murdock, Ariz.	Terry
Clark	Harrington	Murdock, Utah	Thomas, Tex.
Claypool	Hart	Nelson	Thomason
Cochran	Hendricks	Nichols	Thorkelson
Coffee, Nebr.	Hill	Norrell	Tolan
Collins	Hobbs	Norton	Vincent, Ky.
Colmer	Hook	O'Connor	Voorhis, Calif.
Cooley	Hope	O'Day	Walter
Cooper	Hull	Owen	Warren
Cox	Hunter	Pace	Weaver
Creal	Izac	Parsons	West
Crowe	Jacobsen	Patman	Whelchel
Culkin	Jarman	Patrick	Whittington
Cullen	Jensen	Patton	Williams, Mo.
Cummings	Johnson, Ind.	Pearson	Zimmerman

NAYS—181

Allen, Pa.	Ball	Blackney	Brown, Ohio
Anderson, Calif.	Barry	Boehne	Bulwinkle
Andrews	Barton	Bolles	Case, S. Dak.
Angell	Bates, Mass.	Bolton	Chapman
Ashbrook	Beam	Bradley, Mich.	Chiperfield
Austin	Bender	Brewster	Church
Clason	Hall	McKeough	Schafer, Wis.
Clevenger	Halleck	McLean	Schiffler
Coffee, Wash.	Hancock	McLeod	Schwert
Cole, Md.	Harness	Maas	Seccombe
Cole, N. Y.	Harter, N. Y.	Maciejewski	Seger
Connery	Harter, Ohio	Magnuson	Shafer, Mich.
Corbett	Hawks	Mapes	Sheppard
Costello	Healey	Marcantonio	Short
Crawford	Heinke	Marshall	Simpson
Crosser	Hess	Martin, Mass.	Smith, Conn.
Crowther	Hinshaw	Merritt	Smith, Ohio
D'Alesandro	Hoffman	Michener	Spence
Darrow	Holmes	Miller	Springer
Dickstein	Horton	Monkiewicz	Stearns, N. H.
Dingell	Houston	Moser	Taber
Dirksen	Jarrett	Mott	Taylor, Tenn.
Dondero	Jeffries	Murray	Thill
Drewry	Jenkins, Ohio	Myers	Thomas, N. J.
Durham	Jenks, N. H.	O'Brien	Tibbott
Dworshak	Johns	O'Leary	Tinkham
Eaton, Calif.	Johnson, Ill.	Oliver	Treadway
Eaton, N. J.	Johnson, W. Va.	O'Neal	Van Zandt
Eberharter	Jones, Ohio	Osmers	Vorys, Ohio
Edmiston	Kean	O'Toole	Vreeland
Elston	Kelly	Plumley	Wadsworth
Engel	Kennedy, Martin	Powers	Welch
Englebright	Kennedy, Md.	Rabaut	Wheat
Fay	Kennedy, Michael	Reece, Tenn.	White, Ohio
Fenton	Keogh	Reed, Ill.	Wigglesworth
Fish	Kinzer	Reed, N. Y.	Williams, Del.
Flaherty	Knutson	Rees, Kans.	Winter
Gamble	Kramer	Rich	Wolcott
Gavagan	Kunkel	Robertson	Wolfenden, Pa.
Gearhart	Lambertson	Rodgers, Pa.	Wolverton, N. J.
Gerlach	Lesinski	Rogers, Mass.	Woodruff, Mich.
Gillie	Lewis, Ohio	Routzohn	Woodrum, Va.
Graham	Luce	Rutherford	Youngdahl
Grant, Ind.	Ludlow	Sandager	
Griswold	McArdle	Sasscer	
Gross	McDowell	Satterfield	

ANSWERED "PRESENT"—1

Scrugham

NOT VOTING—56

Boren	Ford, Leland M.	McGranery	Sacks
Bradley, Pa.	Gartner	McMillan, Thos. S.	Schuetz
Buckley, N. Y.	Gathings	McReynolds	Shanley
Burch	Gifford	Maloney	Smith, Ill.
Carter	Green	Mason	Smith, Maine
Cartwright	Hare	May	Smith, W. Va.
Cluett	Hartley	Mitchell	Somers, N. Y.
Curley	Havenner	Pfeifer	Starnes, Ala.
Disney	Hennings	Polk	Sullivan
Ditter	Johnson, Luther A.	Risk	Sumners, Tex.
Evans	Kee	Robsion, Ky.	Vinson, Ga.
Faddis	Keefe	Rockefeller	Wallgren
Fernandez	Kerr	Ryan	White, Idaho
Folger	Lord	Sabath	Wood

So the previous question was ordered.

The Clerk announced the following pairs:

On the vote:

Mr. Scrugham (for) with Mr. Ditter (against).

Mr. Vinson of Georgia (for) with Mr. Bradley of Pennsylvania (against).

Mr. Havenner (for) with Mr. Robsion of Kentucky (against).

Mr. Luther A. Johnson (for) with Mr. Keefe (against).

Mr. Green (for) with Mr. Gartner (against).

Mr. Gathings (for) with Mr. Carter (against).

Mr. May (for) with Mr. Gifford (against).

Mr. Starnes of Alabama (for) with Mr. Hartley (against).

General pairs until further notice:

Mr. Hare with Mr. Cluett.

Mr. Kerr with Mr. Lord.

Mr. Sumners of Texas with Mr. Mason.

Mr. Fernandez with Mr. Risk.

Mr. Burch with Mr. Rockefeller.

Mr. Cartwright with Mr. Leland M. Ford.

Mr. Maloney with Mr. Smith of Maine.

Mr. Disney with Mr. Buckley of New York.

Mr. Smith of West Virginia with Mr. Sullivan.

Mr. Schuetz with Mr. Kee.

Mr. Folger with Mr. Evans.

Mr. Sabath with Mr. Boren.

Mr. Somers of New York with Mr. Mitchell.

Mr. Walgren with Mr. Pfeifer.

Mr. Shanley with Mr. Faddis.

Mr. Ryan with Mr. Smith of Illinois.

Mr. McReynolds with Mr. White of Idaho.

Mr. Hennings with Mr. McGranery.

Mr. Wood with Mr. Polk.

Mr. Thomas S. McMillan with Mr. Sacks.

Mr. GEARHART, Mr. KRAMER, and Mr. FISH changed their votes from "yea" to "nay."

Mr. SCRUGHAM. Mr. Speaker, I have a pair with the gentleman from Pennsylvania [Mr. DITTER]. If he were present he would vote "nay." I, therefore, change my vote from "yea" to "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to; and the Chair appointed the following conferees: Mr. CANNON of Missouri, Mr. TARVER, and Mr. LAMBERTSON.

AMENDMENT OF SECOND LIBERTY BOND ACT, AS AMENDED

Mr. SABATH. Mr. Speaker, I call up House Resolution 200 and ask for its immediate consideration.

The Clerk read the resolution as follows:

House Resolution 200

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. 5748, a bill to amend the Second Liberty Loan Act, as amended. That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, 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, I yield 30 minutes to the gentleman from New York [Mr. FISH].

Mr. Speaker, this rule provides for the consideration of the bill, H. R. 5748, to amend the Second Liberty Bond Act. All it aims to do and will do is eliminate certain restrictions on bond issues. It does not in any way increase or authorize an increase in the indebtedness of the Government.

The purpose of this bill, and it has the unanimous support of the committee, is to provide greater flexibility in the management of the public debt. Under the present law, as amended, the limit of the public-debt obligation is $45,000,000,000, subject, however, to a limitation in the amount of bonds which may be outstanding at one time, namely, $30,000,000,000.

Mr. COX. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Georgia.

Mr. COX. May I say to the membership, that if the Members will pay close attention to the gentleman who is now addressing the House, it will materially speed up the program for the day. The question the gentleman is now discussing is one about which there is no controversy; however, the committee reporting the bill felt that it ought to come in and make an explanation to the House. This is a measure which the House has heretofore passed upon by unanimous consent.

Mr. SABATH. Mr. Speaker, my object in rising at this time is to familiarize the Members with the provisions of this bill, because many Members have asked whether the bill would increase or authorize an increase in the national debt of the United States. As I stated previously, the limit is now $45,000,000,000 and only $30,000,000,000 may be issued in bonds.

At this time we have outstanding nearly $24,000,000,000 in bonds, permitting only an approximate $1,000,000,000 that can be issued. In addition to that we have $9,000,000,000 outstanding in short-term notes and this bill, as I have stated and repeat, will permit the issuance of an additional $15,000,000,000 worth of bonds, part of which can be used to take up short-term notes, although I hope this will not be necessary.

Mr. REES of Kansas. Will the gentleman yield.

Mr. SABATH. I yield to the gentleman from Kansas.

Mr. REES of Kansas. Will the gentleman explain to the House what he means by short-term bonds as distinguished from long-time obligations?

Mr. SABATH. I said short-term notes.

Mr. REES of Kansas. What is meant by "short term"?

Mr. SABATH. Oh, 90 days or so.

Mr. REES of Kansas. Is it 1 month, a year, 5 years, or what?

Mr. SABATH. Ninety days, 6 months, sometimes 1 year, even as long as 2 years.

Mr. PATMAN. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Texas.

Mr. PATMAN. Is it not a fact that the Government on short-term obligations today is only paying about 11 cents for the use of $100 for 1 year?

Mr. SABATH. That is true, and according to the last report I noted in the newspapers it is only about 5 cents on $100, the cheapest rate of interest in the history of America.

Mr. REES of Kansas. In view of that statement, is it not a fact that the Government can borrow money cheaper on short-term notes than on long-time obligations?

Mr. SABATH. I believe it can and does obtain money at a much lower rate of interest on the short-term obligations, but we have now approximately $9,000,000,000 worth of these short-term obligations outstanding, and I feel that the Secretary of the Treasury, who recommends this legislation, has a good reason for it. With the confidence I have in him I know he will not issue any long-term bonds unless it is absolutely necessary, as his aim has been to obtain money for the Government at the lowest possible rate of interest. I have heard it said by many well-informed economists and even bankers that he has, to put it tersely, accomplished wonders. I remember there was a great fear in the minds of some Americans as to how we would finance the payment of the soldiers' bonus, and then the financing of W. P. A. and other agencies, but it was accomplished at the lowest rate of interest in the history of our Government.

Indeed, it is a great achievement, but we never hear of that. All we hear is criticism and fault-finding. The great record of the Secretary of the Treasury, instead of being attacked, should be heartily commended. He is entitled to the thanks of the Nation for his achievements. I feel that a unanimous vote should be had on the resolution and on the bill, which in effect would be a vote of confidence.

Were it not for the confidence I have in the Secretary and the administration I would be tempted to introduce an amendment to the bill providing that no tax-exempt bonds be issued under the power of this bill. As it is I feel sure that only in extreme necessity will that power be utilized in issuing such bonds, and before too long a time passes I hope that legislation will be enacted that will make possible the withdrawal of tax-exempt bonds now outstanding. Of course that cannot be done until the same thing is done with State and municipal securities and bonds.

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

Mr. SABATH. I yield to the gentleman from New York.

Mr. WADSWORTH. As I understand, this bill will authorize the issuance of long-term bonds in excess of $30,000,000,000. This excess takes the place, as it were, of an equivalent amount of short-term notes?

Mr. SABATH. If necessary.

Mr. WADSWORTH. Will the long-term bonds be tax-exempt as contrasted with non-tax-exempt notes?

Mr. SABATH. That is the point I have just now made. I have always believed we should not issue additional tax-exempt bonds, but in view of the recommendation of the Secretary of the Treasury and having in mind his splendid record and his achievements I am willing to trust him to carry on as he has the last 6 years, believing that he is familiar with the situation and desires to do what is best for the country and its credit and for the taxpayers of the Nation.

I know the chairman of the Committee on Ways and Means is eager to explain the bill more fully, so I shall conclude by asking for as near unanimous support for the resolution as possibly can be had, especially in view of the fact that the gentleman from New York [Mr. FISH], who likes to oppose anything in which the administration is interested, is going to take the floor in opposition to the rule after I have concluded.

Mr. FISH. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, I do not believe there is any opposition to this proposal on the minority side. This is merely permissive legislation to enable the Secretary of the Treasury

to lift the limit now set at $30,000,000,000 for bond issues and issue them up, if he so desires, to the national debt limit of $45,000,000,000. As it is today, the Secretary can float bond issues only up to $30,000,000,000 and he has already issued $29,000,000,000 of bonds. The rest of the obligations are in short-term notes and certificates.

This is really a matter of procedure, but, encouraged by the chairman of the Rules Committee, my good friend, Mr. SABATH, who desires that I make some remarks about the administration and their financial capacity, about the Budget, and particularly about the national debt and taxation, I believe in 15 minutes or a half hour I can cover at least some of these subjects.

The President of the United States the other day issued a direct challenge to the American people, to the businessmen, and to the Congress. He wanted to know why it was that idle capital and idle wealth in the banks in the big cities of America could not join up with idle manpower and with idle wage earners. This challenge was submitted by the President, I assume, primarily to the Members of Congress and to the businessmen. I happen to be a businessman and for the time being a Member of Congress, and therefore I accept that challenge without any reservations whatever and will take some of my time under the rule to answer as to why it is that all this idle capital and idle wealth cannot get together with idle manpower in the United States to promote prosperity, turn the wheels of industry, and get our people back to work.

It must be self-evident that there is one main reason, and that answer is fear; fear pervades the land. Back in 1933 the President said in his inaugural address:

> All we have to fear is fear itself.

That is exactly the trouble with the country today. There is nothing wrong with the United States of America. We have the same resources and the same manpower we had back in 1929. The only trouble is that there is fear all over the country, not only in the North and the West but in the South as well.

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

Mr. FISH. I yield to the gentleman from Texas.

Mr. PATMAN. Is it not a fact that the people have complete confidence in their Government when they are willing to let the Government have money for one-twentieth of 1 percent interest?

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

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

Mr. KNUTSON. Does not that show the people are afraid to invest their money in any other enterprise except Government bonds?

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

Mr. FISH. I yield to the gentleman from New York.

Mr. SIROVICH. Is there not also fear in the hearts of the gentleman and the Republican Party that the President is likely to run for a third term?

Mr. KNUTSON. No; we hope he will.

Mr. FISH. The gentleman has asked me a question and I will be glad to answer it. It really is not included in the remarks I had expected to make. I believe, honestly and sincerely, that the easiest man for the Republicans to defeat on a third-term issue and the record of economic failures he has made, unless there is a war, is Franklin Delano Roosevelt, and I am for your nominating him in order to find this out. [Applause.]

Now let me proceed, and perhaps discuss the gentleman whose name has just been mentioned, Franklin D. Roosevelt.

What is the trouble? I use the words of President Roosevelt just before his first election. Out of his own mouth he shall be judged. This is what he had to say back in 1932 when speaking on the very subject we are now discussing, that of deficits and debts:

> I regard reduction in Federal spending as one of the most important issues in this campaign. In my opinion it is the most direct and effective contribution that government can make to business.

If that were true 7 years ago, it is doubly and trebly true today. Then he goes on to say this:

> Our Federal extravagance and improvidence bears a double evil; our whole people and our business cannot carry on its excessive burdens of taxation; second, our credit structure is impaired by the unorthodox Federal financing made necessary by the unprecedented magnitude of these deficits.

If anyone, my friend from New York [Mr. SIROVICH], or anyone else, would ask me what is the reason for this fear that pervades the land, I would say there are three reasons. There are probably many more reasons, but there are three important reasons.

First, I would say there was fear because of lack of confidence. Second, I would say there was fear because of the deficits. Third, I would say there was fear because of Roosevelt. Putting it in other words, I would say the three reasons could be expressed like this: Substitute the word "fear" for "Franklin," "deficits" for "Delano," and leave Roosevelt, and you have the complete answer. [Applause.]

Business seems to be a little bit worried when the President says we planned it that way, and why not when we have 12,000,000 unemployed, a $40,000,000,000 national debt, and an interest payment of $1,000,000,000—mark that—$1,000,000,000 and more, annually.

Back in 1916—and there are some Members of the House who were serving here at that time—the total appropriation of the Congress was $1,000,000,000 and the total national debt was $1,000,000,000, while today the interest payment alone is $1,000,000,000, and I submit that we were a much richer country and a much wealthier people back in 1916 than we are today with a national debt of $40,000,000,000.

Mr. PATMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. FISH. Certainly.

Mr. PATMAN. The per capita national debt on January 1, 1938, was less than it was after the war, and when there was an effort made after 1920 to reduce the debt, many people in this country objected to it being reduced quicker or being reduced very much because insurance companies and banks and trust companies wanted to invest their funds in Government bonds.

Mr. FISH. I do not agree that it is less than after the World War.

Mr. PATMAN. Per capita.

Mr. FISH. I do not agree that it is less per capita. It is now about $300, and I do not believe it ever got up to that amount even after the war, but what the gentleman means is that in 1 year, to win the war, we appropriated $27,000,000,000, and naturally immediately after that there was a big national debt, and the following year we appropriated $18,000,000,000 and thereafter it got up pretty high, but not as high as it is today.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes; I yield to the chairman of the Republican Committee on Taxation.

Mr. REED of New York. I simply want to say that at the close of the World War, or in other words, at the close of the Wilson administration, the per capita Federal debt was $200 and for 12 years the per capita debt was reduced until the present party came into power, and every year since they have been in power the per capita debt has increased.

Mr. FISH. The gentleman is quite right. The national debt after the war got up to $26,000,000,000 and under Republican administrations it was reduced to $16,000,000,000, and then it went back to $20,000,000,000 just before 1932, and now, of course, it is up to $40,000,000,000.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. SCHAFER of Wisconsin. In 1932, at the time that President Roosevelt complained about excessive Government expenditures, and promised a reduction in Government expenditures of 25 percent, the annual expenditures of the

Federal Government were less than four and a half billion dollars. Instead of reducing expenditures of Government 25 percent, President Roosevelt and his New Deal tribe increased them 100 percent. It will not be long, if the New Deal continues its spending spree, before the American dollar and American Government bonds will be as worthless as the Camco slot-machine stock or the German marks, which President Franklin D. Roosevelt bought and sold prior to the time he entered the White House.

Mr. FISH. The gentleman is quite correct in that the President has repudiated practically every promise he made to the American people.

Yesterday, he made another promise when he virtually said, "My program is more spending, more taxes, and more debt." That is apparently the Democratic campaign slogan for 1940. I believe on this side of the House we will accept the issue and will fight against any such program of more spending, more taxes, and more debts. That is literally what the President said last night in his speech.

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

Mr. FISH. Does not the gentleman agree with that?

Mr. DOUGHTON. No; I do not agree with that at all or anything like that. You quote what he did say and see if it represents that at all.

Mr. FISH. I just read it—more spending, more deficit spending, and more debts—did he not say that?

Mr. DOUGHTON. No; he did not say a word of it, and I challenge that statement and ask the gentleman to produce what he did say.

Mr. FISH. I read his speech and my memory is still good.

Mr. DOUGHTON. That is your interpretation, but it is not what he said at all.

Mr. FISH. I am quite confident it is what he said.

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

Mr. FISH. I yield.

Mr. KNUTSON. Just for the information of the gentleman from Texas [Mr. PATMAN], I would like to call his attention to the fact that at the close of the war the per capita national debt was $216; today it is $307. If the gentleman from Texas can get any satisfaction out of that situation, he is welcome.

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

Mr. FISH. I yield.

Mr. KITCHENS. Some gentlemen claim that we have only a 59-cent dollar, and that we owe $40,000,000,000. If that is true, we really owe 59 percent of $40,000,000,000, which would be about twenty-odd billion dollars. Does not the gentleman think that would be a fair way to figure it? [Laughter.]

Mr. FISH. Well, that is higher mathematics, with which I am not conversant.

There is plenty of money in the banks, billions of money in the banks. Business, if given the chance, would like to invest and would if they had any confidence whatever, but they are afraid. They are fearful that if they invest they will not be able to make any profits, and if they do make any profits that they will be taken away from them by punitive laws and punitive taxation. The result is that as long as this fear exists there will be no way of getting this idle capital and wealth together with idle manpower. Unless confidence is restored and fear done away with, we will be at a standstill with more and more unemployment all the time. The President wants to know the answer. He wants to know why business fears him. Let me see if I can put it in the terms of an old melodramatic story. It was called the "Perils of Pauline."

The villain tied poor helpless Pauline down on the bed and set fire to the bed. Miraculously, however, she escaped. Then again he lashed her to the railroad tracks, and again she miraculously escaped. Once again he met her and threw her off the cliff, but she fell in a tree and was miraculously saved. A few days later the villain met the heroine Pauline and he said to her, "Pauline, why is it that you try to avoid me? Why is it you are afraid of me?" [Laughter.] The President is repeatedly holding out the olive branch to business and wondering why there is no confidence when in the next breath he abuses and vilifies businessmen and opposes modification of any of the punitive statutes; he is against modification of the Wagner Labor Relations Act, the capital-gains tax, and the undistributed-profits tax, and he is against doing anything to encourage business or to dissipate fear or to restore confidence.

That is the trouble with America today. It is nothing but fear. Until that is done away with, either by Congress or by the President himself, these unfortunate and deplorable conditions will continue with 12,000,000 Americans unemployed in the greatest and richest nation in the world after 6 years of the New Deal experiments.

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

Mr. FISH. Yes.

Mr. KNUTSON. The gentleman from Arkansas [Mr. KITCHENS] called attention to the fact that we now have a 50-cent dollar and $40,000,000,000 of debt, and thought that possibly it would be a good idea, a practical thing to cut the dollar in two and thus reduce the debt. I wonder if it has occurred to the New Dealers that if they would reduce the dollar to 25 cents, they would cut the debt further in two, and again that if they would cut it down to 12½ cents, they would cut the debt in two again and finally wipe out all of the debt, leaving the insurance companies and the savings banks to hold the bag.

Mr. FISH. I think that is what many of the new dealers have in mind. One gentleman asked what the rate of per capita taxation is at the present time, including national, State, and local taxation. It is $22.50 per capita—double that of 6 years ago. The per capita debt is around $300.

The real issue behind this bill is what this administration proposes to do about the $45,000,000,000 national debt limitation. That is not changed in this bill, but that is perhaps the greatest single issue before the Congress of the United States today. The President himself said about 3 months ago that our national debt would be at the end of next June $44,500,000,000. We in the Congress have repeatedly gone above the Budget estimates, so that it may be above $45,000,000,000. I submit there is not a member of this House who knows what our national debt is today, that there is not a Member of this House or any committee that knows whether we have exceeded that $45,000,000,000 or not, including appropriations and authorizations, or whether we will by the 30th of June of this year.

I have introduced, and I hope that the Committee on Rules will adopt it, a strictly nonpartisan resolution, and it reads in this way:

House Resolution 195

Resolved, That a committee of five Members be appointed by the Speaker to make a recapitulation and a complete survey of the authorizations and appropriations of the first session of the Seventy-sixth Congress, to ascertain whether or not the limitation on the national debt established by law at $45,000,000,000 has been exceeded.

Said committee, or any subcommittee thereof, is hereby empowered to send for persons and papers, to administer oaths to witnesses, to sit during the sessions of the House, to have such printing and binding done, and to employ such clerical and stenographic services as it may deem necessary.

All executive departments, agencies, and independent establishments are requested to cooperate with the committee hereby created by furnishing all information the committee may require in its investigation.

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

Mr. FISH. Yes.

Mr. COCHRAN. The gentleman certainly would not include an authorization as part of the public debt until the appropriations had actually been made and expended?

Mr. FISH. The public debt is not based on authorizations or appropriations. The public debt is computed only when they issue bonds, certificates, or short-time notes.

Mr. COCHRAN. The public debt is reflected in money spent. The fact that you make an authorization does not mean that you have made an appropriation or spent any money.

Mr. FISH. That is quite right.

Mr. COCHRAN. And until you make the appropriation and spend the money you are not increasing the expenditures of the Government.

Mr. FISH. That is correct.

Mr. COCHRAN. For instance, you may provide for a project that will take 10 years to complete, and while it is authorized to be completed, yet the money is appropriated only from year to year as construction work proceeds.

Mr. FISH. The so-called daily Treasury statement you read is not based either on authorizations or appropriations. That is based on bonds issued, short-term notes, and other certificates of indebtedness. So I am only interested in finding out what the appropriations will be as of June 30, this year, and what the authorizations will be. Suppose we have exceeded the $45,000,000,000, you cannot impeach the Congress of the United States; you cannot impeach the President if we have violated the law, because we do the appropriating. I want to find out exactly where we stand. I want a complete survey of our authorizations and appropriations. I think every Member is entitled to it.

We have adopted by law a debt limitation of $45,000,000,000. I, for one, and I think most Members, are against raising that limit. If you once begin to raise that limit from 45 to 50 billion, there is no end. Next time they will come back and ask to raise it to 55 and 60, and so on, ad infinitum. What we should have is a complete survey of both authorizations and appropriations made in this session of Congress, so that we know precisely where we are. If we are exceeding that limit, we ought to know it and take some course either to cut down the appropriations, or other appropriate action. That is why I say this is a nonpartisan resolution. The committee is appointed by the Speaker. It is for the benefit of all Members, to find out where we stand and act accordingly.

I repeat, not a single Member can definitely state what our appropriations are today, what our authorizations are, or what they will be on June 30. We want to get these facts and determine our action in Congress on the facts and not on guess work.

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

Mr. FISH. I yield.

Mr. COCHRAN. How can anybody advise the gentleman now what our authorizations and appropriations are going to be on June 30? If the gentleman will go to the document room and secure every public and private law that has been passed in this Congress up to this moment, he can make a recapitulation of what we have authorized and likewise what we have appropriated.

Mr. FISH. The gentleman knows it takes a little time to get resolutions passed, in the first place. In the second place, after the committee is appointed, they will be working through June 30, so that they will have a complete recapitulation including June 30, and until the end of this session of Congress.

Of course, we can go to the library, but if the gentleman himself went there and worked for a week he might ascertain the facts. What we want is a committee with power to subpena and power to have stenographic help and clerks to do this work. If the gentleman wants to take a few weeks' time and look over every law and every authorization that has been passed, we could get the same answer, probably.

Mr. COCHRAN. That is all you are asking for here.

Mr. FISH. That is all we are asking for, but nobody has it.

Mr. COCHRAN. No Member of this House, nor the gentleman himself, can tell us now where he will stand on June 30. He changes every day.

Mr. FISH. Well, that is my privilege, but I am interested in knowing where the national debt stands on June 30 and when this session adjourns.

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

Mr. FISH. I yield.

Mr. MAY. The gentleman is aware of the fact, is he not, that the United States Treasury issues every day a statement showing the amount of the public debt?

Mr. FISH. I referred to that already.

Mr. MAY. Why not get at it in that way?

Mr. FISH. I referred to that twice, and that means absolutely nothing as far as this is concerned. That has nothing to do with appropriations made by Congress. It has nothing to do with authorizations. That simply has to do with the Federal indebtedness computed on bond issues, short-term notes, and certificates of indebtedness.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. SCHAFER of Wisconsin. If you went down to the document room, as the gentleman from Missouri [Mr. COCHRAN] suggests, you would not be able to get the correct figures, because the congressional appropriation bills do not include hundreds of millions of dollars handed to foreign-dictator countries by the New Deal Export-Import Bank and the billions of dollars handed to foreign owners and speculators under the New Deal gold- and silver-steal legislation.

Mr. FISH. The contingent liabilities are not included. If the gentleman from Missouri [Mr. COCHRAN] would delegate himself to spend a week either in the Library or wherever it is necessary to get these figures, he would be rendering a service to the country; but there is no Member who can give up a week's time to get this information for himself. It might take more than a week. The purpose of this resolution is to have a committee, empowered with stenographic help and clerks, to get all the necessary data, either through subpena or otherwise.

Mr. COCHRAN. Will the gentleman yield further?

Mr. FISH. I yield.

Mr. COCHRAN. The gentleman can go to the Committee on Appropriations and he can get from the clerks of that committee in 5 minutes the amount of money which that committee has appropriated up to this hour, in this session where the President has signed the bills. They can likewise give you the amounts carried in every appropriation bill that has passed this House, and it will only take 5 minutes to get it. Insofar as authorizations are concerned, go and get the public laws and see for yourself.

Mr. FISH. That is exactly the situation. When an authorization is passed it is expected that the Appropriations Committee will include that in its deficiency bill. That is the reason it is passed. If you have got to find every bill that has passed Congress carrying an authorization before it is in the deficiency bill, then it will take some time.

Mr. COCHRAN. For instance, let me show the gentleman where he is wrong. Every year we pass a River and Harbor Authorization Act. It may be 20 years or more before the engineers of the Army will carry out all the projects that have been authorized. Congress appropriates a certain amount every year, in a lump sum, for river and harbor improvements. The engineers of the Army select the projects which they feel should be taken care of at the moment, confining the projects to those previously authorized. But the fact that we passed a river and harbor bill the other day authorizing projects which will require a tremendous amount of money, does not mean that those projects will be taken care of in 1 year, 2 years, 5 years, or 10 years. Some of it may never be spent.

Mr. FISH. Let me call the gentleman's attention to the action of the House today. Suppose we add $300,000,000 to the Agriculture Department appropriation bill, and suppose we are within $200,000,000 of the $45,000,000,000 debt limitation. I do not know whether we are or whether we are not, nor does the gentleman. I want to get a complete summation of all these authorizations and appropriations, so that we will know where we are, and so that if we pass this appropriation we will be under the $45,000,000,000 limitation, or if we pass a Navy bill we will be within the debt limitation fixed by law.

Mr. COCHRAN. Let us assume that the debt now amounts to $44,800,000,000. We have not as yet passed the relief bill. If the figures did show, when we take up the relief bill for next year, that the public debt amounted to $44,800,000,000, would the gentleman be in favor of throwing the relief bill into the wastebasket?

Mr. FISH. I want to find out whether that is the purpose the gentleman has in mind in order to exceed the $45,000,000,000. I am trying to keep it down. I want to get a direct vote on this by the House, if necessary; and if the Democrats

want to take the responsibility, let them take it; they are in charge of the House.

Mr. COCHRAN. I will tell the gentleman this—that if we discover we have already spent $44,800,000,000, I will still vote for the relief bill, even if it carries the deficit over the $45,000,000,000.

Mr. FISH. Is the gentleman in favor of lifting the debt limit above $45,000,000,000?

Mr. COCHRAN. If I found the debt already amounted to $44,800,000,000, which is within $200,000,000 of the limit, in voting for the relief bill I would be voting for an expenditure that would increase the debt over $45,000,000,000.

Mr. FISH. Is the gentleman in favor of raising the debt limit over $45,000,000,000?

Mr. COCHRAN. I just told the gentleman what I would do.

Mr. FISH. Is the gentleman speaking for his party?

Mr. COCHRAN. I should say I am not. I always speak for myself alone.

Mr. FISH. Is the gentleman speaking for the President?

Mr. COCHRAN. I certainly am not, and the gentleman knows it.

Mr. FISH. Certainly I do not.

Mr. COCHRAN. Now let me ask if the gentleman is speaking for the President as the representative of the President's congressional district? The gentleman is the representative of the President's congressional district, is he not?

Mr. FISH. I am speaking for the people of my district; and that is more than the President can claim. [Applause.]

Mr. COCHRAN. I know, but the gentleman is not speaking for the President, he will never say he is and we know he is not, even though he represents the congressional district which is the legal residence of the President.

[Here the gavel fell.]

The SPEAKER. The gentleman from New York has consumed 30 minutes.

Mr. SABATH. Mr. Speaker, I yield to the gentleman from Georgia to submit a unanimous-consent request.

EXTENSION OF REMARKS

Mr. PACE. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein a table showing the appropriations for agriculture.

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

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and to include therein certain statistics with reference to appropriations.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech I delivered on the floor of the House.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. THOMAS F. FORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short article from the Evening Star.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COFFEE of Nebraska and Mr. SABATH asked and were given permission to revise and extend their own remarks.

PERMISSION TO ADDRESS THE HOUSE

Mr. SHANNON. Mr. Speaker, I ask unanimous consent that on tomorrow, May 24, after the conclusion of the legislative program for the day and such other special orders as may have been entered that I may address the House for 10 minutes.

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

There was no objection.

THE LATE CHARLES BENNETT SMITH

Mr. SCHWERT. Mr. Speaker, having just received news of the death of the Honorable Charles Bennett Smith, who served for four terms as a Democratic Member of the House of Representatives, I desire to call this item to the attention of the Members of the Seventy-sixth Congress. Mr. Smith first ran for Congress in 1910, the district then being the thirty-sixth New York, and he won an election believed unequaled in the annals of congressional contests. He defeated the veteran encumbent, Col. De Alva Stanwood Alexander, by one vote. A bitter post-election battle was carried on for several weeks, Colonel Alexander finally conceding defeat. An unusual angle of the election was that Colonel Alexander carried the city portion of the district by more than 400 votes but lost the towns, which are usually Republican. Mr. Smith was reelected in 1912, 1914, and 1916, but was defeated by 34 votes in 1918 by the Honorable Clarence MacGregor, who is now a supreme court justice.

In the House of Representatives, Mr. Smith served as chairman of the Committee on Patents. He was on the Tolls Committee that visited the Panama Canal and determined the tolls. A member of the Committee on Foreign Affairs which drew up the declaration of war, he came to know President Woodrow Wilson very well. One of the most dramatic conferences which Mr. Smith attended at the White House was that at which he heard President Wilson's report on the drafting of the League of Nations Covenant. Before entry of the United States into the World War, Mr. Smith consistently supported Mr. Wilson's efforts to keep the Nation from becoming involved. He also witnessed the vote that adopted the Prohibition Amendment.

His interests in Washington continued after his service in Congress. He was a stanch opponent of the St. Lawrence seaway development project and represented the city of Buffalo and the chamber of commerce in the capital combating ratification of the treaty. Mr. Smith served as chairman of the upstate Democratic campaign for the election of Gov. Alfred E. Smith as President. In 1934 he was appointed City Budget Director of the city of Buffalo by Mayor George J. Zimmerman, serving in that capacity until September 1, 1935, when he was apointed State superintendent of standards and purchase by Governor Lehman, the position he held at the time of his death last Sunday, May 21, 1939.

Early in Mr. Smith's life he was a telegraph operator, branching from that into the field of newspaper work, where he worked himself up to the position of managing editor of the Buffalo Times. He left the Times at the age of 28 and became managing editor of the Courier and the old Enquirer, keeping that position for 12 years—when he was elected to Congress.

During his life Mr. Smith became prominent in the affairs of his city, State, and Nation, and won much merit and praise in each and every position held by him. His death at the age of 68 is a severe loss to the State of New York, his death representing the loss of one of Buffalo's foremost contributors to the service of good government.

AMENDMENT OF SECOND LIBERTY BOND ACT AS AMENDED

Mr. SABATH. Mr. Speaker, I yield 7 minutes to the gentleman from Texas [Mr. PATMAN].

ECONOMIC SYSTEM BASED ON DEBT

Mr. PATMAN. Mr. Speaker, the success of our economic system, whether we like it or not, depends upon debt—someone must go into debt. Comparing 1939 with 1929 we find that the total debt today is less than it was in 1929; that is, the total debts of this country owed by the people. As private business has been decreasing its debt, and as loans and discounts have decreased $20,000,000,000 from 1929 to 1936, someone had to spend money, because our system is based upon debt. It was therefore absolutely necessary that the Government go in debt. As the Government's debt has increased private debts have decreased, or I should say as private debts decreased the Government debt necessarily increased.

The total private and Government debt today is $155,000,000,000, whereas in 1929 it was $159,000,000,000. So our total debts have actually decreased.

GOVERNMENT DEBTS, PRIVATE LONG-TERM DEBTS, AND BANK LOANS AND DISCOUNTS, UNITED STATES, 1921–38

It is interesting to note that the grand total of the Government and private debts is at least five and one-half billion dollars less in 1938 than it was in 1929. The following table is self-explanatory:

[In millions of dollars]

	U. S. Government [1]	Federal agencies [2]	State and local [3]	Total Government	Private long term [4]	Loans and discounts all active banks [5]	Total private long-term and bank loans	Grand total, Government and private
	June 30	*June 30*	*June 30*		*Dec. 31*	*June 30*		
1921	23,737	450	8,476	32,663	48,682	28,776	77,458	110,121
1922	22,711	730	9,893	33,334	51,200	27,759	78,959	112,293
1923	22,008	1,062	10,598	33,668	55,234	30,287	85,521	119,189
1924	20,982	1,231	11,633	33,846	60,156	31,348	91,504	125,350
1925	20,211	1,506	12,830	34,547	64,895	33,757	98,652	133,199
1926	19,384	1,659	13,664	34,707	69,861	36,051	105,912	140,619
1927	18,251	1,789	14,735	34,775	75,156	37,314	112,470	147,245
1928	17,318	1,866	15,699	34,883	80,121	39,592	119,713	154,596
1929	16,639	1,867	16,760	35,266	83,224	41,433	124,657	159,923
1930	15,922	1,871	17,985	35,778	84,500	40,510	125,010	160,788
1931	16,520	1,885	19,060	37,465	83,131	35,211	118,342	155,807
1932	19,161	2,130	19,330	40,621	80,192	28,090	108,282	148,903
1933	22,158	3,279	19,517	44,954	75,594	22,388	97,982	142,936
1934	26,480	6,735	18,823	52,038	74,300	21,431	95,731	147,769
1935	27,645	10,177	18,972	56,794	72,831	20,419	93,250	150,044
1936	32,756	11,066	19,212	63,034	71,459	20,839	92,298	155,332
1937	35,803	10,547	19,152	65,502	70,335	22,698	93,033	158,535
1938	36,576	7,989	19,170	63,735	70,000	21,380	91,380	155,115

[1] Interest-bearing debt of the U. S. Government (p. 410, 1937 Report of the Secretary of the Treasury), except that data for 1938 were taken from U. S. Department of the Treasury.

[2] Total amount of outstanding securities wholly or partially exempt from Federal income taxes of the (1) Federal Farm Loan System; (2) Federal Home Loan System; and the (3) Reconstruction Finance Corporation as reported on p. 466 of the Annual Report of the Secretary of the Treasury for 1937, except that data for 1938 are from U. S. Department of the Treasury and include debt of the newly created agencies, Commodity Credit Corporation and Federal National Mortgage Association.

[3] Includes both long- and short-term issues. Annual Report of the Secretary of the Treasury for year ended June 30, 1937 (p. 466), except that data for 1938 are from U. S. Department of the Treasury.

[4] Total private long-term debt in the United States; 1922, 1930, and 1934–37, inclusive, are Department of Commerce estimates, Long-Term Debts in the United States, 1937, and Survey of Current Business, January 1939; estimates for 1921 from Private Long-Term Debt in United States, National Conference Industrial Board. All other years prior to 1938 based on National Industrial Conference Board data (same source) with adjustments by Agricultural Adjustment Administration to bring into agreement with the Department of Commerce series. 1938 is preliminary Agricultural Adjustment Administration estimate.

[5] Loans and discounts all active banks, Comptroller of Currency reports (1938 is preliminary).

Source: Agricultural Adjustment Administration, Division of Program Planning, Agricultural Industrial Relations Section.

If private business continues to fail to go into debt and do business as it should, the Government must continue to put money out, because money must be spent either by private business or by the Government. Let me tell you the difference in the cost of carrying this debt in 1929 as compared with now. In 1929 it cost us $6,222,000,000 a year to pay the interest on these enormous debts, whereas today the interest burden is only $5,419,000,000.

HOW INTEREST RATES HAVE REDUCED SINCE 1933

The private rate of interest has decreased considerably since 1933; so has the interest rate on long-term Government obligations. The following table is self-explanatory:

Private long-term and Government debt and interest charges, United States, 1921–38

[Million dollars]

	Private [1]			Government			Total Government and private long-term	
	Long-term debt	Interest	Rate of interest	Debt [2]	Interest	Rate of interest	Debt	Interest
			Percent			*Percent*		
1921	48,682	2,770	5.68	32,213	1,410	4.38	80,895	4,180
1922	51,200	2,976	5.81	32,604	1,415	4.34	83,804	4,391
1923	55,234	3,187	5.77	32,606	1,411	4.33	87,840	4,598
1924	60,156	3,471	5.77	32,615	1,409	4.32	92,771	4,880
1925	64,895	3,725	5.74	33,041	1,415	4.28	97,936	5,140
1926	69,861	4,017	5.75	33,048	1,416	4.28	102,909	5,433

See footnotes at end of table.

Private long-term and Government debt and interest charges, United States, 1921–38—Continued

	Private			Government			Total Government and private long-term	
	Long-term debt	Interest	Rate of interest	Debt	Interest	Rate of interest	Debt	Interest
			Percent			*Percent*		
1927	75,156	4,329	5.76	32,986	1,395	4.23	108,142	5,724
1928	80,121	4,623	5.77	33,017	1,387	4.20	113,138	6,010
1929	83,224	4,802	5.77	33,399	1,420	4.25	116,623	6,222
1930	84,500	4,882	5.78	33,907	1,424	4.20	118,407	6,306
1931	83,131	4,805	5.78	35,580	1,452	4.08	118,711	6,257
1932	80,192	4,603	5.74	38,491	1,546	4.02	118,683	6,149
1933	75,594	4,324	5.72	41,675	1,620	3.89	117,269	5,944
1934	74,300	4,185	5.63	45,303	1,686	3.72	119,603	5,871
1935	72,831	3,987	5.47	46,617	1,584	3.40	119,448	5,571
1936	71,459	3,838	5.37	51,968	1,656	3.19	123,427	5,494
1937	70,335	3,713	5.28	54,955	1,721	3.13	125,290	5,434
1938	70,000	3,675	5.25	55,746	1,744	3.13	125,746	5,419

[1] Data in all columns for the years 1922, 1930, and 1934 to 1937, inclusive, are Department of Commerce estimates (as of Dec. 31). Data for other years based on estimates contained in Long-Term Debts in the United States, 1937, and Survey of Current Business, January 1939; the estimate for 1921 was taken from Private Long-Term Debt in United States, National Industrial Conference Board. The National Industrial Conference Board, debt estimates are: 1922, $50,694,000,000; 1930, $85,774,000,000, and 1934, $76,757,000,000.

[2] Debt of Federal and of State and local governments, interest on which is exempt from Federal income taxes, 1937 Annual Report of the Secretary of the Treasury p. 466. For details concerning interest charges and rates see table III (Government Debt and Interest Charges, United States, 1921–38).

Source: Agricultural Adjustment Administration, Division of Program Planning, Agricultural Industrial Relations Section.

PRESIDENT WILSON WANTED PROFITS TAKEN OUT OF LAST WAR

Much has been said about the war debt and about the reduction of the debt under the 12 years of Republican administration. Permit me to invite your attention to the fact that in 1917 President Woodrow Wilson and a Democratic Congress were determined to take the profits out of war and passed tax bills which had they remained upon the statute books of this country would have entirely liquidated the national debt by 1927. When the Republicans came into power, however, in 1921 they said, "No; we do not want these heavy taxes paid; we do not want this debt liquidated quickly. We believe that a large national debt is a wholesome and constructive thing for the country." They openly argued that we needed Government bonds for insurance companies to invest in, for banks to invest in to carry their reserves, and for trust companies to invest in. They said, "Therefore, we need and must have a large Government debt." It could have been entirely paid through those years, but the Republicans preferred not to pay it.

President Wilson during the World War said that those who profited by the war should pay the cost of the war, and he persuaded the Congress to pass the tax laws I have mentioned which, if they had remained upon the statute books, would have caused the entire payment, the complete liquidation of the national debt, by June 30, 1927; but when the Republicans came into power March 4, 1921, they did not see fit to keep these war taxes in effect. They did not want to liquidate that national debt so quickly; in fact, many of them argued that a pretty good-sized national debt is a sound thing for the country and that we should have a pretty good-sized national debt.

WAR DEBT COULD HAVE BEEN PAID BY JUNE 30, 1927

In connection with the public debt I desire to invite your attention to a statement prepared by Mr. L. H. Parker, chief of staff of the Joint Committee on Internal Revenue Taxation. This statement discloses that if the Woodrow Wilson taxes had continued the national debt would have been entirely paid by June 30, 1927, and there would have been a surplus at that time in the Treasury after the payment of the debt of $1,542,000,000.

The statement I refer to is contained in volume 79, part 3, of the CONGRESSIONAL RECORD for the Seventy-fourth Congress, first session, page 2687, and is as follows:

Estimate of additional revenue that would have been derived under the income and excess-profits tax rates of the year 1918 continued in subsequent years, with effect upon the public debt by the application of such additional revenue thereto

INDIVIDUAL—INCOME TAX

Year	Actual net income	Actual tax	Theoretical tax	Excess
1918	$15,924,639,000	$1,127,722,000	$1,127,722,000	
1919	19,859,491,000	1,269,630,000	1,406,052,000	$136,422,000
1920	23,735,629,000	1,075,054,000	1,680,483,000	605,429,000
1921	19,577,213,000	719,387,000	1,386,067,000	666,680,000
1922	21,336,213,000	861,057,000	1,510,604,000	649,547,000
1923	24,777,466,000	661,666,000	1,754,245,000	1,592,579,000
1924	25,656,153,000	704,265,000	1,816,456,000	1,112,191,000
1925	21,894,576,000	734,555,000	1,550,136,000	815,581,000
1926	21,958,506,000	732,471,000	1,554,662,000	822,191,000
Total	178,795,247,000	6,758,085,000	12,658,705,000	6,400,620,000
1927	22,545,091,000	830,639,000	1,596,192,000	765,553,000
Total	201,340,338,000	7,588,724,000	14,254,897,000	7,166,173,000

CORPORATIONS—INCOME AND EXCESS-PROFITS TAXES

Year	Actual net income	Theoretical net income	Actual tax	Theoretical tax	Excess
1918	$8,361,511,000		$3,158,764,000		
1919	9,411,418,000	$8,031,704,000	2,175,342,000	$3,034,137,000	$858,795,000
1920	7,902,655,000	6,542,608,000	1,625,235,000	2,471,601,000	846,366,000
1921	4,336,048,000	3,399,895,000	701,576,000	1,284,378,000	582,802,000
1922	6,963,811,000	5,222,858,000	783,776,000	1,973,060,000	1,189,284,000
1923	8,321,529,000	6,241,147,000	937,106,000	2,357,743,000	1,420,637,000
1924	7,586,652,000	5,689,989,000	881,550,000	2,149,530,000	1,267,980,000
1925	9,583,684,000	7,187,763,000	1,170,331,000	2,715,350,000	1,545,019,000
1926	9,673,403,000	7,255,052,000	1,229,797,000	2,740,770,000	1,510,973,000
Total	63,779,200,000	49,571,016,000	9,504,713,000	18,726,569,000	9,221,856,000
1927	8,981,884,000	6,736,413,000	1,130,674,000	2,544,842,000	1,414,168,000
Total	72,761,084,000	56,307,429,000	10,635,387,000	21,271,411,000	10,636,024,000

Public debt June 30, 1926		$19,643,000,000
Additional revenue if rates continued through 1926	$15,122,476,000	
Probable saving in interest by annual payment of such additional revenue on public debt	2,450,000,000	
		17,572,476,000
Balance of debt, 1926		2,070,524,000
Public debt June 30, 1927		18,510,000,000
Additional revenue if rates continued through 1927	$17,302,197,000	
Probable saving of interest by annual payment of such additional revenue on public debt	2,750,000,000	
		20,052,197,000
Surplus after complete payment of public debt		1,542,197,000

NOTE.—It is assumed that business profits (net income) would not have been depressed by the high tax.

(This statement prepared by the Joint Committee on Internal Revenue Taxation. Mr. L. H. Parker, chief of staff.)

I was in Congress in 1929, when, at one time, $190,000,000 was given to the income-tax payers just as an absolute gift, as a subsidy, in order to prevent the payment of the national debt so quickly. Naturally, there was more money coming in under those tax laws than was being paid out. The above statement does not take into consideration the billions of dollars illegally refunded in income-tax payments.

Now in regard to fear.

ARE PEOPLE AFRAID OF THEIR GOVERNMENT?

It is said the people are afraid of their Government; you hear that every day here on the floor of the House. Are the people afraid of this administration? Are they afraid of the President of the United States? Are they afraid of the Congress? Let us see. If people will put their money into this Government they are not afraid; and when people will hire their money to the Government, or let the Government have their money for one-twentieth of 1 percent interest, they certainly have confidence in this Government; and this is what the Government is now paying on short-term obligations and is the lowest rate of interest that has ever been paid by this Government in the history of the country. [Applause.] Incidentally, it is cheaper than printing money. It would cost much more than that to print it.

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

Mr. PATMAN. I yield.

Mr. SIROVICH. I call the gentleman's attention to the fact that in the year 1929, in September, when the Republican Party, through its President, had promised two chickens in every pot and two automobiles in every garage, the value of all the stocks, bonds, and debentures of the public utilities alone was about $20,000,000,000; but when Herbert Hoover retired from the Presidency, these values had fallen to $1,756,000,000.

Mr. PATMAN. I thank the gentleman.

Mr. HOFFMAN. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Was that because the people were afraid of what was coming?

Mr. PATMAN. They were afraid of what was happening. That is what they were afraid of. If the gentleman wants to compare 1932 under Mr. Hoover with 1939 under Mr. Roosevelt, I will yield the gentleman the remainder of my time. He is certainly not bragging about what happened in 1932.

Mr. HOFFMAN. I am thinking of what we have now.

Mr. PATMAN. We had something pretty bad at that time. It was much worse then. If the gentleman will look at the Evening Star of last night and read the article written by Jay Franklin, which compares conditions in 1932 with 1939, citing official records which the gentleman cannot dispute or deny, I think he will be convinced without any effort on my part.

Mr. HOFFMAN. At least, we had a President then. Now you have a man down there who listens to John Lewis.

Mr. PATMAN. He did not shoot any World War veterans.

Mr. HOFFMAN. No; he is starving them to death.

Mr. PATMAN. He did not shoot any World War veterans, but treated them kindly when they came to Washington. No one has starved during Mr. Roosevelt's time, while Mr. Hoover refused to feed the starving or assist the needy. He said it was unconstitutional and unorthodox.

Mr. MURRAY. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Wisconsin.

Mr. MURRAY. How much was corn worth in that same article?

Mr. PATMAN. I do not recall.

Mr. MURRAY. I do, sir.

Mr. PATMAN. I believe the gentleman will admit that the prices of commodities are much higher today than they were in 1932. I am sure he will not deny that.

Mr. HOFFMAN. How about cotton?

Mr. PATMAN. It is much higher.

Mr. HOFFMAN. It was 17 cents then. It is now about 8 or 9 cents.

Mr. PATMAN. The gentleman has his figures mixed up. I will not say "as usual," but at least this time.

Mr. GEYER of California. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. GEYER of California. I may say I will put those very figures in the RECORD this evening.

Mr. PATMAN. I thank the gentleman.

So, some one must go into debt and the best way to keep the Government out of debt is for private business to go into debt. Somebody must borrow money. Someone must spend, because the success of our economic system is based upon debt. If it is necessary for the Government to go into debt, we must continue to spend until private business comes back and goes into debt for itself. [Applause.]

[Here the gavel fell.]

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and to include therein certain tables bearing upon the statements I have made.

The SPEAKER pro tempore [Mr. PAGE]. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. DISNEY. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein an editorial taken from the Tulsa (Okla.) World of May 16, 1939.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. DISNEY]?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, yesterday I secured unanimous consent to extend my own remarks in the RECORD and to include an address, which runs one page over the usual amount. I ask unanimous consent to include the entire address notwithstanding the fact it runs over the limit.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the bill passed today.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article from the Washington Evening Star.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. GEYER]?

There was no objection.

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein an article by John Temple Graves on the troubles of King Cotton.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. PATRICK]?

There was no objection.

AMENDMENT OF SECOND LIBERTY BOND ACT, AS AMENDED

Mr. DOUGHTON. 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. 5748, to amend the Second Liberty Loan Act, as amended.

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. 5748, with Mr. GAVAGAN in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. DOUGHTON. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, this bill, H. R. 5748, comes to you with a unanimous favorable report from the Committee on Ways and Means, so I take it there is no objection to the bill. It provides greater flexibility in financing the needs and requirements of the Government. Under the Second Liberty Loan Act, as amended, there is a limitation of $45,000,000,000 on the Government indebtedness that may be outstanding at any one time. This bill does not increase or change that amount, but leaves the law just as it is at present.

There is also a limitation of $30,000,000,000 in the present law on the amount of Government bonds that may be outstanding at one time, leaving $15,000,000,000 that may be outstanding in other forms of Government obligations. This bill has for its purpose the giving of greater latitude to the Secretary of the Treasury and providing more flexibility in financing the obligations of the Government authorized by the Congress. The bill gives him the power to finance these public obligations more efficiently and economically and leaves entirely to the discretion of the Secretary of the Treasury the form in which he will issue the obligations of the Government, whether bonds, or Treasury notes, or certificates of indebtedness of any type he may deem desirable and which the condition of the money market at the time he refinances these obligations may indicate it will be most favorable to the Government for him to adopt.

The gentleman from New York [Mr. FISH] is never happier than when he is criticizing the present administration and he never lets an opportunity pass to do so. He is always in his glory when an opportunity presents itself to take the floor and inveigh—and he does it quite eloquently as he is a good talker—against the policy of the administration. The gentleman from New York decided that the President's speech last night indicated he was in favor of higher taxes and bigger deficits and all that kind of thing, not a word of which I heard, and I listened to the President's speech very attentively. His speech speaks for itself; it is not necessary for me to make any explanation of it, and I am certain I would make no apology for the speech made by the President.

The gentleman from New York emphasizes at great length the matter of deficit financing and the large increase in the public debt under this administration, but I would remind the gentleman from New York and those whose views are similar to his that this administration and the Democratic Party have no monopoly on deficit financing. When this administration came into control of the affairs of this Government on March 4, 1933, we had been running a deficit for a number of years. We inherited not only the policy of deficit financing but an empty Treasury and an almost bankrupt country. Everyone knows that. During the last years of the previous administration the national income had dropped to approximately $40,000,000,000. You never hear that fact referred to by our Republican friends. The national income had fallen to something like $40,000,000,000. In 1937 the national income increased to $65,000,000,000 and went down last year a little, although it still was $60,000,000,000 or above—$20,000,000,000 more than it was during the last years of the previous administration—and this year it will be about $65,000,000,000; $65,000,000,000 contrasted with $40,000,000,000 makes a difference, according to my arithmetic, of $25,000,000,000 between the national income this year and the national income of the last year of the Republican administration. This $25,000,000,000 increase in the national income in 1 year would more than pay off every dollar of the increase in the national debt over a period of 6 years.

Further, the amount of Government obligations outstanding on the 30th of April was thirty-nine billion and some hundreds of millions, leaving $5,000,000,000 of obligations that may yet be issued before the limit of $45,000,000,000 is reached. I know that $39,000,000,000 or $40,000,000,000 or $45,000,000,000 looks large, and it is quite a large sum, but today we have in the Treasury of the United States—I have just phoned the Treasury to find out—a working balance as of May 20th of $2,329,307,554 in cash. We have this much cash that we could use tomorrow if we were balancing the books to pay on the public debt, whereas at the inception of President Roosevelt's administration there was not over $200,000,000 in the Treasury. The Treasury was practically empty. Yet we never get credit for that, and that is a comparison our friends never think of, let alone being willing to make.

Mr. Chairman, let us give credit where credit is due. We have paid off and added to the public debt the soldiers' bonus, for which the President was in no way responsible. Congress was responsible for that payment, which increased the public debt of the Nation more than $1,000,000,000. We are entitled to credit for that. We should charge that increase up to the Congress, not to the President of the United States.

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

Mr. DOUGHTON. I yield to the gentleman from Texas.

Mr. PATMAN. The gentleman can also add the $1,800,000,000 in the stabilization fund to the $3,200,000,000 in the general fund.

Mr. DOUGHTON. They can twist that around and say that is sleight-of-hand business, but the gentleman is correct.

Again, Mr. Chairman, you will recall that not only did this administration inherit the greatest economic depression in all the history of this country but after it came into power we had 2 years of the most serious and disastrous drought ever known in our history. The present administration and the Democratic Party are not responsible for that. If anyone is responsible, it is Providence, not the Democratic Party.

We were compelled, as a matter of duty, of course, but not as a matter of law, to spend several hundred millions of dollars to relieve the distress of the suffering in the sections of the country in the West and Midwest. We are entitled to some credit for that. The previous administration had no such catastrophe and no such calamity to deal with.

Then, in addition, we are entitled to a further credit against this $39,000,000,000 for the money we have in good loans and recoverable assets. This represents money we have loaned through the R. F. C. and through farm organizations, principally to farmers, and also money loaned through the Home Owners' Loan Corporation and other various lending agencies of the Government, represented in good securities in the Treasury of the United States, good as gold, and will be collected and applied to the discharge of our national debt, and they amount to something like $5,000,000,000.

So, after all, Mr. Chairman, when you contrast the picture and get right down to the truth and state the facts, you can realize that this administration, although on the books the public debt is enormously increased, if you give it the credit to which it is entitled, the national debt is not so colossal as our Republican friends would have you believe.

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

Mr. DOUGHTON. I yield to the gentleman from New York.

Mr. WADSWORTH. I am very much interested in the reassuring statement of the gentleman from North Carolina and, indeed, his rosy picture of this situation, but I want to ask him a question for information. Reference was made a little while ago in this debate——

Mr. DOUGHTON. As great a premium as I put on the gentleman's intelligence, I do not believe he needs much information.

Mr. WADSWORTH. Yes; I do.

Mr. DOUGHTON. But if I can give him any information, I shall be pleased to do it.

Mr. WADSWORTH. Reference was made in the debate on the rule a short time ago to what might happen as we come within, we will say, $1,000,000,000 of the $45,000,000,000 limit of the national debt, and I would like to know whether it would be within the power of the President under existing law, in the event we found ourselves within $2,000,000,000 or $3,000,000,000 of the national debt limit, a part of which would be short-term notes, to retire those notes by the issuance of all or a part of the $3,000,000,000 which he may issue under the famous agricultural law of 1933. By issuing that currency, speaking of sleight of hand, could he retire two or three billion dollars of short-term notes and thus put the debt down to $42,000,000,000?

Mr. DOUGHTON. I regret that I do not feel able to give the gentleman the information, but I do feel that under the present law or under the Second Liberty Loan Bond Act, as amended, there is no authority vested in any governmental agency, the Secretary of the Treasury or anyone else to exceed or have in excess of $45,000,000,000, at any one time, of outstanding Government obligations.

Mr. WADSWORTH. The gentleman from North Carolina would not contend that the $3,000,000,000 of paper currency which the President may issue at any time is to be computed, if issued, as a part of the national debt.

Mr. DOUGHTON. I would not contend that. I would not contend anything that the law did not provide, and as I am not a lawyer, and I assume the gentleman from New York is——

Mr. WADSWORTH. No; I am not.

Mr. DOUGHTON. Well, there are able lawyers in the House——

Mr. WADSWORTH. I am not even a member of the bar. [Laughter.]

Mr. DOUGHTON. And I respectfully submit that that matter should be submitted to the Department of Justice or the Committee on the Judiciary or some person that knows more law than I do.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield myself 5 additional minutes.

Mr. PATMAN. May I suggest to the gentleman that under the Agricultural Act of 1933 and the Thomas amendment, providing that $3,000,000,000 could be issued in so-called greenbacks, I believe the law is very plain, and the President could use that money to retire existing obligations.

Mr. WADSWORTH. That is the matter I would like to pursue further, because we must all realize we are approaching pretty steadily the $45,000,000,000 debt limit.

The CHAIRMAN. Does the gentleman from North Carolina yield; and, if so, to whom?

Mr. DOUGHTON. I yield further to my colleague and friend the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Apparently, therefore, if the gentleman from Texas [Mr. PATMAN] is correct, the President may reduce the national debt by $3,000,000,000 by simply issuing that amount of currency, paper money. I want to pursue that inquiry.

Mr. DOUGHTON. Oh, the President has never been accused of entertaining inflationary views.

Mr. WADSWORTH. For reducing the debt—that is true.

Mr. DOUGHTON. But I say he believes in sound finance.

Mr. WADSWORTH. Perhaps the gentleman will inform me on this question; and I need the information, because I am not an authority on the Silver Purchase Act. I understand that the hoard of silver which we have accumulated under the Silver Purchase Act can be converted into currency in whole or in part.

Mr. DOUGHTON. The gentleman does not understand there is any intention to do that?

Mr. WADSWORTH. I understand that it would be legal to do it.

Mr. DOUGHTON. All things lawful may not be expedient.

Mr. WADSWORTH. May I ask if the President has the power to do that by Executive order?

Mr. DOUGHTON. I could not tell the gentleman.

Mr. WADSWORTH. If so he could reduce the national debt on a paper basis several billion dollars.

Mr. PATMAN. And would the gentleman be in favor of the President doing that?

Mr. WADSWORTH. No; I would not.

Mr. DOUGHTON. I have no fear that he will embark on any such program, knowing his reputation for sound finance.

Mr. WADSWORTH. His reputation for what?

Mr. DOUGHTON. For sound finance, as proven today by the way the Government bonds are selling, all above par, whereas when he came into power the Government bonds were selling at 80 or 81. Oh, the gentleman need not shake his head, because that is the fact, and that demonstrates that the people of the country have confidence in the President's financial policy.

Something has been said about the financial condition of the country, and if our friends of the minority wish to go before the country on that issue, no matter who is their candidate, or who is our candidate, and have a showdown on the records of the two administrations for the welfare of all of the people, for business, for industry, for the farmer, for labor, for those engaged in every walk or calling of life we will welcome it. They talk about Hoover's time when there were two cars in every garage and a chicken in every pot. If there were two cars in every garage, they were in there

because the people could not afford to buy gasoline to operate them. My country was full of cars that had been converted into Hoovercarts, but I have not seen one around there in 3 or 4 years; and now as you go out into the streets and highways of this country you will see them filled with new, up-to-date, modern automobiles. People must have money to purchase them, or, if they buy them on credit, they have money to buy gasoline and oil to run them. The theaters are filled with people, and the people must have money or they could not attend. Misery and distress existing under the Hoover administration has been supplanted in millions of cases by happiness and contentment. [Applause.]

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. TREADWAY. Mr. Chairman, I had not supposed there was going to be much debate upon this bill, but I now have requests from several gentlemen on this side, and I think some of them have been actuated by the argument of the gentleman from North Carolina [Mr. DOUGHTON]. For a man with as good common sense and ability as he has shown over a period of years in connection with his own finances, it seems strange to me to hear him defend the President's speech of last night. It was my privilege also to be in the audience, and I saw the gentleman from North Carolina there, dressed to perfection. He certainly got a very different impression from that speech than I did. I thought it was an exhibition of high finance on the part of the Democratic President, when the theme of his speech was practically more spending—let us keep spending, and the further we get into debt the richer we will be. That was about the argument made by the President. If I sense the ideas of the Members on this side of the House, they are all to the contrary. The day will come sometime when we will have to stop spending and when we will have to pay our indebtedness, and we certainly are not going to do it if we follow the advice of the President of the United States in his speech last night. Instead of spending, spending, spending as he recommends, the Republicans of this House and the people of the country believe in saving, saving, saving and paying, paying, paying——

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. No; I have not the time. That is the theme of the address last night, which the gentleman from North Carolina is defending on the floor today. Its theme is contrary to any intention on the part of the Republican minority, so far as the next election is concerned, and while there is no politics in this measure, and we did report it unanimously from the Committee on Ways and Means, I say that in addition to the reciprocal-trade agreements and certain other details that we are going to take up next year, we will be glad to meet opposition on the question of thrift, such as the gentleman from North Carolina has exhibited in his own behalf, but certainly not in behalf of the Treasury of the United States when he defends such a speech he heard made last night.

Now, Mr. Chairman, the reason this bill is here today is that the administration now fears getting beyond the $45,000,000,000 limit that the law provides at the present time. We could not answer the Rules Committee yesterday as to why $45,000,000,000 was the original ceiling figure. It was an unthinkable indebtedness when it was voted into law—to think that this country would eventually get into an indebtedness of $45,000,000,000. Yet the majority side stand here today and defend that amount and fears the expectation of increasing the amount in the near future. That is the reason you are asked to change this ceiling. Of course, it is only a matter of manipulation as to the kind of investment that you have. So let us pass the bill, but we cannot pass over the statements made that we should continue this spending spree such as is being advocated here this afternoon.

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

Mr. TREADWAY. I yield to the chairman of the committee.

Mr. DOUGHTON. I know my friend always desires to be correct.

Mr. TREADWAY. I am correct this time, too, both as to what the gentleman said and what the President said last night.

Mr. DOUGHTON. I think the gentleman knows there is no possibility here of changing the ceiling.

Mr. TREADWAY. Well, you are going to change the ceiling in the near future.

Mr. DOUGHTON. But not in this bill.

Mr. TREADWAY. Just as certain as gospel you are going to come in here and ask to change the ceiling. You are not doing it in this bill, but this is a forerunner of what you will be obliged to do, because you admit you are going to continue spending, and if you do, you will overreach the $45,000,000,000.

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

Mr. TREADWAY. I yield.

Mr. WOLCOTT. Was there any consideration given as to the reason why the limitation of $25,000,000,000 was originally put in here against the limitation put on the issuance of bonds, and why that was only raised $5,000,000,000 to $30,000,000,000 in the limitation of bonds? Was there any consideration given in the Ways and Means Committee to that subject?

Mr. TREADWAY. I think those are just arbitrary figures. At the time those figures were made there was no expectation of reaching them.

Mr. WOLCOTT. May I make this observation: That limitation on the bonded indebtedness of the United States was put on to prevent inflation. That is why we want to keep the ceiling on bonded indebtedness proportionately below the ceiling today, to prevent inflation, because this does raise the ceiling by about $11,000,000,000, and if I can get 5 minutes I will prove it.

Mr. TREADWAY. I am going to yield the gentleman 5 minutes in a very short time. I first agreed to yield 5 minutes to the gentleman from Wyoming [Mr. HORTON].

Mr. Chairman, I yield 5 minutes to the gentleman from Wyoming [Mr. HORTON].

Mr. HORTON. Mr. Chairman, the bill which we have before us today will pass. I do not rise in opposition to the bill so much as I do in protest against present policies, which not only make a bill of this kind necessary but which, if they are not stopped dead in their tracks, will shortly make similar action regarding the public debt mandatory.

One could be critical and put the blame for this stupendous increase in the public debt here or there, but that would not be helpful. I only know that we have this great debt and that it must not be permitted to increase.

The fact is that we have a public debt in excess of $40,000,000,000 and that four and one-fourth billion dollars have been spent during the present fiscal year in excess of the receipts for the same period.

With a public debt increase during the past 6 years of more than $20,000,000,000, with A. F. of L. figures showing 10,000,000 men out of jobs and governmental figures indicating 21,000,000 individuals depending upon relief payments—many of them apparently content to remain so—it is high time that each of us asked of himself the question, "Why should these conditions exist, when we live in a country blessed with natural resources in excess of those of any other country and blessed with a home market for all of our products of every kind above the combined markets of all other countries?"

Something is radically wrong, and it is your job, Mr. Cotton Grower of the South, and your job, Mr. Industrialist of the North, and the job of the various representatives of the East and West, North and South, to solve this problem.

You know that I never knew before I came down here that there was an aisle in this Chamber which was supposed to separate the sheep from the goats, and, frankly, if we were all shuffled together, you could not pick out the goats from the sheep, and sometimes when we permit that aisle to separate us distinctly I think that we are all goats.

What I am trying to say is that we are all in the same boat and that we are rapidly approaching the rapids. There is no such thing as lasting prosperity for any single group, we all go up or we all come down together. There are industrial problems, farm and ranch problems, and labor problems. There is your way, my way, and the right way to solve these problems. But until we find that right way, we cannot anticipate a happy country.

What about this Federal debt of more than forty billions and what about all debts—private, State, municipal, business, and Federal—that approach the stupendous total of two hundred and fifty billions, one-fourth of a trillion dollars, if my memory for big words is correct. Not to pay your debts has, through all the ages, been nothing but fraud, but since the World War a new theory that nonpayment of debt is a possible way out seems to have prevailed in European countries, and even has raised its ugly head in this country.

Either it is going to be paid or we are going to follow the lead of Germany and repudiate all debts. But we will not stop there any more than Germany did. We will follow her lead to the bitter end. Thank God, we are not that kind of people, either as individuals or as a nation. All of this loose talk of drinking ourselves sober, spending ourselves rich, is but the dream of the opium pipe smoker, and again, thank Heaven, we wont follow that kind of leadership in this country; at least not very long.

All right then, we are going to pay our debts, and when we have definitely decided upon that course, the battle is already half won. I know that when I say that, I have the approval of most men in this House. But how? Of course, there is bound to be honest differences of opinion here. But here are my suggestions. Certainly we are going to remove fear from industry and reestablish confidence, and give business a chance to make an honest dollar by removing killing and stifling taxes.

Second. We are going to give the American market to American labor, American ranchers and farmers, and American industries.

Third. Certainly we are going to cut expenses of government to the bone.

Fourth. Increase national income? Well, yes; but if the three things that I have mentioned above do not increase the national income, then there will just not be any increase in the national income.

First. Taxes: It is not necessary for me to go into this question; not so long as we have such able men as dozens that I am looking at in this body and not so long as we have such men as Vice President GARNER, Senator HARRISON, Senator VANDENBERG, and Senator TAFT in the other body. When you add to these Mr. Haynes, of the Treasury Department, you have a composite intelligence and group knowledge of sane taxes that I, for one—and I believe most every other man in this body—is willing to follow.

Second. Give the American market to American labor, farmer-rancher, and industries.

When I say this I do not mean lip service; I am deadly in earnest. Labor must be kept free and must in return for an honest day's labor receive an honest wage, which will permit of the continuation of the highest living standards on the face of the earth. To do this his jobs must not be given to South America nor to any other part of the world; neither must government encourage or permit the importation of goods from foreign countries with a lower price level and inferior living standards, except with a tariff that overcomes these differentials. The farmers and ranchers, for one thing, are entitled to produce the sugar requirement of this country. This is the greatest cash crop which the American farmer enjoys. Revise your sugar-allotment plan, and when you do that be sure that you word any agreement as to the share which producer and refiner is to receive in such a manner as to insure the producer his fair proportion. Be sure that reciprocal-trade agreements—and they are agreements, not treaties, because if they were treaties they would have to be confirmed by a two-thirds vote of the Senate, and that has not been done—I say, be sure that reciprocal-trade agreements are reciprocal; and if they are not reciprocal, repeal them and be sure that the farmers and ranchers are not paying heavily for any benefit the automobile or other industry is receiving. Give the American farmer the American market and he will never miss the parity payments which, after all, are but sugar-coated pills fed him as pacifiers while robbing him of the only thing that will correct his plight—namely, the American market.

It was stated recently before a Senate Appropriations Committee that if the yearly income of 9,000,000 American families could be increased substantially above the $1,500 which they are now receiving that they would use twice as much cotton, wheat, meat, woolen goods, and what not as they are now using.

If this is true, and it was excepted as such by this committee, then not only would all surplus disappear but every man out of employment would have a job, and every industrial wheel would hum. Surely this "America for Americans" is the key that will cause the national debt to dissolve like snow in the sun.

Third. Cut expenses of Government. If we can regain the American market we will, as indicated above, have put every man to work—that means that all relief and semirelief agencies are out. Since we have spent fifteen and one-half billions for these purposes during the last 6 years, this means a saving of two and one-half billions a year. With men at work, on their own, and with their old fighting morale going strong, these terribly expensive, semisocialistic experiments, which are instilling in the minds of once free men the idea that the Government owes them a living, are likewise out—and I hope forever.

If we are going to stop these huge Government expenses we are going to start at home, and that means in Wyoming just the same as it does in Mississippi and every other State. I know just how popular that will make each of us back home; but after all that is the only way to save America.

I got up about milking time this morning to try and collect my thoughts so as to present to you something that I thought might prove constructive.

I thought I was getting along fine. Just then a paper boy threw the Washington Post in my door, and here is what I saw:

New Deal won't yield on spending, taxes, or relief, says Roosevelt.

If that is the attitude of this administration, we had better ask ourselves whether we are mice or men. The responsibility is yours, Mr. Majority Leaders. I can only pledge you the support of every minority member in any sane program of tax revision and in any program of stopping wild, unnecessary spending that you will inaugurate.

The choice is yours—will you save America, or will you permit America to be dragged over the cliff to destruction? [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Chairman, it is rather difficult for anyone to cover this subject in 5 minutes and to answer many of the general statements which have been made here today. I hope that this House will not take for granted the accuracy of the general statements made. I hope that this House will not pass this bill in its present form. I do not believe that there are 10 percent of the Members of this House who are in favor of inflation, yet I believe this bill is as inflationary as any bill which has ever been brought before this House for consideration.

The reason why the original limitation of $25,000,000,000 of Government bonds was put in the original act was to prevent inflation. The reason why it was only raised $5,000,000,000 when it was last amended was to prevent inflation. Now we take the ceiling off entirely and we authorize the issuance of $45,000,000,000 of bonds.

The general axiom is this, that the danger of inflation from an increase in the volume of currency increases in the same proportion as the differential between long-term obligations and short-term indebtedness decreases within the

legal limit of the aggregate. We are wiping out all legal differentials between short- and long-term obligations. I do not think the Ways and Means Committee has given adequate consideration to this bill, and if I am given opportunity, at the proper time I am going to ask that this bill be returned to the Ways and Means Committee for further consideration, after which I shall ask the indulgence of the chairman of the Ways and Means Committee for a few of us who have given at least a little thought to the subject to appear before the committee and to express our views.

We have given the President of the United States, directly and indirectly, authority to issue about $11,000,000,000 in currency, which is not within the limitation provided in this act. If we raise the bonded indebtedness of this Nation to $45,000,000,000, every dollar of short-term indebtedness may be replaced by United States notes, silver certificates, Federal Reserve notes, or if we wanted to go back to the practice, we could issue Federal Reserve bank notes, all of which do not come within this limitation, but all are obligations of the Federal Government. I think this House has been lulled into a condition of lethargy by believing the statements this $45,000,000,000 does not raise the debt limitation. This raising of the authority to issue up to $45,000,000,000 in long-term bonds of the Federal Government increases the debt limitation by the same amount that we have authorized the President to issue currency. [Applause.]

I think that we should not vote on this with the limited knowledge we have.

My first effort will be to try to amend this bill by raising the limitation $3,000,000,000. At the present time according to the report, and I assume that the Treasury gave the Ways and Means Committee the correct figures, the Treasury can still issue $1,697,026,819 and be within the limitation of $30,000,000,000. By raising this authorization to $33,000,000,000 we shall give them a leeway of $4,697,026,819 which at least should be sufficient for the coming year. So, I have two proposals: The one is to introduce an amendment authorizing the increase in the authority to issue long-term obligations of the Government up to $33,000,000,000; that failing I expect, if I am given the opportunity, to move to recommit the bill to the Committee on Ways and Means in order that more intelligent consideration may be given to the bill. I am very sincere in the statement that this bill is one of the most inflationary bills ever brought to the floor, and I think you should be very cautious in considering it.

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

Mr. WOLCOTT. I yield.

Mr. McCORMACK. Does the gentleman think there is any constitutional question involved in this bill?

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 1 additional minute to the gentleman from Michigan.

Mr. WOLCOTT. I may say to the gentleman from Massachusetts that I have never posed as a constitutional lawyer. I have the satisfaction, however, of being able to tell the gentleman today that when I stood on this floor and contended that the reciprocal-tax bill was unconstitutional the Supreme Court later confirmed my position. It had to reverse itself to find me wrong.

Mr. McCORMACK. The Supreme Court did not find the gentleman's views to be correct.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. HOFFMAN].

THE INCONSISTENCY AND THE ABSURDITY OF THE PRESIDENT'S POSITION

Mr. HOFFMAN. Mr. Chairman, from the day he became a candidate down to the present moment, Franklin Delano Roosevelt, as candidate and President, has repeatedly expressed himself as deeply concerned with the welfare of those he chose to designate as the underprivileged, presumably meaning that fraction or one-third of our population which makes up the lowest income group.

His sympathy for those in this class is commendable, but he has no monopoly on sympathy, charitable impulses, earnest desire to help, although ofttimes he talks as though he had. Every true Christian American desires to aid those less fortunate than himself.

Again the President has correctly expressed the thought that this Government is maintained by a system of taxation and that taxes are paid in the sweat of the man who labors.

Every student of our Government, familiar with the history of our country and its present condition, knows that the tax money which is spent so lavishly by this administration is taken in the main from the wage earner—not from the rich nor from the great corporations.

The President was right when he said that taxes are paid in the sweat of the man who works and that, if taxes are excessive, unemployment will increase, breadlines will either lengthen or relief expenditures will mount.

Already this administration has piled up a debt that is appalling; but last night the President made this statement. Listen to it, please—consider it and weigh it:

> Our national debt, after all, is an internal debt, owed not only by the Nation but to the Nation. If our children have to pay interest on it, they will pay that interest to themselves.

This statement would be true did our Nation consist of but one person, one creditor, one debtor. Physical facts being what they are, the statement is absurd on its face.

On our national debt, now mounting toward the forty-five billion limitation, we have an annual interest charge of more than a billion dollars. That interest charge can be paid either by borrowing, which of necessity means an increased interest charge, or it can be paid, as it will in the end be paid—if paid at all—by taxation.

The taxes to pay that billion dollars a year will be levied in large part upon, and collected from, the man who works. The man who toils in factory, mill, or mine, under summer's scorching sun or winter's freezing cold, will pay and pay and pay.

The same is true as to the payment of the principal of that debt. And to whom will that debt be paid? To the holders of tax-exempt, interest-bearing bonds.

The indirect taxes collected from the poor on the food they eat; the taxes collected from the man who works day in and day out to earn by physical toil his livelihood, are the sources of revenue from which the debt must be paid. And the worker will pay—and he will pay not to himself, not to his wife, not to his children—he will pay to those wealthy who buy the bonds of the Federal Government which are put out to borrow the money which this administration is spending.

Yes, as the President told us, our children and our children's children will pay interest on this debt, and they will pay the debt and they will pay it through toil and hardship and privation; by denying themselves not only the luxuries but probably some of the necessities of life, in order to meet their tax payments; and they will pay it not to your children nor to mine but to the children of the economic royalists that the President so bitterly has condemned throughout his administration.

The President said last night that the big corporations should be taxed. True, they should; but after all has been said, after all has been done, the fact still remains that upon the man who toils, upon the small-business man, rests the greater portion of the burden of paying the taxes to operate our Government.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. I yield.

Mr. SCHAFER of Wisconsin. And the children of the working people of America unto the third and fourth generations will sweat and toil to pay the principle and interest on the gigantic Roosevelt national debt. Yes; pay to the multimillionaire dollar-royalists like President Roosevelt, who was born with a gold and silver spoon in his mouth.

Mr. HOFFMAN. Certainly and to his associates, for he is an aristocrat, one of the privileged few, and so are his friends; and the children of the working class, yea, unto the third and the fourth generations, will continue to toil, to

pay for vacation after vacation, trip after trip, which he has been taking at Government expense; to pay for that visit to London when he and his wife next fall return, in all the pomp and splendor with which he can surround himself, the visit which the King and Queen are now making to this country.

Oh, sure, sure. Smile if you want to, but you know it is true. You economic royalists, you politicians with golden crowns, are not going to pay it. The man who works, the farmer who trudges day after day behind his plow, his harrow or his drill, from early morn until late at night; the man who goes down into the darkness of the mine day after day; the man who sweats and toils in factory or in mill—he and his children are the ones who will pay; while in the Nation's Capital the President and his followers live like kings and spend and spend and spend. [Applause.]

Oh, the President may express his solicitude for the poor man, but he knows that it is the poor man, the worker, who furnishes the money to sustain our Government and, disregarding that knowledge, repudiating his expressions of sympathy, sneering at business, he goes laughingly, joyously, on his vacations, spends and spends and tells us that the debts we create we owe to ourselves.

Not only is his statement absurd—it is an insult to the intelligence of those who heard or read it.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. VREELAND].

Mr. VREELAND. Mr. Chairman, I would like to propound a question to which I do not expect an answer because I believe it is like some of the unanswerable riddles such as "how long is a piece of string?" What I would like to ask is: just where are we going in this country and how are we going to get there? I am really sincere when I say that I have wondered about this ever since I arrived here in January, and day by day it becomes more perplexing. I am not an economist or a theorist, just a lawyer looking for a conclusion out of a maze of events.

We spend millions of dollars for reclamation to fertilize barren wastes of land so that the farmer can raise crops on what was formerly useless ground. We spend millions of dollars to show the farmer how to sow and till soil so that he may grow two blades of grass where he could only grow one before. Then we turn around and by reciprocal-trade agreements and lowered tariff allow foreign products, produced under labor conditions and standards of living much lower than ours, to be imported and sold for less than our farmers can produce them. We, because our own people cannot compete with the price of the imports and overproduction results, restrict the growth of home products and order the farmer to plow under his crops or refrain from planting on the land we just spent money to reclaim. Oh, yes, even our Chief Executive stimulates the purchase of foreign goods rather than home-grown when he orders Argentine beef because it is cheaper and better than American beef. But what is our farmer going to do with his idle land that he cannot use and how is he going to live with no income? That is easy. We must not hazard the good-neighbor policy abroad, and we must stimulate the humanitarianism of our administration so a bill is drafted and presented with much oratory, dramatics, and shedding of tears about the poor farmer who has no market for his products and we need millions of dollars to pay him for the nonproductive land. Pay him for not growing on land made fertile by the Government and ordered not to be used by the same authority. But then, to use the expression of the gentleman from Pennsylvania [Mr. RICH], "Where are you going to get the money?" Well, that is easy, too. The Government still has credit so we will just float a few more bonds or perhaps we could let the national debt go up a little more. The people are kicking now, so a few more billions of debt will not make it any worse. Still we have overlooked two more sources where we can get it. There are still one or two large companies left that might have some money left so we can get some from them. Then, too, we just paid the farmer some money for not producing and, after all, the Government has to be supported, so we take back, through taxes, a good portion of the money we just paid him. Again I ask, Where are we going?

Seven years ago, there was raised by the candidate for Presidency and now incumbent the cry that it was time the spenders were taken out of office and much was made of the public debt. A promise was made that the Budget would be balanced in less time than it took to say it, if we only had a change and the country would be given a "new deal." It was the depression then, and prosperity was only around the corner with a new hand of cards. After 7 years, we no longer have the well-known depression, but we now have a recession. There are still 12,000,000 unemployed, there are more on relief now than ever before; the Government is still spending more than it ever did before; there is more labor unrest than ever before; and business is worse than ever before. Maybe the New Deal was four jokers and a deuce, with deuces wild.

If I recall history correctly, this country grew to be the largest and richest in less time than any other country in the world. Our people have always enjoyed a higher standard of living with more comforts and conveniences than any other country in the world. Why? Because industry, capital, and labor worked together, without governmental interference, for their mutual good. There was incentive to go forward, to produce better and finer articles, to invent new things. Where there is incentive, there is prosperity. What has become of that prosperity? Could it be that the incentive is lacking? Certainly the Government has done nothing to destroy the desire to invest and produce. If anything, the Government has tried to help business. Had it not tried to assist by legislation regulating the business so that the company officials cannot make any mistakes in a business that the Government knows more about than those brought up in it? Then too much money is bad for anyone so, to prevent any mistakes by the officers, the Government takes the capital away by calling it excess profits. Then, to make sure that the consumer does not have the company put over anything on them, foreign products produced with cheap labor are allowed in at a price too low for local industry to compete with. And then, because the company cannot carry on, the Government loans it money upon the understanding that the company sign its life away. Then the Government builds and operates a similar business in competition to show how it should be done. To be sure the help to the company is complete we have the Labor Board. But where does the Government get the money? Taxes is one way. Where are they derived from? Individuals and business. The individuals must work for, or are, business; so, when business is deterred, the individual suffers, and when both suffer the Government has killed its source of revenue. Where is the incentive to go ahead? And again I ask, Where are we going?

Could it be at all possible that somewhere someone has the thought that the easiest and most subtle way to reduce a free people to that of servitude is by debt? I know of no more conclusive way to control a person than by having him reduced to a position of a sustaining financial obligation. Our present trend of increased Government expenditures means a greater national debt which can only be paid by confiscation, taxes, or inflation. Any of those methods, if carried too far, mean a destruction of capital and industry. A destruction of capital or industry means unemployment. Unemployment means a greater burden to the Government without source of income. So, to survive, the Government must operate business and place the people on Government employment. When the people have reached that point, they have no resources and are reliant upon the Government for their daily bread, and consequently are subservient to the Government. It is then no longer a Government by the people or of the people, and we have lost all that our forefathers fought for for years to build up. Could this be possible?

Mr. Chairman, I ask again, in all sincerity, Where are we going?

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. BENDER].

A LOST GENERATION—OUR YOUTH OF TOMORROW

Mr. BENDER. Mr. Chairman, after listening to the distinguished gentleman from North Carolina [Mr. DOUGHTON], chairman of the Ways and Means Committee, I feel very much like singing that hymn, Oh, Paradise, Sweet Paradise, because he has put me in a frame of mind where I feel everything is glorious and fine and what is it all about anyhow?

As far as I am personally concerned, I must be all wrong when I go back home week ends and find hundreds of people storming the gates looking for jobs, looking for any kind of work; young men and women just out of school trying to find a job. Before Mr. Roosevelt's time they could look forward to going into a shop or factory or getting into a business career and finding some work to do. The old people today are simply driftwood, wondering where in the world they are going, how they may find employment, looking for some place to get help as a result of our present conditions.

Since Mr. Roosevelt has been President you cannot find a man or woman over 45 years of age who can get a job in this country. The young people are in as bad shape as the old people. You wonder why we have all these new political movements. You wonder why we have all sorts of panaceas and all sorts of plans and programs presented to the people. It is because the people are desperate. They are wondering where they are going from here. I do not know anything about this high financing and all these big figures, involving millions and billions of dollars. All I know is the actual experience I have with my people back home, the people who are in misery, in trouble, and looking for relief. Those are the people who tell me what is happening in this country.

The United States has created a lost generation. There are 20,000,000 young men and women in this country between the ages of 20 and 29, a great many of whom have never had a regular job, and many, many thousands of them will never be able to find such a job. In the city of New York alone, there are 400,000 boys and girls—high-school graduates everyone of them—who have never had work.

The New Deal has paved the way for this hopeless future. It has created a national condition which denies to this legion of youth the opportunity to make use of their abilities, their talents, their fine bodies, their good minds.

The men and women who spend their lives in social work tell us that regularly every day they see children of all ages who are undernourished, poorly clothed, sallow-faced. School teachers are constantly discovering among their classes youngsters who should be sent home on cold days because they are inadequately protected against the weather. In many places the school teachers themselves have used their own earnings to feed and clothe these extreme cases. But perhaps even worse than this intermittent condition of exposure and slow starvation is the psychological handicap these school children inevitably must undergo.

They see their fathers and mothers in constant want. Breakfast and dinner in their homes are equally meager; rent is a problem; necessary clothing hard to get. Most of them come to believe all too soon that there lies ahead only a barren, desolate youth, and a shabby, pleasureless maturity. Thousands of them are mentally trained for college, but they know that in spite of the New Deal's fine promises, in spite of the oft-praised N. Y. A., they will never see the inside of a college. In some fashion, they may be able to get together enough money to pay the tuition for a State school. But they know that they can never burden their folks with the additional expenses of clothes, books, and whatever else goes to make up even a bare college existence.

Below these discouraged graduates, we have an army of youngsters who find it next to impossible even to go through high school. There are many among them already so discouraged that they say, "What's the use of going to school?" even if they can get through. All they can see ahead of them after high school is a remote, disheartening W. P. A. job.

The New Deal depression has blighted the lives of these children of this great land of opportunity. It has created a mental barrier to hope; it has made it impossible for them to look forward to the future with any degree of security or confidence.

Did the New Dealers "plan it this way"?

Harry Hopkins, former chief overlord of W. P. A., declared it his official opinion that unemployment relief is a permanent problem in America. He made it clear on dozens of occasions that he considered W. P. A. a permanent institution in the American system. He wanted it to be stamped and sealed as "Here to stay."

Is this what our millions of mothers are content to accept? Are we training our children to be graduated to pick-and-shovel lives under the banner of W. P. A.? Are we willing to accept a system which prompted a high school graduating class to adopt as its class motto, "W. P. A., here we come"?

We are not saying this in opposition to W. P. A. We know that public employment for the time being is necessary. We feel that the New Deal's C. C. C. camps are performing a service. But we object to any government which falls into the attitude of considering this a normal standard of existence to which people must resign themselves. We object because this Government is willing to accept this unsatisfactory temporary device as a permanent condition. We object because the Republican Party believes a positive solution lies in the restoration of private enterprise. The Republican Party says to these discouraged young people of our Nation, "There still exists in this great land of ours plenty for all. Give private business a chance to offer it."

The Republican Party finds support for its attitude in the reactions of our young people themselves. They have already learned that the promise of Federal aid is an illusion.

Right in Cleveland, when a recent C. C. C. enrollment opened, the relief agencies found it impossible to induce young men of relief families to volunteer for this New Deal substitute for a private job. It was necessary to throw open C. C. C. registration to the children of folks not on relief to fill the quota prescribed.

We can understand why young men decline the offer to spend 6 months as a guest of Uncle Sam. They are rewarded for hard, physical work with $30 a month—and $25 of this is sent back to their parents. Five dollars a month with room and board for disciplined labor. Is it any wonder that millions of young fellows choose to loaf, to roam the country like wild boys of Russia at the beginning of the Soviet regime?

The New Deal has made no place whatsoever for the development of our rising generation in its scheme of things. The assistance offered to youth has been ill-planned without regard to future effects. Our youngsters have frequently become wards of the Government, regimented in camps, with their work, their hours, their food, their clothing, even their shelter regulated by Army officers. Now we reluctantly realize they already bear the impress of this experience.

No young man or woman can look forward under our New Deal program as it now exists to the wholesome development of his personality. Marriage has become one of those things that our young people either deny themselves or enter into recklessly or reluctantly afraid of what may happen. The emphasis on a stable family life has vanished because who can possibly consider the bringing up of children on $65 a month? And when family life is destroyed in America our national stability is threatened.

The Republican Party knows that relief for the unemployed is necessary. No party can ask people to suffer. We shall never let our people starve; we have always protected them in the past. When the depression hit us in 1930 and 1931, the Republican Party mobilized the Nation's resources quietly—but effectively. We took care of our people in those trying days without the creation of dozens of overlapping P. W. A. and W. P. A. bureaus.

Relief is necessary. But re-employment of our unemployed is even more necessary. It is vital to the citizens of America of every age. It is crucial for our young people if they are

to grow up to decent, honorable citizenship; if they are to be spared the deterioration of a dependent existence.

We in America know today that the contradictory policies of the present administration, its harsh attitude and the increasing burdens of taxation, have driven industry into the storm cellars. Businessmen are afraid of the fireside chat over the radio, the tax collector, the letter with a governmental frank on it. They have learned only too well that every New Deal statement may contain a dagger for them. It is not surprising that the steel furnaces have operated at a small fraction of their capacity; that our railroads are now so reduced that they buy neither necessary equipment nor pay willing wages.

All this vanishing opportunity becomes a sinking weight around the necks of our youth. They cannot get jobs today merely to live. And tomorrow, these same men and women are going to be asked to pay off the debts which have been piled up in the process of dragging them down to poverty. This is something which haunts the future ahead, this $41,000,000,000 national debt.

In 1933, the New Deal Chief told our people, "For 3 long years, the Federal Government has been on the road to bankruptcy." If that was true in 1933, by this time we certainly have arrived. For we now owe to our creditors $20,000,000,000 more than we owed then. And we have accomplished nothing by the spending; we have just as many people out of work today as we had, the 13,000,000 or more. In addition, we have built up a vast machinery of Federal bureaus. We have created a "standing" army of 3,000,000 W. P. A. workers, existing on a submarginal standard of living.

This is the picture which faces our youth.

Today they have nothing, not even hope. Tomorrow they shall have increased taxes—and continuing despair.

The conscience of America cannot tolerate a continuation of this program. We do not wish to rear a generation of dependents. We want our children to grow into upright, stalwart, proud, self-reliant men and women.

The Democratic New Deal has betrayed our youth. It has taken them to the top of the mountain and pointed out the Valley of the Promised Land—only to dash them from the cliff to the ground below.

N. Y. A., C. C. C., W. P. A.—is this to be the highway of youth? Is this to be the new system replacing a job, marriage, family?

The Republican Party declares that we cannot accept this New Deal philosophy and survive as a Nation. We must challenge the present procedure. We must insist that our young people be given an opportunity to live their lives as we know Americans can.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. JOHNS].

Mr. JOHNS. Mr. Chairman, I rise at this time to issue a warning to those of you who may be desirous of borrowing money and raising the debt limit of this country. I was very much interested in what the President had to say last night about this being an internal debt and that our children would pay the interest.

Mr. Chairman, that is the great danger in the present situation, as I see it. These bonds are now being held by the banks of the country. If we ever reach the point, Mr. Chairman, where the people cannot have confidence in our Government and these obligations have to be paid, if the people go to the banks and find out that they cannot get their money, I want to tell you it will be a dangerous thing for the country, because when they go there and are not able to get their money there will be trouble.

Today the banks have 25 percent of their deposits and 60 percent of their total assets invested in Government obligations, while the insurance companies hold approximately four and one-half billion dollars of this debt. When we reach the point where the people lose confidence in our Government being able to pay these obligations, it will mean the end of our present form of government. That is the danger as I see it. It does not make very much difference whether our children have to pay or not. It will have to be paid anyway. It would be much better, of course, if we owed this money to a foreign government and could at some future date repudiate it like they have done with us. But that is not the case. We are furnishing this money out of our own bank deposits, out of the savings and deposits of our old people, widows, and orphans. That is the danger as I see it in this whole thing. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the balance of my time to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I would like to propound a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. REED of New York. Is there anything in the rule to prevent a Member from discussing this particular bill?

The CHAIRMAN. Under the rule, a discussion of the bill under consideration is in order.

Mr. REED of New York. Mr. Chairman, I am not going to take very much time and I shall confine myself for a few minutes at least to the pending bill.

In the first place, under the Second Liberty Bond Act the amount of bonds having 5 years or more to run which may be outstanding at any time was limited to $30,000,000,000. The rest of the fifteen billion, up to $45,000,000,000, would be in the form of short-term notes.

Mr. Chairman, I just want to offer a thought right here, because it is a matter which, in my opinion, has been overlooked.

I am not opposed to this bill, but may I say that when it is passed the Secretary of the Treasury may issue $15,000,000,000 worth of long-term bonds, tax-exempt. We have heard a great deal from the President of the United States in regard to the evils of these tax-exempt bonds. He has sent two messages to the Congress on this subject, one in 1938 and one in January of the present year, urging the Congress to correct the situation. No action has been taken. There never was a better time to meet that issue than by this present bill, but nothing has been done about it.

When this measure goes over to the Senate, I am not sure that under the parliamentary situation that body can amend the bill to tax Government bonds; but assuming it can, this is not a revenue bill; consequently, it cannot attach an amendment to this bill that will tax State and municipal bonds. As a result we are foreclosed from meeting the issue that has been presented by the President of the United States. We have the particular inconsistency of the President, in season and out of season, over the radio and in the press, speaking against these people who are hiding their money in tax-exempt securities. Yet if we pass this bill today, in a Congress under the President's own control, the Secretary of the Treasury can issue $15,000,000,000 of tax-exempt securities. I want it distinctly understood by the Members of this House that I am opposed to granting authority to the Federal Government to tax State and municipal bonds, because it will interfere with their necessary borrowing power and increase the cost of local government.

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

Mr. REED of New York. I have only a very few minutes, and there are other matters I wish to discuss.

It was not my purpose when I took the floor to say one word that had any political significance. This was a unanimous report on the part of the committee. The idea was to pass this bill without any vote or any difficulties whatever. However, we have heard a great deal today about the year of 1929 and the Hoover administration. I just want to remind this House and the country that the Republican Party inherited something many years ago. After the Democratic Party had kept us out of war long enough to win an election, we inherited a debt of $26,000,000,000. We also inherited 7,000,000 men unemployed and walking the streets. We inherited 4,000,000 veterans out of work and 67,000 mental cases resulting from the war. We inherited a situation where no

provision had been made for their hospitalization or care. We inherited a bankrupt railroad system and a marine organization equipped with boats that would sink when they were tied to the docks; they would not even float. We inherited thousands of planes that never could be taken off the ground because they simply would not fly.

We inherited all that, yet within 2 years we put 7,000,000 men back to work, we reduced the debt $1,000,000,000 every year for over 10 years until the national debt was down to approximately $16,000,000,000, and we went through an experience then that is quite new to some of us now: we reduced taxes five times until less than 2 percent of the people paid any income tax at all.

That was the situation, and now, of course, you would like to charge us with responsibility for a world-wide catastrophe, the backwash of the war, which was met more heroically than any emergency of such character and devastating effect, than had ever risen before throughout the history of mankind. This catastrophe was the result of a Democratic administration interfering in European affairs.

I have heard something said about the deficit incurred by Hoover. You claim it was over $3,558,485,637. Let me tell you that $2,397,267,363 of that sum was in recoverable loans, which were recovered and which this administration has spent. All you inherited as a debt was $1,161,218,274, and that is all.

Mr. McCORMACK and Mr. SHORT rose.

Mr. REED of New York. No; I cannot yield. I have a limited time.

That is all you inherited from the Republican administration. If you subtract what we paid of the bonds of Grover Cleveland, we almost gave you a surplus when you went into office. You have incurred obligations that will plague and distress this and future generations of the United States, actual and contingent, of $54,000,000,000, and you cannot charge a cent of that to the Republican administration. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, it is indeed amazing to listen to the gentlemen on the left, my Republican friends, tell how much they are interested in the wage earners. For instance, my beloved friend from Michigan [Mr. HOFFMAN], who day in and day out assails anything and everything that may help the wage earner, today is fearful that this bill, unanimously reported by the committee and conceded by all to be legislation in the right direction, might result in the poor wage earner having to pay the interest on this bonded indebtedness. The gentleman from Wisconsin and the gentleman from Ohio said the same thing. I was tempted to congratulate the gentleman from New York, hoping he would speak along the same lines as the gentleman from Michigan [Mr. WOLCOTT], but lo and behold, he followed in the footsteps of the other Republicans who are trying in every conceivable far-fetched way to mislead the American people and deny the great good that has been accomplished by President Roosevelt and the Democratic administration.

Let me say to the gentleman from New York [Mr. REED], that we all remember the great and glorious times that were given us by Hoover and his administration. Everyone was happy, contented, and prosperous during the years from 1929 to 1933 if Republican speeches were to be believed. Well, you might make people believe that such was the case. You can fool them sometimes, but you cannot fool them all the time. You are good at it. I know you are trying hard, but all your efforts will be in vain, because people today understand, appreciate, and recognize the great efforts that are being made for the Nation, for the people, for the wage earners, for the farmers, and for the businessmen of America by this great President of ours, Franklin D. Roosevelt. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the remainder of my time to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK rose.

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

Mr. McCORMACK. I yield to the gentleman from Illinois.

Mr. PARSONS. Is the gentleman going to talk about the bill?

Mr. McCORMACK. Briefly; yes.

Mr. Chairman, I think the little political flurry that has happened this afternoon is very interesting. I like to see a flurry of this kind. It puts a little pep in us.

I was rather interested and pleased to notice that my friend from Michigan, the distinguished Republican ranking member of the Committee on Banking and Currency [Mr. WOLCOTT], spoke on the bill, but he expressed a fear—and I can assure you there is no necessity for any such fear existing in our minds—the fear of inflation. There is absolutely no question of inflation involved in this bill. Of course, my distinguished friend is so enveloped in the atmosphere of banking and currency that he sees the specter of danger in every bill that comes before the House which is remotely connected with the question of banking and currency; and bond issues, I suppose, have some remote connection with matters which relate to banking and currency. At least, bond issues have some relation to banking, but not so much to currency.

I can assure my friends on both sides of the aisle that if the gentleman from Michigan offers his amendment there is no justification for adopting it. This bill came out of the committee by the unanimous vote of 15 Democratic members and 10 Republican members.

I think the membership of the House can give some of us Members on Ways and Means—and I speak without regard to party—some credit for giving the question of inflation consideration, if there is any fear about that being involved in the pending bill.

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

Mr. McCORMACK. I yield.

Mr. COOPER. The gentleman will agree, I am sure, that this same bill was also unanimously reported by the Ways and Means Committee last year and passed the House by unanimous consent. All in the world the bill does is simply to remove the partition. Under existing law there is a $45,000,000,000 limit as to our national debt. A partition exists there limiting that to $30,000,000,000 in long-term bonds and the balance in short term notes. This bill leaves the ceiling or the maximum just as it is now and just takes out that partition so as to enable the Treasury Department to be able to meet situations as they arise from day to day in the money markets of the world.

Mr. McCORMACK. I thank the gentleman for his observations, which are correct.

Like the other Members I enjoyed the various remarks that were made today. One Member talked about there being no opportunity for employment of those over 45 years of age. One thing is certain, you cannot blame President Roosevelt for that. That condition exists in business, if it exists at all.

My distinguished friend from New York [Mr. REED] apparently, tried to intimate that the President was inconsistent in not having the bonds that might be issued subject to taxation.

I am not saying how I shall vote on the question of subjecting bonds issued by State and municipal governments, as well as the Federal Government, to the income tax, but, certainly, without regard to how we may feel on that question, few of us would want to have the Federal Government issue its bonds subject to the income-tax laws of the States, and on the other hand not have State or municipal bonds subject to the income-tax laws of the Federal Government.

I want to correct my friend from New York [Mr. REED], who made the statement that when President Hoover ended his term there was only a deficit of a little over $3,000,000,000. Not for the purpose of controversy, because I admire President Hoover as well as I do President Roosevelt, because he

was my President when in office just the same as President Roosevelt is my President today; but I did not agree with all of Mr. Hoover's policies. That is no reason, however, why I should not respect him. There is no reason why I should hate him because he is a Republican. No more than a Republican should hate President Roosevelt because he is a Democrat. Certainly my views are entirely different than those of the gentleman from New York [Mr. REED]. When President Hoover left office the deficit during his last 3 years was not a little over $3,000,000,000 but slightly over $6,000,000,000.

Now, coming back to the bill. The bill is unanimously reported by the committee. The only opposition is that expressed by my distinguished friend from Michigan, who expressed a fear of inflation. Without regard to what your views may be in any other respect on this bill, there is absolutely no justification for that argument, and there is equally no justification for any such fear.

I hope no amendment to the bill will be offered; but if one is offered, I hope, without regard to the middle aisle, the bill being reported out unanimously—10 Republicans and 15 Democrats—that any such amendment will be defeated. [Applause.]

[Here the gavel fell.]

The clerk read as follows:

Be it enacted, etc., That section 21 of the Second Liberty Bond Act (49 Stat. 21, as amended; U. S. C., Supp. IV, title 31, sec. 757b), is amended by striking out the following proviso: *"Provided,* That the face amount of bonds issued under the authority of this act shall not exceed in the aggregate $30,000,000,000 outstanding at any one time."

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 1, strike out all after the enacting clause and insert in lieu thereof the following:

"That section 21 of the Second Liberty Bond Act (49 Stat. 21, as amended; U. S. C. Supp. IV, title 31, sec. 757b), is amended to read as follows: The face amount of bonds, certificates of indebtedness, Treasury bills, and notes issued under the authority of this act, and certificates of indebtedness issued under the authority of section 6 of the First Liberty Bond Act, shall not exceed in the aggregate $45,000,000,000 outstanding at any one time: *Provided,* That the face amount of bonds issued under the authority of this act shall not exceed in the aggregate $33,000,000,000 outstanding at any one time."

Mr. WOLCOTT. Mr. Chairman, this merely increases the authorization for the issuance of Government bonds by $3,000,000,000 within the present total limitation. According to the report of the committee, the Treasury can at the present time, within the present limitation of $30,000,000, issue $1,697,026,819 of long-time bonds. If the amendment which I have introduced is adopted, the Treasury may issue the amount which I have just stated, plus $3,000,000,000, making the aggregate within the present authorization, or within the authorization if the amendment is agreed to, of $4,697,026,819. For all purposes, even though the deficit for the next year greatly exceeds the estimate, that will be an extremely high ceiling, and will cause no embarrassment whatsoever to the Treasury Department, and to their financing program. There is a certain amount of short-term indebtedness each year, which is converted into long-term indebtedness. We must not lose sight of the fact that we have gotten into the habit of issuing short-term indebtedness, Treasury bills and notes for the purpose of keeping the interest rate down, in anticipation of revenue receipts. If in June or July, or any quarter, it is anticipated that the revenue receipts are going to be so many millions of dollars, the Treasury is justified in issuing short-term obligations against the receipts of those returns and they are canceled. In the meantime they get a very favorable rate of interest, much less than 1 percent, and on long-term obligations, the thing which attracts people to invest in them; of course a higher rate of interest is paid.

So short-term indebtedness is justified many times in anticipation of revenue receipts. So I have not sought in this amendment to detract whatsoever from the authority which is now given to the Secretary of the Treasury to issue short-term certificates, notes, bills, and so forth. I want him to have that authority because if properly handled he can save the Government a good many million dollars by issuing short-term indebtedness against revenue receipts, and that will accomplish the purpose which he seeks. If the national debt on July 1, 1940, approaches $45,000,000,000, whether we like to do it or not, we have got to increase the limitation. It is a deplorable situation and I hate to think of it. I hate to contemplate the time when we will have to raise it to $50,000,000,000, but have this in mind, that we must have an adequate differential between the amount of long-term obligations outstanding and short-term obligations outstanding, or we force an increase in the volume of currency. What you do under this act, if you enact it without this limitation, is to force the Treasury into the situation where it has to retire its short-term indebtedness by the issuance of currency under the authority given to the President. I understand that that amounts to almost $11,000,000,000. That specific authority granted to the President does not come within the limitation of this $45,000,000,000, and that is why I make the contention, and I think I have justified it, that in passing this act without my amendment we virtually authorize a rise in the debt limitation of $11,000,000,000 through the amount which the President is specifically authorized to issue currency over the $45,000,000,000.

Mr. COOPER. Mr. Chairman, I rise in opposition to the amendment. There is absolutely no justification whatever for any of the fear expressed by the gentleman from Michigan [Mr. WOLCOTT]. There is nothing in this bill that involves the question of inflation. As already pointed out, your Committee on Ways and Means considered this matter last year and unanimously reported this same bill, which passed the House by unanimous consent and then went to the Senate. The partition at that time was at the figure of $25,000,000,000 for long-term bonds and $20,000,000,000 for short-term notes and evidences of indebtedness. The House bill removed this partition and the Senate put it back at thirty billion. The effect of the amendment offered by the gentleman from Michigan would mean that we would have to do the job all over again, just as we are having to do it today, because somebody placed an amendment in the bill. All this bill does is to leave the ceiling or limitation of $45,000,000,000 just as it is today and remove the partition of $30,000,000,000 for long-term bonds and the balance for short-term notes, so as to allow the Secretary of the Treasury discretionary authority to deal with the situation that is presented in the money market of the country in order to finance this Government of ours.

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

Mr. COOPER. Yes; briefly.

Mr. FISH. That is the important point. I think the gentleman is right. This is merely permissive legislation. This does not make it mandatory to issue long-term bonds.

Mr. COOPER. That is true.

Mr. FISH. He can have as many as he wants. He does not have to have the whole forty-five billion. He can have short-term notes if he wants to.

Mr. COOPER. That is true. The gentleman is absolutely correct. It is only discretionary authority that the Secretary of the Treasury may use in order to meet the situation that exists in the bond market of the country and in order to effect the most economy and protect the best interests of the Government.

Mr. McCORMACK. Will the gentleman yield further?

Mr. COOPER. I yield.

Mr. McCORMACK. But under no condition, as I see it—and I ask the gentleman from Tennessee, who is as sound a Member of the House as there is—is there any question of inflation involved in this bill?

Mr. COOPER. Absolutely not. There is nothing of the kind. The Ways and Means Committee has considered the matter thoroughly at two different times and unanimously reported it, and this is the first time the question of inflation has ever been raised. We have 10 members of the minority on our committee, who are as diligent and as able men as there are in this House. They certainly would not want to

see any inflationary measure presented here. There is nothing of that kind involved in this bill.

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

Mr. COOPER. I yield.

Mr. WOLCOTT. What is the objection to limiting this to thirty-three billion if that is well within the amount of refunding operations?

Mr. COOPER. I will answer the gentleman.

Mr. WOLCOTT. Will the gentleman explain, in connection with that, why we put the limitation in there in the first place if it was not to prevent inflation?

Mr. COOPER. We did not do it. The Senate did it and assigned no reason for it that I know of. We are asking here to do again just what we had to do last year.

Mr. WOLCOTT. Why did the Congress put the limitation in originally if it was not to prevent inflation? The gentleman, of course, knows that.

Mr. COOPER. I certainly do not know it, and the gentleman from Michigan does not know it either. You read me one line of evidence from the hearings or from the record to justify your position which you are taking here today.

Mr. WOLCOTT. All right. Why was the limitation put in there? The gentleman has not answered that.

Mr. COOPER. I regret I must decline to yield further, as my time is limited. There is nothing whatever to justify the position taken by the gentleman here; not one line of the record, not one line of evidence to justify any such position as that, and the gentleman cannot cite anything of that kind.

Mr. WOLCOTT. I can if the gentleman will yield to me.

Mr. COOPER. You have spoken twice on the bill and you have not done it yet.

Mr. McCORMACK. Will the gentleman yield to me?

Mr. COOPER. I yield.

Mr. McCORMACK. This bill in its operation applies only to evidences of indebtedness. It has nothing at all to do with the issuance of currency.

Mr. COOPER. That is absolutely true.

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

Mr. COOPER. I am sorry I cannot yield to the gentleman all the time I have when he has spoken twice already.

The President has authority now and has had it since 1933 to provide for the issuance of $3,000,000,000 in currency under the Thomas amendment to the Agricultural Act, and he has never used that authority. He has never indicated that he wanted to involve this country in inflation.

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

BOND LIMIT

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in regard to this bill being inflationary, if the bond limit should be reached and it is not extended, the President would be compelled to use his authority under the Thomas amendment referred to by the gentleman from Tennessee [Mr. COOPER] that was in the Agricultural Act approved May 12, 1933.

SO-CALLED GREENBACK AMENDMENT

The so-called greenback amendment that is in the Agricultural Adjustment Act of May 12, 1933, which was sponsored by United States Senator ELMER THOMAS, of Oklahoma, is as follows:

(1) To direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order United States notes, as provided in the act entitled "An act to authorize the issue of United States notes and for the redemption of funding thereof and for funding the floating debt of the United States", approved February 25, 1862, and acts supplementary thereto and amendatory thereof, in the same size and of similar color to the Federal Reserve notes heretofore issued and in denominations of $1, $5, $10, $20, $50, $100, $500, $1,000, and $10,000; but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States: *Provided*, That when any such notes are used for such purpose, the bond or other obligation so acquired or taken up shall be retired and canceled. Such notes shall be issued at such times and in such amounts as the President may approve but the aggregate amount of such notes outstanding at any time shall not exceed $3,000,000,000. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, an amount sufficient to enable the Secretary of the Treasury to retire and cancel 4 per centum annually of such outstanding notes, and the Secretary of the Treasury is hereby directed to retire and cancel annually 4 per centum of such outstanding notes. Such notes and all other coins and currencies heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts public and private.

This Thomas amendment provides that the President may issue $3,000,000,000 in United States notes. It is an expansion of the act of February 25, 1862. Under that act of 1862 the Government has outstanding today $346,000,000 in United States notes, and $156,000,000 in gold is set aside as a reserve to secure those notes. If this bond limit is not raised, when the time comes the President will be compelled to issue these United States notes.

Personally I am not afraid of the issuance of those notes. I think the administration has been deflationary and overcautious rather than tending toward inflation or expansion. I think it has gone too much that way myself. For instance, in 1936, when the veterans were paid on June 15, the country was going back, and I believe there was sufficient money in circulation to put the country back, but the Federal Reserve Board did not agree. They raised the reserve requirements of banks and plowed under or destroyed more than $3,000,000,000 worth of potential credit and potential currency. Not only that, it sterilized a lot of the gold that came into the country. In other words, the brakes were put on so quickly, so suddenly, and so effectively that it destroyed the good influence of the distribution of that large sum of money to the veterans. So instead of the administration being inflationary, I think it has been very much the other way. Certainly the President has not indicated that he was in favor of inflation.

Therefore, instead of it being inflation and extending beyond the limit, it will probably force inflation to the extent of $3,000,000,000 if the bond limit is not raised, if there is demand for it.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman from New York rise?

Mr. FISH. I wish to be recognized to speak on the amendment.

The CHAIRMAN. The gentleman rises in opposition to the pro forma amendment.

Mr. FISH. Mr. Chairman, I am not very much opposed to the amendment, but I feel that the amendment is unnecessary. I believe that the gentleman from Tennessee is correct, that this is permissive legislation. The Treasury Department is asking this in order to facilitate their borrowing. The tragedy of this—in order to show a little partisanship once in a while [laughter]—the tragedy of it is that the administration has no financial policy except to pile deficit upon deficit, debt upon debt, by borrowing additional billions, or issuing billions of additional tax-exempt securities. That is their only financial policy.

So they come to us and ask this permissive legislation. I am fearful that we have got to give it to them because they cannot raise money in any other way. They do not dare raise money in any other way. They do not dare do away with these tax-exempt securities. They are asking this because it is the only way they can raise money—through issuing more billions of tax-exempt securities.

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

Mr. FISH. I yield.

Mr. WOLCOTT. I may say to the gentleman from New York that if he is interested in exempting further issues of securities from taxation it would, in my opinion, be germane to offer such an amendment to this bill as a limitation against the bond issues that may occur under it.

Mr. FISH. Will the gentleman offer that amendment?

Mr. WOLCOTT. No; I will not support it.

Mr. FISH. I think it is not germane to the bill, so I will not offer it.

This is merely permissive legislation. I believe this will cost the Government a little more. Long-time financing through bond issues always costs more, because the interest rate is higher—something like 3 percent instead of the one-half or three-quarters of 1 percent, whatever it is, on short-term notes. So while the proposal will cost a little more because of long-time financing, yet we have got to go along with it. It seems to me the purpose of this particular bill is to get permission to increase the long-term bonded indebtedness which is necessary because the New Deal is otherwise financially bankrupt. It may add to our expenses; nevertheless, the administration has no other means of getting money.

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

Mr. FISH. I yield.

Mr. McCORMACK. I think the gentleman will agree that it is best to have long-term financing. I am not talking about the present administration; I am talking generally. When short-term indebtedness becomes too great in amount, it should be converted into long-term bonds.

Mr. FISH. I would agree thoroughly with the gentleman if those bonds were tax-exempt; but if these bonds were not tax-exempt you could not sell them to the public.

Mr. McCORMACK. I am not talking about their being tax-exempt.

Mr. FISH. I am; but I am not opposing this bill. I am opposed to the amendment offered by my colleague. I think the amendment is not justified in view of the fact that the specific purpose of this bill is merely permissive; granting permission to issue more long-term bonds. The Treasury Department cannot go above the $45,000,000,000 debt limit. I am not recommending this as a proper way of financing, but the New Deal cannot raise money in any other way. I am sorry, however, to see that these bonds will be tax-exempt. They will have to be tax-exempt securities, because you could not sell them to the public otherwise.

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

Mr. FISH. I yield.

Mr. McCORMACK. I think the tax-exemption question is being demagogued upon more than any question I have heard.

Mr. FISH. Would not the gentleman like to do away with it himself?

Mr. McCORMACK. I am not so sure, because when you vote to remove it from bonds of the Federal Government you have got to remove it from bonds of States and municipalities. This means $113,000,000 a year to the States. Does the gentleman favor that?

Mr. FISH. I would do away with all tax-exempt securities. Tax exemption is an utterly vicious thing.

Mr. McCORMACK. I am glad the gentleman once has risen to the heights of statesmanship.

Mr. FISH. I am glad I have at least once. That is better than the gentleman has done himself.

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

Mr. FISH. I yield.

Mr. DOUGHTON. Does the gentleman not know it to be a fact that the President has sent two messages to Congress affirmatively recommending that tax-exempt securities be done away with?

Mr. FISH. But the President was perfectly well aware in advance that that would not even be reported out of committee, or he would never have sent the message, because if he got what he asked for there would be no way of financing the New Deal expenditures.

Mr. DOUGHTON. That is one thing that I know the President is insisting be given consideration.

Mr. FISH. I do not believe he means a word of it. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. SMITH of Ohio. Mr. Chairman, repeatedly Members of the House, as well as others on the outside, are telling us of the exceedingly low interest rates that are being paid by the Government on its borrowed money. They point to this fact approvingly and apparently with considerable pride. Evidently they look upon it not only as a desideratum which is of service in an emergency, but actually representing a truly healthy state of the Federal finances.

Certainly the slightest reflection should convince us that the exceedingly low interest rates which the Government is paying indicate neither a desirability nor a healthy state of the finances. Though I, myself, as well as others, have repeatedly pointed out to this House the reasons for these abnormally low interest rates under the ominous national financial picture that confronts us, I believe the facts relating to this matter can neither be too often stressed or repeated.

These interest rates, which are the lowest in the history of our country, are so for the simple reason that the industry of our Nation is also depressed to an extent never before experienced. Though deposits in banks increased about $12,000,000,000 from 1932 to 1938, commercial loans decreased during the same period of time about two billions. The capital-investment market, as is well known, is practically moribund. The demand for commercial loans and new capital being perhaps the lowest in the history of our country, why should interest rates not also be the lowest?

There is another phase of this financial picture which should throw considerable light on this question. It is well known that during periods of currency inflation the demand for commercial loans and new capital is always low. Though the Government is not engaged at the present in printing money in the sense of actually inflating the currency in circulation by its method of financing its deficit, it is creating bank-credit money. There is in our banks at present no less than $15,000,000,000 of such fiat credit. When it is reflected that the Government obligations are not actually sold to the banks and paid for out of the savings of the people, but that they are merely allocated to the banks where they are set up as deposits, it should readily be seen that here is a powerful factor that makes for diminishing interest rates.

Taking these stated facts into consideration, together with the still more important truth that it is impossible today to write a value clause into any contract in terms of the standard unit of value, which also is an unusual experience in this country, one can hardly look upon the lowest interest rates with any feeling of satisfaction or pride. Indeed, this state of affairs instead of being something we should boast about, is a thing which should give us most serious concern. Instead of reflecting a healthy state of our finance, it does the opposite. Interest rates are the lowest in the history of our Nation because confidence is the lowest in our history.

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

Mr. SMITH of Ohio. I yield.

Mr. SHORT. Is not cheap money and low interest rates always and invariably a sure sign of sick industry and unhealthy finance?

Mr. SMITH of Ohio. Certainly.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 40, noes 74.

So the amendment was rejected.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER of Wisconsin: In line 8, after the word "time", insert "and shall not be tax exempt."

Mr. COOPER. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. COOPER. Mr. Chairman, I make a point of order against the amendment on the ground it is not germane to the bill now under consideration, and in the form offered would not be germane to the act that is here sought to be amended.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I am somewhat surprised to find a New Deal leader making a point of order that my amendment is not germane. This amendment is interwoven with and relates to the subject of Federal financing covered by the pending bill. The President of the United States sent two messages to Congress asking the Congress to enact legislation which would prohibit the Government from issuing tax-exempt bonds. He also asked for this legislation during a number of his radio fireside chats. In my humble way I am trying to follow the advice of the President of the United States, although the Members on his side of the House have run out on him. This amendment is germane, as it is a limitation, and it will give the New Deal an opportunity to act as well as talk about the necessity of ending the Government tax-exempt bond racket.

The CHAIRMAN. The Chair is ready to rule.

This very question was decided by the Chairman of the Committee of the Whole on January 25, 1935. Therefore, under the precedents the Chair is constrained to rule that the amendment is not germane, and sustains the point of order raised by the gentleman from Tennessee [Mr. COOPER].

Mr. SCHAFER of Wisconsin. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I intend to vote against this bill if for no other reason than on the question of economy. I was somewhat surprised and astounded to find the leaders of the New Deal making a point of order against my amendment which carried out the request of the President of the United States as expressed in several messages which he sent to the Congress and in a number of his radio fireside chats. Why do you new dealers talk in favor of abolishing Government tax-exempt bonds and then oppose my amendment which will do that very thing?

Mr. PATRICK. Will the gentleman yield?

Mr. SCHAFER of Wisconsin. I do not yield because my time is limited.

Mr. PATRICK. I know that.

Mr. SCHAFER of Wisconsin. Mr. Chairman, the President last night indicated that we should not worry about the great increase in our national debt because that debt was held by Americans and would be paid off by Americans to Americans. Certainly the rank and file, the great masses of our working men and women of America—industrial and agricultural—and their children unto the third and fourth generations, will sweat and toil to produce the tax dollars to pay the principal of this Roosevelt New Deal staggering national debt and the annual stupendous interest payments thereon. The payments will go to another class of people, such as our multimillionaire New Deal leaders—President Roosevelt, Owen D. Young, Jimmy Cromwell, Harold Ickes, Jim Farley, Lehman Bros., Vincent Astor, Mr. Roosevelt's right-hand man; Barney Baruch, Cudahy, Bullitt, Taussig, Goldwyn, Doherty, Bloom, Swope, Filene, Gimbel, Kirstein, Sarnoff, Stern, Straus, Berry, McAdoo, Guffey, Davies, Kaufman, Eugene Meyer, Sumner Welles—and members of the international munitions house of Du Pont, which was recently joined in the holy bonds of matrimony with the international banking house of Franklin Delano Roosevelt, and so forth.

I could continue to name multimillionaire New Deal associates of our multimillionaire New Deal President until the sun sank in the west tonight. However, I only have 5 minutes so that I will have to give you the names of the rest at a later date.

Mr. Chairman, the proponents of this bill have told us that it will not increase the national-debt limit one penny, that the bill merely provides for an increase of the limitation in the amount of long-term bonds which may be outstanding and a decrease in limitation of the amount of the short-term other obligations.

The gentleman from Illinois [Mr. SABATH], indicated that the short-term obligations can be sold in America by the Treasury at an interest rate of six-tenths of 1 percent. From the standpoint of economy, when Uncle Sam can borrow billions of dollars at an interest rate of six-tenths of 1 percent, it is absurd to pass this bill and pay the international money changers 3-, 4-, or 5-percent interest. [Applause.]

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, in view of the action of the committee in respect to the amendment limiting the issuance of long-term obligations to $33,000,000,000, if given an opportunity I will offer a motion to recommit this bill to the Ways and Means Committee without any recommendation. I think it is apparent from the debate here today that much more consideration should be given to this question than has been given it either by the Ways and Means Committee or by the House today. Surely there can be no objection to having this matter referred to a committee which is competent to take the subject and analyze it fully in light of the debate which we have carried on today. The only purpose in offering the motion to recommit is in order that the Members of the House who have spoken against the bill may have an opportunity to clarify these issues before a standing committee of the House.

If I am given the opportunity to offer this motion to recommit, I hope it will prevail; and I shall offer it without any feeling that the motion is against the principles of the bill or against the merits of the bill, but merely in order that under orderly practice and procedure we may be given an opportunity to give further consideration to a subject which is as important as any bill we have considered on the floor during this session.

Mr. CRAWFORD. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I have been trying to get the floor to ask one question in connection with a matter raised by the gentleman from Massachusetts [Mr. MCCORMACK] about long-term bonds. If the long-term bonds are to be held primarily by the banks and the bank portfolios, and the banks are then not able to convert the long terms into currency upon immediate demand, is it not true it will be a dangerous thing if a major portion of the debt is in the form of long-term bonds?

Mr. WOLCOTT. Yes.

Mr. CRAWFORD. While, on the other hand, if the debt is primarily not long-term bonds, and is held primarily by people outside the banks, then it would not be necessary to have the bonds convertible into currency on immediate notice, the people thereby carrying the major burden.

Mr. WOLCOTT. I believe the gentleman has stated the matter correctly. We must bear in mind that Government spending or the creation of long-term Government obligations is always immediately inflationary. Whether you like to admit it or not, that is true, because those bonds are used as the basis for inflation. They are ultimately deflationary because when they become due we have got to pay them and that draws money and credit from the market which would otherwise be used for expansion.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. WOLCOTT. I yield to the gentleman from Texas.

Mr. PATMAN. Why should there be a danger, considering the question brought up by the gentleman from Michigan, when the banks have now more than $14,000,000,000 in Government bonds that they can immediately convert into money and issue $6 to $1 on every dollar?

Mr. WOLCOTT. I think the gentleman put his thumb right on the question when he said that we could use the

power granted to the President to issue currency instead of issuing these obligations. I have not always agreed with the gentleman in that respect. That is why I am here today stating there is a danger of inflation by the expansion of the currency base. But the gentleman has made out just about as good a case as anyone could in that respect by stating that if this bill is passed then it might force the President to use the power to issue currency instead of issuing short-term obligations. That is one reason why I would like this bill sent back to the Ways and Means Committee so that the gentleman from Texas, the gentleman from Michigan [Mr. CRAWFORD], and I, and all the rest of us here who have spoken on this question—the whole country is involved—may have an opportunity to go before the committee and thrash this thing out and find out if we have been under a delusion all these years with respect to Government credit and Government finance.

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

Mr. WOLCOTT. I yield to the gentleman from Michigan.

Mr. CRAWFORD. If I am correctly informed, when Germany started their spin of the wheel they sold government obligations to the banks and the banks instead of handling the matter as we do in this country issued currency in exchange for the bonds. In this country our banks issue credit to the Treasury of the United States for the bonds. If the gentleman can, I wish he would enlighten us on that just a little bit and draw a comparison between what is going on in this country and what it is likely to end up in, and the German situation.

Mr. WOLCOTT. I am fearful that by passing this bill in its present form, we are giving encouragement to a situation in the United States, comparable to that which impelled inflation in post-war Germany. That resulted, as we all know, in the destruction of almost all private wealth in Germany.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I want to state briefly the position of the President, as I understand it, on tax-exempt securities. I do not believe it is fair for Members to rise here and even in good faith close their eyes to the truth, a truth which is apparent to all of us, and to make statements which do not reflect the position of the President. The implication is made in the argument today that because we do not subject Federal Government bonds to the income-tax laws of the Federal Government and the several States the President is inconsistent in his position. That is as far away from the truth as anything I can conceive. The President has recommended that all bonds, Federal, State, and municipal, be subject to the income-tax laws of the Federal Government and the State governments and has made this recommendation in two different messages. Presidents of the past, Republican Presidents, have made the same recommendation.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Montana.

Mr. O'CONNOR. Is it not a fact that the President does not recommend placing a tax on tax-exempt securities but does recommend that the income from all bonds be taxed?

Mr. McCORMACK. Of course, the President's recommendation is that the interest be subject to the income-tax laws of the Federal Government and the States, that is, the interest on all bonds, Federal, State, and municipal.

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

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. MICHENER. The gentleman is stating the position of the President?

Mr. McCORMACK. I am stating my understanding of his position.

Mr. MICHENER. Yes. Well, I think it is wrong. I am a member of the Committee on the Judiciary. Shortly after one of these messages came up to which the gentleman has referred, our committee was going to give consideration to a constitutional amendment. That was before the last decision, which might have clarified the matter.

Mr. McCORMACK. The gentleman has stated that what I said was wrong. Just prove where what I said was wrong.

Mr. MICHENER. I am going to show it.

Mr. McCORMACK. I challenge the gentleman's statement. I address myself to that. Wherein is my statement wrong that the President's message was with reference to subjecting the interest on all bonds, Federal, State, and municipal, to the income-tax laws of the Federal Government and the States?

Mr. MICHENER. That is not the part of the gentleman's statement that is wrong.

Mr. McCORMACK. Where is it wrong?

Mr. MICHENER. If the gentleman will permit me, I will try to show him.

Mr. McCORMACK. I am anxious; the gentleman is taking my time.

Mr. MICHENER. I will withdraw if I am embarrassing the gentleman.

Mr. McCORMACK. Just do not make a speech.

Mr. MICHENER. If the gentleman will permit me to answer, I was stating that shortly after the President's message came up here our committee attempted to give consideration to the problem and do what the President asked the Congress to do.

Mr. McCORMACK. That was last year.

Mr. MICHENER. After we had set the day for the hearing we were called off, so to speak, and never did hold a hearing. I believe it was generally understood by everybody that this was because it would interfere with financing by the Government. Nothing was done and nothing has been done to this very day to accomplish what the President asked be done, although the committee was ready and willing to do that.

Mr. McCORMACK. Is the gentleman through with my time? Nothing that the gentleman has stated, certainly, is inconsistent with what I said, when the gentleman says I am wrong and predicates his statement——

Mr. MICHENER. Oh, the gentleman is always right.

Mr. McCORMACK. I thank the gentleman for the compliment, but the gentleman is inconsistent. Only a moment ago he said the gentleman from Massachusetts was wrong. The gentleman from Massachusetts cannot be wrong 2 minutes ago and always right now.

Mr. MICHENER. I withdraw it, then.

Mr. McCORMACK. I just want to say that the President's suggestion is to subject to tax the interest on the bonds of both State and Federal Governments. Certainly few of us would subject the interest on the Federal Government bonds to the State income tax laws and let the interest on the State and municipal bonds be tax exempt. That has been the position of the President consistently.

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

Mr. McCORMACK. I yield to the gentleman from Tennessee.

Mr. COOPER. The gentleman from Michigan must be in error, because the two messages to which the gentleman from Massachusetts has referred were referred to the Committee on Ways and Means and are pending there. They are not before the Committee on the Judiciary.

Mr. MICHENER. That was the very purpose and the only way the purpose could be accomplished was by a constitutional amendment and that was the matter that was before the Judiciary Committee, but we were not permitted to proceed.

Mr. McCORMACK. In that respect, I have no controversy with the gentleman. A constitutional amendment, of course, would go to the Committee on the Judiciary; and if legislation was to be enacted, that would go to the Ways and Means Committee; but the President has always been consistent in his position that the interest on all such bonds—Federal, State, and local—should be taxed. I make this statement in view of the incorrect statements made this

afternoon by some of our Republican colleagues, and in order that the record will be clear.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose and the Speaker having resumed the chair, Mr. GAVAGAN, 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. 5748) to amend the Second Liberty Bond Act, as amended, pursuant to House Resolution 200, he reported the same back to the House.

The SPEAKER. Under the rule the previous question is ordered.

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

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

Mr. WOLCOTT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WOLCOTT. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. WOLCOTT moves to recommit the bill to the Committee on Ways and Means.

Mr. COOPER. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion to recommit.

The question was taken; and on a division (demanded by Mr. WOLCOTT), there were—ayes 54, noes 136.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken and the bill was passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the bill may have five legislative days in which to revise and extend their own remarks.

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

There was no objection.

Mr. TREADWAY. Mr. Speaker, in connection with a revision and extension of my remarks I ask unanimous consent to include an article appearing in the Evening Star of today on this subject matter.

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

There was no objection.

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an article that appeared in the Sunday Post under the pen of Florence S. Kerr.

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

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that on tomorrow, after the legislative program of the day and following any previous special order heretofore entered, the gentleman from Michigan [Mr. CRAWFORD], may address the House for 20 minutes.

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

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that I may have 20 minutes on Thursday next instead of the 30 minutes granted me today.

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

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include certain excerpts in connection with the remarks I made today.

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

There was no objection.

NATIONAL HOUSING ACT AMENDMENTS, 1939

Mr. RAYBURN. Mr. Speaker, I trust the Members who desire recognition to extend their remarks will wait for a few moments. It is desired on the part of the gentleman from Alabama [Mr. STEAGALL] to call up a conference report upon the bill (H. R. 5324) to amend the National Housing Act. I understand it is not controversial and that we may dispose of it in a few minutes.

Mr. LUCE. Mr. Speaker, I trust the gentleman will not press that motion. It is 5 o'clock. The conference report in question is controversial and will take time for discussion.

Mr. RAYBURN. Mr. Speaker, I understood the bill we just had under consideration was reported unanimously from the committee and was not controversial and would be disposed of in 30 or 40 minutes. I have been told today many times that this conference report is not controversial. If it is controversial, I suggest to the gentleman from Alabama [Mr. STEAGALL] that it go over. It must go over until Thursday next, if it is not taken up today.

Mr. STEAGALL. If it will accommodate the gentleman from Massachusetts [Mr. LUCE] and Members of the House, we will not endeavor to dispose of the conference report today. I had understood that the gentleman from Missouri [Mr. WILLIAMS] desired a brief time in which to discuss the report, and that there would not be opposition to the adoption of the report. I had understood that he voiced the views of those who are opposed to one of the provisions of the bill which has been amended and worked out in conference. If the gentleman from Massachusetts desires to discuss the bill at length, I shall not insist upon going ahead with the conference report this afternoon, but will let the matter go over until Thursday next.

ORDER OF BUSINESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that at the conclusion of the proceedings on the conference report just referred to on Thursday next that it may be in order for the Committee on Claims to call up omnibus claims bills.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short article from the New York Times of Monday, May 22, by Anna O'Hare McCormick, on the question of the battle of diplomats.

The SPEAKER. Is there objection?

There was no objection.

Mr. ENGEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including an article written by me and published in the New York Journal-American.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include certain editorial comments in connection with the new pick-up service in air mail.

The SPEAKER. Is there objection?

There was no objection.

Mr. MICHAEL J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the Businessman and the President.

The SPEAKER. Is there objection?

There was no objection.

BARGAIN BASEMENT

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. OLIVER. Mr. Speaker, as the merchant which he claimed to be last evening before the American Retail Federation, President Roosevelt certainly needs a bargain annex where he might dispose of his greatly worn and second-hand merchandise.

For example, among other items, he could most consistently place on his bargain counter and advertise "for sale" very cheaply:

(1) A repudiated A. A. A. scarcity farm program, with its parity price "bustline."

(2) A discarded and defective N. R. A.

(3) A gold-buying policy most leaky in its beneficence toward foreign nations.

(4) A fiscal policy full of holes.

(5) An outmoded and inadequate monetary policy.

(6) A completely run-down-at-the-heel abundance policy.

(7) An overswollen public debt.

(8) A moth-eaten unemployment paradox.

(9) An economic program devoted to fine objectives but utterly fantastic, wholly crackpot, and completely indefensible in its evolution.

(10) A cloak of labeled liberalism which should find ready sale in a bargain basement for its junk value as the most outstanding illustration of wholesale political hocus-pocus ever foisted upon the American public.

SUGAR ACREAGE

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker and Members of the House, I have placed on the Speaker's desk a discharge petition to bring Senate bill 69, known as the Ellender sugar-acreage bill, out of committee and before the House for consideration and a vote.

The bill was referred to the House Committee on Agriculture on March 24, where it was shelved despite continuous efforts on the part of Congressmen from sugar-producing States to appear before the committee in behalf of the bill.

The Ellender bill provides for an increase in the sugar acreage in the United States by 80,000 to 100,000 acres and would wipe out one of the most obvious shortcomings in our agriculture picture today. In brief, the bill would allow domestic growers to produce more than 30 percent of the sugar necessary to meet domestic consumption.

The Committee on Agriculture pigeonholed the bill in the face of a purported threat of Presidential veto. However, the President of the United States is explicitly given the power of Presidential veto. It is a power to be used at the proper time; namely, when the bill is presented to him for his signature or rejection.

However, it should not be the practice of Members of Congress to waylay legislation even though threatened by Presidential veto. It is the duty of this Congress to enact measures which it believes to be of the greatest benefit to the people of the United States. By no means should a threatened Presidential veto cause a committee of the House to place legislation in a lethal chamber.

We have been told that the enactment of the Ellender sugar-acreage bill would be a serious threat to the future of the policy of improved relationships among the American republics.

I believe in the good-neighbor policy. It is an idealistic procedure. But I do not believe in order to carry out that policy that we must give our good neighbors our clothes so that we have only a shirt in our economic wardrobe.

We must first be concerned with good neighbors within our own country. I do not believe that we must place people on relief, place them on the streets, in order that we may carry out our program of peace in the Western Hemisphere.

In the first place, the curtailment of domestic beet and cane acreage is not a sound business practice in view of the fact that we supply less than one-third of the amount of sugar we annually consume. It would be ruinous for any private business to operate on such a basis. It is likewise ruinous to our sugar-beet and cane interests if the Government continues curtailment along present lines.

Statistical data and reports placed in the CONGRESSIONAL RECORD on May 18 by Senator O'MAHONEY, of Wyoming, point out clearly that the factor of improved relationships among the American republics in the present sugar program is ill founded. Our good neighbors do not profit from our curtailment, but rather the New York, New Jersey, and Canadian corporations which own the refineries in Cuba, Hawaii, Puerto Rico, and other countries.

Ernest H. Gruening, head of the territorial division of the Department of the Interior, testified before the Appropriations Committee of the Senate during consideration of the second deficiency bill this session, that 2 years ago the largest Puerto Rico sugar benefit payment went to the Royal Bank in Canada, and the next largest payment went to the National City Bank of New York.

For years, the phrase, "The American market reserved for the American farmer," has been written into the national platforms of both the Democratic and Republican Parties. The Democratic platform of 1936 states:

> We favor the production of all the market will absorb, both at home and abroad * * *.

I cite the plank from the Democratic platform because we members of the Democratic Party are in power and the responsibility of running the Government is ours.

Today, I ask every Member of this House who believes in the benefits provided in the sugar-acreage bill to sign the discharge petition immediately. For both Republicans and Democrats, the signing of this petition is merely the application of our party principles. More than that, it is the application of our sound belief that the American market should be reserved for the American farmer. It is nothing short of good government.

It has been 128 years since John C. Calhoun, then a Member of the United States House of Representatives, said on the floor: "Protection and patriotism are reciprocal."

Any permanent government must give protection, full protection, to its people, if that government expects patriotism from its people. Calhoun's words are particularly applicable in our consideration of the sugar-acreage measure. We must spare no pains in giving our farmers, as well as every other class of persons, full protection. After a government has provided that protection, patriotism will be its reward.

THIRD TERM FOR PRESIDENT

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point and to print therewith a letter from Thomas Jefferson to the Legislature of Vermont.

The SPEAKER. Is there objection?

There was no objection.

Mr. CULKIN. Mr. Speaker, the Honorable JOSEPH B. SHANNON, of Missouri, is a profound student of the life, writings, and principles of Thomas Jefferson. In the selection of material for the erection of the Jefferson Memorial bids were submitted for Vermont and Georgia marble. Some discussion ensued as to the sentimental value of these two marbles, both very beautiful, for use in the erection of the majestic memorial arising to Jefferson on the Tidal Basin. This discussion ended happily by the selection of Vermont Imperial Danby marble for the exterior of the monument and the Georgia white for the interior. Both of these marbles are exquisite in coloring and blend harmoniously. In the course of the discussion the gentleman from Missouri [Mr. SHANNON] called my attention to the fact that the Legislature of Vermont, at the close of Jefferson's second term, addressed a memorial to him requesting that he run for a third term. Mr. SHANNON also calls attention to the fact that in 1800 Vermont elected the Sage of Monticello to the Presidency over Aaron Burr. He has kindly furnished me with a copy of Jefferson's reply to the Legislature of Vermont. It will be noted that Jefferson hails the principle set by Washington that no

man should have more than two terms in the Presidency. Jefferson characterizes Washington's position as a "sound precedent set by an illustrious predecessor." The communication is of special value as it establishes the propriety of using, in part at least, Vermont marble in the construction of the glorious memorial designed by the late John Russell Pope. The communication follows:

WASHINGTON, *December 10, 1807.*

To the Legislature of Vermont:

I received in due season the address of the Legislature of Vermont, bearing date the 5th of November, 1806, in which, with their approbation of the general course of my administration, they were so good as to express their desire that I would consent to be proposed again, to the public voice, on the expiration of my present term of office. Entertaining, as I do, for the Legislature of Vermont those sentiments of high respect which would have prompted an immediate answer, I was certain, nevertheless, they would approve a delay which had for its object to avoid a premature agitation of the public mind, on a subject so interesting as the election of a Chief Magistrate.

That I should lay down my charge at a proper period, is as much a duty as to have borne it faithfully. If some termination to the services of the Chief Magistrate be not fixed by the Constitution, or supplied by practice, his office, nominally for years, will, in fact, become for life; and history shows how easily that degenerates into an inheritance. Believing that a representative government, responsible at short periods of election, is that which produces the greatest sum of happiness to mankind, I feel it a duty to do no act which shall essentially impair that principle; and I should unwillingly be the person who, disregarding the sound precedent set by an illustrious predecessor, should furnish the first example of prolongation beyond the second term of office.

Truth, also, requires me to add, that I am sensible of that decline which advancing years bring on; and feeling their physical, I ought not to doubt their mental effect. Happy if I am the first to perceive and to obey this admonition of nature, and to solicit a retreat from cares too great for the wearied faculties of age.

For the approbation which the Legislature of Vermont has been pleased to express of the principles the measures pursued in the management of their affairs, I am sincerely thankful; and should I be so fortunate as to carry into retirement the equal approbation and goodwill of my fellow citizens generally, it will be the comfort of my future days, and will close a service of 40 years with the only reward it ever wished.

Your obedient servant,

THOMAS JEFFERSON.

EXTENSION OF REMARKS

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein an editorial in defense of the W. P. A. by a perfectly good Republican newspaper, the Boston Evening Transcript, of May 17, 1939, and also to extend my remarks and include therein a radio speech delivered by me on May 18.

The SPEAKER. Is there objection?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two topics, and in the first extension to include a statement by Howard Costigan, of Seattle, Wash., and in the second extension to include a statement by the eminent marine artist, Rockwell Kent.

The SPEAKER. Is there objection to the requests of the gentleman from Washington?

There was no objection.

By unanimous consent Mr. BENDER was granted permission to revise and extend his own remarks.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks by including an editorial that appeared in yesterday's Evening Star on the Virgin Islands.

The SPEAKER. Without objection it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that on Friday next, following the legislative program, the gentleman from Michigan [Mr. ENGEL] be allowed to speak for 20 minutes.

The SPEAKER. Is there objection?

There was no objection.

THEIR MAJESTIES THE KING AND QUEEN OF GREAT BRITAIN

Mr. RAYBURN. Mr. Speaker, I call up Senate Concurrent Resolution 17 and ask unanimous consent for its present consideration.

The Clerk read as follows:

Senate Concurrent Resolution 17

Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall assemble in their respective Houses on Friday, June 9, 1939, at 10:30 o'clock antemeridian, and thereafter, in recess, the Members of each House shall proceed informally to the rotunda of the Capitol at 11 o'clock antemeridian, for the purpose of welcoming Their Majesties the King and Queen of Great Britain, and the members of their party, on the occasion of their visit to the Capitol, and at the conclusion of such ceremonies the two Houses shall reassemble in their respective Chambers.

That a joint committee consisting of three Members of the Senate, to be appointed by the President of the Senate, and three Members of the House of Representatives, to be appointed by the Speaker of the House, is hereby authorized to make the necessary arrangements for carrying out the purpose of this concurrent resolution.

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

There was no objection.

The resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RESIGNATION FROM COMMITTEE

The SPEAKER. The Chair lays before the House the following resignation from committee:

MAY 22, 1939.

HON. WILLIAM B. BANKHEAD,
Speaker of the House, Washington, D. C.

MY DEAR MR. SPEAKER: I hereby offer my resignation as a member of the Committee on Irrigation and Reclamation.

Very truly yours,

KENT E. KELLER.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. LELAND M. FORD for 4 days on account of illness.

The SPEAKER. Under special order of the House heretofore made the gentleman from Minnesota [Mr. ALEXANDER] is entitled to be recognized for 20 minutes.

SHALL WE INVESTIGATE THE PHILIPPINE SITUATION?

Mr. ALEXANDER. Mr. Speaker, in view of the lateness of the hour, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, whether to withdraw immediately from our sovereignty and control of the Philippines, or to apply remedial measures to the situation rapidly developing there, so we may safely carry out the terms of the Philippine Independence Act of 1934 without jeopardizing our own peace, briefly stated, is the objective sought to be developed by the investigation of the Philippine situation proposed by my Resolution No. 198 which I introduced May 19.

Due to the highly inflammable situation which has been rapidly developing in the Far East during the past 2 years with the Japanese aggression there, trouble might break out for us at any moment. In fact, in my opinion, there is much more danger to us in the Orient, and of our being involved in war there, than in Europe. That being evident, I have made a very detailed study of the problem and offer my resolution in order to bring the facts of the matter forcibly to the attention of the House and of the people of the United States who are interested in preserving peace whether in Europe or in Asia.

I have been greatly encouraged, since the introduction of the resolution, by receiving letters, wires, cablegrams, and newspaper articles commending me for my proposal and

offering aid and assistance in developing the information which will be needful if we are to institute a valuable and worth-while investigation. The first letter is typical of the others. It comes from a former Army officer now residing in Philadelphia, and is as follows:

I read in tonight's Philadelphia Evening Bulletin that you request an investigation of pro-Japanese activities of President Manuel Quezon of the Philippines. Having been a resident of the islands from 1899 to 1933, I am thoroughly familiar with affairs over there, knowing their language and having been in close contact with the governing classes. You should also include the Vice President, Sergio Osmena, who made several trips to Japan and was instrumental in the sale of lands on the island of Mindanao, to the Japs.

If I can be of any service to you, just call me.

The Washington Post on May 19, in a feature article, also discusses another angle of the problem—the desire on the part of President Quezon to start emasculating the newly framed and recently adopted Philippine Constitution. The article in a very capable manner describes the subtle movement now going on to throw out the constitutional provision prohibiting more than one 6-year term for the island president. As the article describes, an attempt is now being made so that Quezon can succeed himself, thus creating a complete dictatorship by perpetual holding of the office of president. The article is as follows:

[From the Washington Post of May 19, 1939]

NEW TERM FOR QUEZON

(By Vicente Albano Pacis)

THE PHILIPPINE REELECTION PROBLEM

MANILA.

It seems that after several years of quiet agitation for the reelection of President Manual L. Quezon, of the Philippine Commonwealth, in spite of the categorical prohibition of the Philippine Constitution, Philippine public opinion has been so crystallized that the matter is ready for presentation to Washington, where refusal to have the constitution amended will readily appear as an unmitigated act of thumbing down the Filipino people.

The boom for Mr. Quezon's reelection started soon after the inauguration of the Commonwealth, but Quezon himself threw cold water on it when he announced that he was not a candidate to succeed himself. It was almost definitely squelched when reports, never authoritatively denied, reached Manila to the effect that the Washington authorities frowned upon the idea of amending the Philippine Constitution so soon, and especially for the benefit, at least apparently, of a single individual. When the reports became current in Manila, President Quezon even more categorically declared that he was not the least bit interested in another term.

At about this juncture a long-range program of expanding the Malacanan estate, the residence of the President, was started. It included the renovation and expansion of the palace, the conversion of a large area across the Pasig River into a park as part of the Presidential estate, and the construction of various outhouses, including the guest houses, playgrounds, and a massive garage, which at this writing is about to be completed. One day one of the political leaders with Presidential aspirations was a Malacanan luncheon guest, and, being more or less in intimate relations with the President, ventured to fish.

"Judging from the permanent improvements you are carrying out here," he remarked with a twinkle in his eyes, "it looks as if you intend to stay here very long."

The President, who holds the championship record in the islands for his ability to get out of tight spots, simply replied, "I am preparing all this for you fellows who will come after me."

The Philippine Constitution expressly prohibits the reelection of the President, but gives him a term of 6 years. This feature was pointed to at the time of the drafting of the constitution as an improvement over the American Constitution. It was explained that a chief executive invariably looks forward to a second term, and in doing so utilizes the latter half of his first term for mending his political fences. The Philippne provision, it was claimed, completely dissociates the Philippine President from politics.

Following the spirit of this prohibition, President Quezon soon after his inauguration announced his retirement from politics. He placed himself outside of his party and refused to meddle in the election held 2 years after his inauguration for Provincial and municipal officials. When, late last year, the election for members of the assembly was held, however, he openly participated in the campaign on the excuse that he was interested in getting a legislative body that would cooperate with the executive. In effect, a 100-percent Quezon assembly was elected.

Since the assembly has always been called a Quezon assembly, its leaders, Speaker Yulo and Floor Leader Paredes, have announced that it will not take the complete initiative to amend the constitution. The constitution provides that it may be amended by the assembly or by a constituent convention called by the assembly for the purpose, the proposed amendment in either case to be approved or disapproved at a referendum to take place during a regular election. The only general election to take place before the Presidential term expires is that for provincial and municipal officials in 1940. Before then the convention must be called and the amendment proposed. It is predicted that the proposed amendments will eventually multiply to include the establishment of a senate, thus also discarding the unicameralism which, at the time the President of the United States was to act on the constitution, was also pointed out as one more improvement over other constitutions.

Arguments for President Quezon's reelection are that the people demand it generally; that the years 1942–48 will be the most critical period of the Commonwealth, since the American export taxes will be applied on Philippine products; that the constitutional prohibition is a sort of "squinting" provision, meant more for the period of the republic, since it provides for 6-year terms, whereas the remaining Commonwealth term is only for 4 years; that Quezon is admittedly the best Filipino leader and must therefore be mustered in when the country cannot afford to take chances. The open and systematic campaign for Quezon's reelection was started by Messrs. Yule and Paredes and the DMHM newspapers, a syndicate friendly to Quezon.

Arguments advanced against Quezon's reelection are that to do so would be to admit that the Filipinos lack tried and experienced leaders; that to amend the constitution for Quezon would be to predicate such a fundamental popular act on a single person; that to do so would be to interrupt the development of Philippine constitutionalism; that it will constitute a bad and dangerous precedent, giving a President a means to perpetuate himself in power.

It is the situation described in the above article that moves the editor of the monthly magazine, the Philippine American Advocate to ask:

Why worry about Hitler and Mussolini when we have Quezon * * * under the American flag?

Two years ago an account was published of Quezon's visit to Hitler in Germany. In 1939 he is the guest of Japan at a state banquet.

A ranking Republican Member of the House Committee on Insular Affairs, Representative CRAWFORD of Michigan, has already told us that economic and racial understandings were steadily "leading to Japanese control of the Philippines."

The Philippine anti-Fascist organization warns us of a now pending danger that the Philippines are "coming under the savage heel of Japanese militarism."

The Far East correspondents of both the New York Times and the New York Herald Tribune have repeatedly warned us of conditions that demand the prompt attention of Congress.

Can this country in honor to its own flag let the Philippine problem drift—and make the conquest of this people easy?

We are greatly concerned over the Japanese aggression in Manchuria and China. Our daily mail with our newspapers, magazines, and periodicals are all full of articles denouncing Japan. Our pulpits and public platforms have been the spot from which much burning oratory has emanated during the past 2 years demanding action against Japan. We are already applying measures of coercion and punishment because of our disapproval of the action of this aggressor in China. But we little realize that similar action as far as taking over the country, its business, and governmental activities has been taking place under our very eyes in the Philippines. We have no more than a friendly and a business interest in China. In the Philippines we are much more vitally and personally interested. We are the government there. It is still our dependency. It is an integral part of the United States. And still we are almost ready to go to war over the situation in China, a foreign land, while we let Japan take over the territorial possessions of the United States. The disclosures which I anticipate will be developed in this proposed investigation will show startling facts and details of this situation.

I think we need to approach this task in the sense of not only a businesslike investigation, but also of the value and benefit such an activity can be in the promotion of our more complete undertaking and education in the part this eastern situation has, not only in relation to our American ideals and government, but also to the welfare and safety of the Philippine people themselves. I believe I voice the desire of this Congress and of the American people when I say that. We want to solve the Philippine problem in fairness to all. We want to solve it just as we wish with fairness and justice to solve our domestic problems.

EUROPEAN MESS INVOLVES ORIENT

We all know Europe is in a mess as pointed out in my address here May 9, entitled, "The Only Road to Peace." We are jittery about the highly inflammable situation there. And well may we be! I do not mean we will be directly involved there. I do not believe we will be drawn into another European War, as I pointed out in my interview last week with the Hearst press. But the minute this thing breaks in Europe, Japan will start pushing her objectives much more rapidly in the Orient. Not only will the attempt be made to completely subjugate China, but the International settlement at Shanghai will be obliterated, as recent Japanese activities indicate; Hongkong will be next in line, then Singapore, as I pointed out on February 22, in my remarks on the Guam problem; then the Dutch East Indies and the American Philippines. It may take 2 years. I doubt if it will take longer for these developments.

WHAT WILL THEN BE OUR PROBLEM?

It will be to determine whether to surrender to the Japanese and their intense ambition to promote their ideals, and ways of life, of culture, and religion, or whether to take America's traditional stand against aggression and against the fallacious theory that might makes right. In either event and whatever our decision may be, it is important that we act now before such a dilemma confronts us, before we are faced with a crisis, when sound reason and cool logic will be thrown out the window by the forces of hate, greed, selfishness, and passion, aroused under the strain of such a conflict as I have visualized.

M'NUTT SUGGESTS INVESTIGATION

America's great and good citizen, the present High Commissioner to the Philippines, Paul V. McNutt, former National Commander of the American Legion, knew this when he said recently, I quote: "Without too great a loss of time and with the cooperation of the leaders among the Filipinos, we should proceed to a realistic reexamination of the needs of these people, and of the long-range interest of ourselves. The enduring welfare and safety of both countries are the paramount consideration."

I said a moment ago it is important that we make an immediate decision as to our future there, after careful public investigation of the problem; for, whether we surrender to Japan or whether we stand our ground, this determination, it seems to me, is highly important. If we are to surrender, we can save our face by withdrawing now. If we are to stand our ground, there is much work of a preparatory and remedial nature needing to be done in order to prevent internal disloyalty and treachery from undermining our position, both on the part of the Japanese concentrations there as well as on the part of certain pro-Japanese and anti-American Filipino officials.

Now, there are many ramifications of this problem and its effects on the national life of this Nation. There is a great mass of good argument for immediate withdrawal from our overlordship of the islands. It is said that 95 percent of our people are for such a thing. This is undoubtedly the case—not alone because of their desire to protect and promote peace, but also because of the competition which the islands give our industry, commerce, and agriculture because of our arrangement letting their products in here duty-free. Two very important items which especially affect the welfare of my own region are sugar and hemp products, such as rope and binder twine. Our Minnesota rope and twine factory is, like all others in this country, operating about 50 percent of capacity because of this foreign competition, and is also operating at heavy annual losses. When these factories have been completely routed and put out of business because of this duty-free, cheap, oriental labor competition, then the international Rope and Binder Twine Trust, having a complete monopoly, can double the price to suit themselves and make up for present losses, thus taking another slice from our farmers' already meager income from wheat, barley, oats, rye, and such important small grains. Japanese farmers in the Philippines' richest province, Davao, now grow and sell the most of the world's best hemp.

Then, on the other side of the picture, the United States, Mr. Speaker, has a stake in the Philippines—a greater stake than in any other territorial possessions outside of the mainland of North America.

In the past 40 years our total Government investment in good government and in economic and social advancement of the Philippines is estimated at $700,000,000. We even hold $45,000,000 in Philippine government bonds. Are we going to surrender meekly the results of our 40-year administration to the "Machiavelli of the Orient"?

American industrial investment in the Philippines is placed at $140,000,000. Sugar, oil, timber, chromium—are we going to deliver this American investment also to build up the war power of Japan? Shall the 16,000,000 people of the Philippines go as Manchukuo, Shanghai, Peiping, and the entire seaboard of China?

The Philippines are the seventh largest of our export markets oversea. Our total annual commerce with the people to whom $840,000,000 of Government investment and American private capital has gone is today worth near $200,000,000. Shall that go to Japan, as the tail goes with the hide?

We have a stake in American life and liberty in the Philippines—the lives and liberty of American citizens resident there and doing business there, teachers in the schools, workers in social uplift, workers in government and in business. The magnificent highways and other public works of that island empire are largely the product of American engineers and investors. Shall we haul down the American flag and help raise that of Japan?

That was not the spirit of the United States on May 1, 1898, when Dewey destroyed the Spanish Fleet in Manila Bay.

Mr. Speaker, we not only have a national stake in the Philippines, but we have a national duty. As all know, the Philippines, under the Independence Act of 1934—the Tydings-McDuffie Act, passed by Congress and signed by President Roosevelt March 24, 1934—are the largest territorial affiliate of the United States outside of the American Continent. Until 1946, the Philippines are under the flag and Constitution of the United States and under the administration and Congress of the United States—and lawfully entitled to our responsible sovereign protection.

Thus our stake in the Philippines bears the stamp, not only of national interest, but of national duty. It is a duty which cannot with honor or even national safety be neglected, disregarded, overlooked, or shirked. We have a duty there as we have in any other territory over which our laws and our Stars and Stripes prevail.

And that American stake in the Philippines today is threatened. It is under the menace of a foreign power, as it was in 1898, over 40 years ago. It is under the menace of a foreign power which in ruthless warfare in China during the past 2 years, after these trying months of bloody conquest, can set up no valid claim to humanitarian superiority over the rule of conquering Spain prior to 1898.

This Congress does not need to be told of the steady encroachments of the Japanese power in the Philippines during recent years. So strong is Jap influence in the Philippines today that the pro-Japanese faction cannot wait until the expiration of the Independence Act in 1946 and demands a so-called "plebiscite"—the Hitler method of controlled elections—in order to quicken the Japanese conquest of the Philippines! So the question becomes, Shall we let them have it now or wait till 1946?

There is no question, Mr. Speaker, that the Seventy-sixth Congress, representing the 130,000,000 people of the 48 States, desire, without regard to party lines, to do the fair and just thing for the people of the Philippines and the wise and honorable thing for the greatest democracy on earth.

But no one will deny that we cannot do the wise, just, and honorable thing unless we know, by impartial and first-hand investigation, what the conditions are that confront the Philippines and the United States.

The only sure way to get our factual foundation is to send there our own Representatives, hold hearings, mingle with the people, study the industrial conditions, the property and

labor, the institutions and the Government, and build from the ground up an up-to-date foundation of industrial, social, political, and governmental knowledge of vital problems.

This investigation should be free and impartial. But there are three questions that will command earnest attention in view of the events of the past year and up to the present hour:

1. Is the Japanese conquest of China an all-Asia march of conquest, and does it threaten, as charged, the Philippines?

2. What is the extent of Japanese economic encroachment in the Philippines—land ownership, industrial and shipping control, and Japanese immigration—and is it the entering wedge to complete Japanese control?

3. How great is the extent of Japanese influence over the present government of the Philippines, the executive and legislative power, the appointment of Japanese-minded administrators, the Japanese power over the political machine and the electorate? How long would it be after American evacuation that the Philippines could maintain their independence against the Japanese conquerors of China?

It must be remembered that, although 4,000,000 Filipinos today are able to read the English language, they cannot know the truth when freedom of the press and freedom of assembly is under the control of a Jap-minded governmental machine.

What do they understand of the trend now in progress, if their chief contact with it is through pro-Jap interests and influences? The smooth policy of fooling the people by smiling assurances has become a Japanese fine art. And the Japs favor a new plebiscite. They are "for the people" against the United States of America.

The Japs demand for the Philippines a plebiscite—the Hitler reform program—first, to hasten the hour when America no longer can protect Philippine territory; second, to uproot the $840,000,000 American financial stake in the Philippines; third, to divert from the United States to Japan a commerce valued at near $200,000,000 annually, and, furthermore, to undermine the American Government stake in $45,000,000 invested in United States guaranteed Philippine Government bonds.

The Japs may want a plebiscite for another reason, namely, to insure Japan a complete Machiavelli dynasty over the Pacific coast of Asia. Control of all harbors and commercial ports, control of all developed western Asian resources and industries, control of mineral resources, food resources, and, above all, control of an enslaved Filipino working population—such as Japan has visited upon their subjects, both in Korea and in Manchukuo and now in China.

It is highly significant that the old warrior for Philippine independence—Gen. Emilio Aguinaldo—is opposed to holding the plebiscite. Head of the Veterans of the Philippine Revolution, a leader as true to Philippine liberty as George Washington to the American cause—Aguinaldo wired the United States Senate Committee on Territories and Insular Affairs, March 15:

> We strongly protest against a new plebiscite. The conditions in the Far East do not alter the stand of the Filipinos for independence.

What "conditions in the Far East" did General Aguinaldo have in mind? The answer is plain. The war of Japanese conquest, which lacks only one important post to make Pacific Asia a "closed shop" with complete embargo against entrance of any civilized country into the commerce and enlightened development of the 600,000,000 souls in eastern Asia.

All that Japan now needs to perfect its "encirclement" is the control of the Philippines. Its "closed shop" would then be an accomplished fact. Shall the Seventy-sixth Congress, by closing its eyes, give Japan its "closed shop" by neglect to inform itself of the "conditions" now apparent to such patriots as General Aguinaldo?

There is yet another stake which the United States holds in the Philippines—and that is the safety of the Pacific coast of North America.

If our western territorial frontier—the Philippine Archipelago—is taken over by Japan and bulwarked as a Jap foundation for control of the Pacific, what is the status of Hawaii, of all other American possessions in the Pacific, and what of the safety of our Pacific States on the mainland?

With the Philippines in possession of the Jap military power, and all west of Hawaii commanded by Jap battleships, the Pacific Fleet of the United States is relegated to a very humble and restricted field subject to the military will of Japan. If we by neglect permit this thing to happen to the Philippines, what becomes of American prestige on the Pacific?

Lincoln said: "This country cannot endure half slave and half free." Were he alive today he might well say: "American prestige in the Pacific cannot exist half Jap and the rest half-breed."

If the Hitler-Mussolini "axis" is extended to the Japanese dominions in Asia, and even to the Japanese foundation in future control of the Philippines, our entire Pacific coast, from Alaska down, will be subject to future invasion.

Had not Thomas Jefferson secured control of the great empire of the Central West, through the Louisiana Purchase, the United States had no security against the day when British control of the Mississippi from the Gulf to the Great Lakes would endanger the existence of the Republic.

In Jefferson's day the Mississippi country was our western frontier. Today that frontier has moved westward. Shall we, by negligence, leave the gate unlocked for Japanese power to make successful entry here?

The appropriation suggested for this survey by Congress is $100,000. That happens to be an expense of $1 for each $450 we have invested in Philippine Government bonds, and $1 for each $8,400 we have invested altogether in the Philippines. Simply as a matter of "dirt cheap" insurance, without regard to national interests involved which are great, as I will point out later in more detail, our survey should not be delayed.

We cannot let matters drift and then plead ignorance when the coup is sprung. Neglect of national duty is no "appeasement" in dealing with the "Machiavelli of the Pacific". The time would seem to be at hand. Otherwise General Aguinaldo would not have cabled Congress—"We protest."

He wants no "plebiscite," because he knows present conditions in the "Far East." It is up to Congress to know those conditions, even as Aguinaldo knows them. His stake is freedom for the Philippines. Our stake is freedom for the Pacific and safety for the United States of America.

Our weakest place as a nation charged with protection of life and liberty in the Western Hemisphere is undoubtedly in the Philippines—almost under the guns of Japanese battleships—6,000 miles west of San Francisco.

Oliver Wendell Holmes told us in the old poem, the "One-Hoss Shay", that the way to fix the weakest place was to "make it as strong as the rest." At least, we should take a look at it, that we may not find it missing.

When Filipino leaders call upon Congress, and, in the name of liberty, ask us to preserve what is left of freedom in the Philippines, the time would seem to be ripe to act. Had the signers of the Declaration of Independence, July 4, 1776, delayed action another year, what would have happened to American history?

LEAVE OF ABSENCE

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to absent myself from attendance on the House of Representatives until June 2.

The SPEAKER. Without objection, the request will be granted.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent that I may address the House for 15 minutes on Thursday, June 2, after disposition of the legislative program for that day.

The SPEAKER. Without objection, it is so ordered.
There was no objection.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 72. An act to amend the act entitled, "An act conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render judgment on any and all claims which the Ute Indians or any tribe or band thereof may have against the United States, and for other purposes," approved June 28, 1938; to the Committee on Indian Affairs.

S. 182. An act for the relief of Edward Hagenson; to the Committee on Claims.

S. 188. An act to provide for the administration of the United States courts, and for other purposes; to the Committee on the Judiciary.

S. 438. An act to repeal and reenact section 83 of the Judicial Code, as amended, relating to Federal court districts in the State of Kentucky; to the Committee on the Judiciary.

S. 608. An act to authorize the Secretary of War to furnish certain markers for certain graves; to the Committee on Military Affairs.

S. 648. An act for the relief of Francis Gerrity; to the Committee on Military Affairs.

S. 688. An act for the relief of Homer N. Horine; to the Committee on Military Affairs.

S. 839. An act to amend the Retirement Act of April 23, 1904; to the Committee on Military Affairs.

S. 860. An act authorizing the President to present a Distinguished Service Medal to Harold R. Wood; to the Committee on Naval Affairs.

S. 871. An act for the relief of James T. Moore; to the Committee on Military Affairs.

S. 949. An act for the relief of Robert Clyde Scott; to the Committee on Military Affairs.

S. 955. An act creating the City of Dubuque Bridge Commission and authorizing said commission and its successors to purchase and/or construct, maintain, and operate a bridge or bridges across the Mississippi River at or near Dubuque, Iowa, and East Dubuque, Ill.; to the Committee on Interstate and Foreign Commerce.

S. 1069. An act for the relief of George Edelman; to the Committee on Military Affairs.

S. 1081. An act for the relief of John B. Jones; to the Committee on War Claims.

S. 1116. An act to amend section 1860 of the Revised Statutes, as amended (48 U. S. C. 1460), to permit retired officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard to hold civil office in any Territory of the United States; to the Committee on Naval Affairs.

S. 1118. An act to provide for acceptance and cashing of Government pay checks of retired naval personnel and members of the Naval and Marine Corps Reserves by commissary stores and ship's stores ashore, located outside the continental limits of the United States; to the Committee on Naval Affairs.

S. 1165. An act for the relief of Fred M. Munn; to the Committee on Military Affairs.

S. 1181. An act to provide for the status of warrant officers and of enlisted men of the Regular Army who serve as commissioned officers; to the Committee on Military Affairs.

S. 1225. An act for the relief of August R. Lundstrom; to the Committee on Military Affairs.

S. 1666. An act to provide a right-of-way across the Fort Mifflin Military Reservation, Pa.; to the Committee on Military Affairs.

S. 1669. An act relating to the military record of Irving L. Leafe; to the Committee on Military Affairs.

S. 1683. An act to amend the act of June 7, 1935 (49 Stat. 332), and for other purposes; to the Committee on Military Affairs.

S. 1820. An act to provide for the transfer of certain land owned by the United States to the State of Texas; and certain other land to the county of Galveston, Tex.; to the Committee on Military Affairs.

S. 1821. An act for the relief of Harry K. Snyder; to the Committee on Claims.

S. 1856. An act conferring jurisdiction upon the United States District Court for the District of Rhode Island to hear, determine, and render judgment upon the claim of George Lancellotta; to the Committee on Claims.

S. 1874. An act to amend the criminal code in regard to obtaining money by false pretenses on the high seas; to the Committee on the Judiciary.

S. 1879. An act to amend the United States mining laws applicable to the area known as the watershed of the headwaters of the Bonito River in the Lincoln National Forest within the State of New Mexico; to the Committee on Mines and Mining.

S. 1894. An act for the relief of Ivan Charles Grace; to the Committee on Claims.

S. 1895. An act for the relief of Maria Enriquez, Crisanta, Anselmo, Agustin, and Irineo de los Reyes; to the Committee on Claims.

S. 1901. An act to extend to Sgt. Maj. Leonard E. Browning, United States Marine Corps, the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men; to the Committee on Naval Affairs.

S. 1904. An act relating to age requirements for persons in the classified civil service; to the Committee on the Civil Service.

S. 1907. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River, at or near Poplar, Mont.; to the Committee on Interstate and Foreign Commerce.

S. 1942. An act for the relief of the legal representative of Anna Barbara Kosick, deceased; to the Committee on Claims.

S. 1964. An act to amend section 5136 of the Revised Statutes, as amended, to authorize charitable contributions by national banking associations; to the Committee on Banking and Currency.

S. 2082. An act for the relief of Hugh A. Smith; to the Committee on Claims.

S. 2096. An act 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.

S. 2163. An act to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a national highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes; to the Committee on Military Affairs.

S. 2170. An act to improve the efficiency of the Lighthouse Service, and for other purposes; to the Committee on Merchant Marine and Fisheries.

S. 2183. An act authorizing the President of the United States to appoint Sgt. Alvin C. York as a colonel in the United States Army and then place him on the retired list; to the Committee on Military Affairs.

S. J. Res. 126. Joint resolution to amend the act to authorize alterations and repairs to certain naval vessels, and for other purposes, approved April 20, 1939; to the Committee on Naval Affairs.

S. J. Res. 138. Joint resolution providing that reorganization plans Nos. I and II shall take effect on July 1, 1939; to the Select Committee on Government Organization.

SENATE ENROLLED BILLS SIGNED

The Speaker announced his signature to enrolled bills of the Senate of the following titles:

S. 1579. An act to extend the time during which orders and marketing agreements under the Agricultural Adjustment Act, as amended, may be applicable to hops.

S. 1583. An act to amend the act of March 2, 1929 (45 Stat. 1492), entitled "An act to establish load lines for American vessels, and for other purposes."

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 10 minutes p. m.) the House adjourned until tomorrow, Wednesday, May 24, 1939, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE POST OFFICE AND POST ROADS

The Committee on the Post Office and Post Roads will continue to hold public hearings on Wednesday, May 24, 1939, at 10 a. m., for the consideration of H. R. 3835, a bill to authorize the Post Office Department to cooperate with the several States in the collection of State taxes.

COMMITTEE ON LABOR

The Committee on Labor will hold a hearing in the caucus room of the House Office Building, at 10 a. m. Wednesday, May 24, 1939, for the consideration of proposed amendments to the National Labor Relations Act.

COMMITTEE ON INDIAN AFFAIRS

The Committee on Indian Affairs will hold hearings on Wednesday next, May 24, 1939, at 10:30 a. m., for the consideration of H. R. 2390, H. R. 3797, H. R. 5002, H. R. 5409, H. R. 5451, and House Joint Resolution 117.

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 Wednesday, May 24, 1939, for the consideration of H. R. 965 and H. R. 5037.

COMMITTEE ON THE JUDICIARY

There will be a public hearing before Subcommittee No. 3 of the Committee on the Judiciary on May 24, 1939, at 10 a. m., on the bill (H. R. 2318) to divorce the businesses of production, refining, and transporting of petroleum products from that of marketing petroleum products. Room 346, House Office Building.

On May 31, 1939, beginning at 10 a. m., there will be a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court, and for other purposes.

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:

On Thursday, May 25, 1939, on H. R. 4592 and H. R. 4593, relating to the whale fishery.

On Wednesday, May 31, 1939, at 10 a. m., on H. R. 4985, relating to Fishery Educational Service in Bureau of Fisheries (CALDWELL); H. R. 5025, purchase and distribution of fish products (BLAND); and H. R. 5681, purchase and distribution of fish products (CALDWELL).

On Tuesday, June 6, 1939, on H. R. 6039, motorboat bill of 1939 (BLAND); and H. R. 6273, outboard racing motorboats (BOYKIN).

On Thursday, June 8, 1939, on H. R. 5837, alien owners and officers of vessels (KRAMER); and H. R. 6042, requiring numbers on undocumented vessels (KRAMER).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10: 30 a. m. on Wednesday, May 24, and Thursday, May 25, 1939, for the public consideration of House Joint Resolution 168, Rogers child refugee bill, and House Joint Resolution 165, Dingell child refugee bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

777. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Executive Office for the fiscal year 1940 amounting to $98,000 (H. Doc. No. 298); to the Committee on Appropriations and ordered to be printed.

778. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Smithsonian Institution for the fiscal year 1940, amounting to $159,000 (H. Doc. No. 299); to the Committee on Appropriations and ordered to be printed.

779. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated March 2, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of report submitted in House Document No. 306, Seventy-fourth Congress, first session, with a view to determining whether the Allegheny Reservoir, on the Allegheny River in New York and Pennsylvania, should be so constructed that it can be operated in the interests of navigation and the abatement of pollution, requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted February 9, 1938 (H. Doc. No. 300); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

780. A letter from the Comptroller of the Near East Relief, transmitting a report of the Near East Relief to the Congress for the year ending December 31, 1938; to the Committee on the Judiciary.

781. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Social Security Board for the fiscal year 1940, amounting to $20,000,000 (H. Doc. No. 301); to the Committee on Appropriations and ordered to be printed.

782. A letter from the Secretary of the Interior, transmitting the draft of a proposed bill to amend the act of August 24, 1912 (37 Stat. 460), as amended, with regard to the limitation of cost upon the construction of buildings in national parks; to the Committee on the Public Lands.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COCHRAN: Committee on Accounts. House Resolution 199. Resolution providing compensation for a superintendent and messenger for the radio room of the House radio press gallery (Rept. No. 675). Ordered to be printed.

Mr. KITCHENS: Committee on Accounts. House Resolution 194. Resolution to authorize the payment of additional expenses of investigation authorized by House Resolution 146 (Rept. No. 676). Ordered to be printed.

Mr. JARMAN: Committee on Printing. House Concurrent Resolution 25. Concurrent resolution authorizing the printing of additional copies of the hearings held before the Committee on Ways and Means of the House on the bill entitled "Social Security Act Amendments of 1939" (Rept. No. 677). Ordered to be printed.

Mr. MOTT: Committee on Naval Affairs. H. R. 6320. A bill to establish the status of funds and employees of the United States Naval Academy laundry; with amendment (Rept. No. 678). Referred to the Committee of the Whole House on the state of the Union.

Mr. THOMASON: Committee on Military Affairs. H. R. 3945. A bill to authorize the use of War Department equipment for the Confederate Veterans' 1939 Reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939; with amendment (Rept. No. 685). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROSSER: Committee on Interstate and Foreign Commerce. H. R. 5474. A bill to amend the Railroad Unemployment Insurance Act, approved June 25, 1938; with amendment (Rept. No. 686). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McGEHEE: Committee on Claims. H. R. 1875. A bill for the relief of the Women's Board of Domestic Missions; with amendment (Rept. No. 679). Referred to the Committee of the Whole House.

Mr. MACIEJEWSKI: Committee on Claims. H. R. 2234. A bill for the relief of W. E. R. Covell; without amendment (Rept. No. 680). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 3623. A bill for the relief of Capt. Clyde E. Steele, United States Army; with amendment (Rept. No. 681). Referred to the Committee of the Whole House.

Mr. ROCKEFELLER: Committee on Claims. H. R. 4260. A bill for the relief of J. Milton Sweney; with amendment (Rept. No. 682). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 5114. A bill for the relief of Maria Enriquez, Crisanta, Anselmo, Agustin, and Irineo de los Reyes; with amendment (Rept. No. 683). Referred to the Committee of the Whole House.

Mr. HALL: Committee on Claims. S. 221. An act for the relief of Anthony Coniglio; with amendment (Rept. No. 684). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CLEVENGER:

H. R. 6464. A bill to authorize a preliminary examination and survey of the Auglaize, Blanchard, and Ottawa Rivers and their tributaries in the State of Ohio for flood control and soil-erosion prevention; to the Committee on Flood Control.

By Mr. CURTIS:

H. R. 6465. A bill to provide for the labeling of all imported goods as foreign goods; to the Committee on Ways and Means.

By Mr. HENDRICKS:

H. R. 6466. A bill to provide for and promote the general welfare of the United States by supplying to the people a more liberal distribution and increase of purchasing power, retiring certain citizens from gainful employment, improving and stabilizing gainful employment for other citizens, stimulating agricultural and industrial production and general business, and alleviating the hazards and insecurity of old age and unemployment; to provide a method whereby citizens shall contribute to the purchase of and receive a retirement annuity; to provide for the raising of the necessary revenue to operate a continuing plan therefor; to provide for the appropriation and expenditure of such revenue; to provide for the proper administration of this act; to provide penalties for violation of the act; and for other purposes; to the Committee on Ways and Means.

By Mr. EBERHARTER:

H. R. 6467. A bill authorizing the organization of a full regiment of colored combat troops as a part of the National Guard of the State of Pennsylvania; to the Committee on Military Affairs.

By Mr. LEMKE:

H. R. 6468. A bill to regulate interstate and foreign commerce in agricultural products; to prevent unfair competition; to provide for the orderly marketing of such products; to promote the general welfare by assuring an abundant and permanent supply of such products by securing to the producers a minimum price of not less than cost of production; and for other purposes; to the Committee on Agriculture.

By Mr. ROUTZOHN:

H. R. 6469. A bill to amend paragraph I (a) of part III of Veterans Regulation No. 1 (a), as amended, as to make certain veterans eligible for pension for permanent total non-service-connected disability, except where due to felonious misconduct; to the Committee on World War Veterans' Legislation.

By Mr. CASEY of Massachusetts:

H. R. 6470. A bill to provide a planned program for the relief of unemployment by affording opportunities for employment upon a public-works program to persons unable to secure private employment; to the Committee on Appropriations.

By Mr. CELLER:

H. R. 6471. A bill to amend the Patent Litigation Act of March 3, 1911 (U. S. C., title 28, sec. 109); to the Committee on Patents.

By Mr. CONNERY:

H. R. 6472. A bill to abolish the United States Customs Court; to the Committee on Ways and Means.

By Mr. MAY:

H. R. 6473 (by request). A bill to facilitate certain construction work for the Army, and for other purposes; to the Committee on Military Affairs.

By Mrs. O'DAY:

H. R. 6474. A bill to promote the general welfare through the appropriation of funds to assist the States and Territories in providing more effective programs of public kindergarten or kindergarten and nursery school education; to the Committee on Education.

By Mr. PITTENGER:

H. R. 6475. A bill to authorize the city of Duluth, in the State of Minnesota, to construct a toll bridge across the St. Louis River, between the States of Minnesota and Wisconsin, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. RANDOLPH:

H. R. 6476. A bill authorizing an appropriation for the construction and equipment at Morgantown, W. Va., of research facilities for aeronautical research; to the Committee on Military Affairs.

H. R. 6477. A bill to authorize and empower the Public Utility Commission of the District of Columbia to limit the number of public vehicles to be licensed and operated as taxicabs in the District of Columbia, and to limit the number of taxicab drivers' licenses to be issued; to the Committee on the District of Columbia.

By Mr. WALTER:

H. R. 6478. A bill to amend an act entitled "An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes," approved March 27, 1934 (48 Stat. 505), as amended by the act of June 25, 1936 (49 Stat. 1926), and the act of April 3, 1939 (Public, No. 18, 76th Cong., 1st sess.); to the Committee on Naval Affairs.

By Mr. SULLIVAN:

H. R. 6479. A bill amending section 2857 of the Distilled Spirits Act; to the Committee on Ways and Means.

By Mr. AUGUST H. ANDRESEN:

H. R. 6480. A bill to amend the Agricultural Adjustment Act of 1933; to the Committee on Agriculture.

By Mr. KIRWAN:

H. R. 6481. A bill to authorize the conveyance of the United States Fish Hatchery property at Put in Bay, Ohio, to the State of Ohio; to the Committee on Merchant Marine and Fisheries.

By Mr. NICHOLS:

H. R. 6482. A bill to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in cotton, providing for the orderly marketing of cotton at fair prices in interstate and foreign commerce, insuring to cotton producers a parity income from cotton based upon parity price or cost of production, whichever is higher, and for other purposes; to the Committee on Agriculture.

By Mr. SHANLEY:

H. J. Res. 301. Joint resolution to create a commission to handle the proposal of the Rumanian Government and to report back their recommendations to the Congress of the United States; to the Committee on Ways and Means.

By Mr. BYRNE of New York:

H. J. Res. 302. Joint resolution to authorize compacts or agreements between or among the States bordering on the Atlantic Ocean with respect to fishing in the territorial waters and bays and inlets of the Atlantic Ocean on which such States border, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. McLEOD:

H. Con. Res. 26. Concurrent resolution to urge that the 1944 Olympiad be held in the city of Detroit, Mich., United States of America; 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. CASEY of Massachusetts:

H. R. 6483. A bill for the relief of Henry J. McCann; to the Committee on Claims.

By Mr. COLE of Maryland:

H. R. 6484. A bill to authorize the award of the decoration for distinguished service to George J. Frank; to the Committee on Military Affairs.

By Mr. IZAC:

H. R. 6485. A bill authorizing the President to present a Distinguished Service Cross to Capt. Delmar Byfield; to the Committee on Naval Affairs.

By Mr. JENKINS of Ohio:

H. R. 6486. A bill granting an increase of pension to Della McMasters; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Indiana:

H. R. 6487. A bill granting an increase of pension to Prudence Dickinson; to the Committee on Invalid Pensions.

H. R. 6488. A bill granting a pension to Elmer G. Runyan; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Illinois:

H. R. 6489. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Velie Motors Corporation; to the Committee on War Claims.

By Mr. KENNEDY of Maryland:

H. R. 6490 (by request). A bill for the relief of W. R. Fuchs, former disbursing clerk, Department of Agriculture; J. L. Summers, former disbursing clerk, and G. F. Allen, chief disbursing officer, Division of Disbursement, Treasury Department; to the Committee on Claims.

By Mr. KENNEDY of Maryland:

H. R. 6491 (by request). A bill for the relief of Roscoe B. Huston and Simeon F. Felarca; to the Committee on Claims.

H. R. 6492 (by request). A bill for the relief of John L. Hicks, Rural Rehabilitation Supervisor, Farm Security Administration, Department of Agriculture, Santa Rosa, N. Mex., to the Committee on Claims.

By Mr. THOMAS S. McMILLAN:

H. R. 6493. A bill for the relief of the Cape Romain Land & Improvement Co.; to the Committee on Claims.

By Mr. MAAS:

H. R. 6494. A bill for the relief of C. O. Dobra; to the Committee on Claims.

By Mr. REECE of Tennessee:

H. R. 6495. A bill for the relief of Arthur Gose; to the Committee on Claims.

By Mr. VINCENT of Kentucky:

H. R. 6496. A bill granting an increase of pension to William H. Shanklin; 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:

3235. By Mr. BARRY: Resolution of the United Home Owners of Illinois, urging Members of Congress to support measures to liberalize the Home Owners' Loan Corporation Act; to the Committee on Banking and Currency.

3236. By Mr. BROOKS: Petition of the Louisiana convention of the Public Welfare Association, asking that National Youth Administration be made permanent; that part-time employment be given to needy young people between 18 and 25 who are unemployed and out of school and that additional funds be provided for young people in school and college between the ages of 16 and 25; to the Commtitee on Ways and Means.

3237. By Mr. CONNERY: Resolutions of the General Court of Massachusetts, memorializing Congress relative to the Jewish National Home in Palestine; to the Committee on Foreign Affairs.

3288. By Mr. CROWE: Petition of Percy C. Kemp, of Orleans, Ind., and 29 other citizens, asking for the enactment of the General Welfare Act (H. R. 5620, amended H. R. 11); to the Committee on Ways and Means.

3239. Also, petition of Josh Hankins, of Orleans, Ind., and 29 other citizens, asking for the enactment of the General Welfare Act (H. R. 5620, amended H. R. 11); to the Committee on Ways and Means.

3240. Also, petition of George Griggs, of Orleans, Ind., and 29 other citizens, asking for the enactment of the General Welfare Act (H. R. 5620, amended H. R. 11); to the Committee on Ways and Means.

3241. Also, petition of Loyd Elmore, of Orleans, Ind., and 11 other citizens, asking for the enactment of the General Welfare Act (H. R. 5620, amended H. R. 11); to the Committee on Ways and Means.

3242. By Mr. CULLEN: Petition of the executive committee of Typographical Union, No. 6, endorsing Senate bill 591 and urging Congress to speedily adopt said measure; to the Committee on Banking and Currency.

3243. By Mr. CURLEY: Resolution of the New York Typographical Union, No. 6, endorsing Senate bill 591, amending the United States Housing Act; to the Committee on Banking and Currency.

3244. By Mr. CURTIS: Petition of the Legislature of Nebraska, relative to freight rates on grain; to the Committee on Interstate and Foreign Commerce.

3245. By Mr. DURHAM: Resolution from Greensboro (N. C.) Branch, American League for Peace and Democracy, on support Senator KEY PITTMAN'S Senate Resolution 123 on embargo of all materials of war to Japan; to the Committee on Foreign Affairs.

3246. By Mr. ENGLEBRIGHT: Senate Joint Resolution No. 16, relative to the enacting of legislation affecting the railroad industry; to the Committee on Ways and Means.

3247. By Mr. HART: Petition of the women's organization for the American Merchant Marine, Inc., suggesting and recommending qualifications for representatives for employees in collective bargaining; to the Committee on Labor.

3248. By Mr. HOPE: Petition of Edwin Simpson and 82 others, of Hutchinson, Kans., urging the enactment of House bill 5620, the General Welfare Act; to the Committee on Ways and Means.

3249. By Mr. MARTIN J. KENNEDY: Petition of Edwin Franko Goldman, of New York City, urging support of Senate bill 1306 and House bill 3840; to the Committee on Military Affairs.

3250. Also, petition of Walter Damrosch, of New York City, urging support of Senate bill 1306 and House bill 3840; to the Committee on Military Affairs.

3251. By Mr. KEOGH: Petition of the New York Joint Council of the United Office and Professional Workers of America, New York City, favoring appropriations for Works Progress Administration to provide a minimum of 3,000,000 jobs throughout the Nation; to the Committee on Appropriations.

3252. Also, petition of the Council of Affiliated Railroad Crafts, New Orleans, La., with reference to Public Works Administration or Reconstruction Finance Corporation money. Will not be loaned or granted where it will be used to destroy private pay rolls; to the Committee on Banking and Currency.

3253. Also, petition of the New York Typographical Union, No. 6, New York City, favoring the passage of Senate bill 591, amending the United States Housing Act of 1937; to the Committee on Banking and Currency.

3254. By Mr. LEAVY: Petitions of the Board of Commissioners of Ferry County and the Commercial Club of Republic, Wash., alleging that withdrawal of a portion of the Colville Indian Reservation from mineral entry has been in effect sufficient time to demonstrate its detrimental effects upon the mining industry by prohibiting the investment of available capital in this restricted area and thus retarding development and progress; that the county is thereby deprived of needed revenues, and urging legislation to permit the reopening of the reservation to mineral locations for the mutual benefit of white and Indian residents alike; to the Committee on Indian Affairs.

3255. By Mr. POAGE: Petition of Mrs. M. Andrews and 512 other citizens of Waco, Tex., asking for an investigation of the Works Progress Administration at Waco, Tex.; to the Committee on Ways and Means.

3256. By Mr. RICH: Petition of citizens of Roulette, Pa., favoring the passage of House bill 2 and Senate Resolution 3; to the Committee on Ways and Means.

3257. Also, petition of citizens of Coudersport, Pa., favoring the passage of House bill 2 and Senate Resolution 3; to the Committee on Ways and Means.

3258. By Mr. SCHIFFLER: Petition of Mrs. L. H. McConnell, of the First Congressional District of West Virginia, urging that we be kept out of foreign alliances, intrigues, and entanglements as George Washington wisely admonished us to do; to the Committee on Foreign Affairs.

3259. By Mr. WELCH: Petition of the faculty and student body of Notre Dame College, South Euclid, Ohio, urging the enactment of a neutrality act which will prevent the United States of America from being entangled in any way with any European power whatsoever for any purpose whatsoever; to the Committee on Foreign Affairs.

3260. Also, Senate Joint Resolution No. 25 of the California State Legislature, relative to the development of the harbor at Crescent City, Calif.; to the Committee on Rivers and Harbors.

3261. By the SPEAKER: Petition of Club Rotario De Mayaguez, Puerto Rico, petitioning consideration of their resolution with reference to establishing a Pan American university in Puerto Rico; to the Committee on Insular Affairs.

3262. Also, petition of the United Home Owners of Illinois, Chicago, Ill., petitioning consideration of their resolution with reference to House bill 5019 or House bill 1640, concerning the Home Owners' Loan Act; to the Committee on Banking and Currency.

3263. By Mr. CULKIN: Petition of the faculty and students of Notre Dame College, 128, urging the enactment of a neutrality act which will prevent the United States of America from being entangled in any way with any European power whatsoever for any purpose whatsoever; to the Committee on Foreign Affairs.

SENATE

WEDNESDAY, MAY 24, 1939

(Legislative day of Friday, May 19, 1939)

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

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

Master of men, serene Son of God, in whose hands alone are the keys of self-knowledge and self-mastery, control us with the majesty of Thy calm that faith and perfect trust in Thee may supplant our fear and our disquietude as we look out upon our world today. Thou, O Christ, hast given to the facts of human life divine significance, with personal instinct regnant everywhere; help us, therefore, to bring such character to our work as shall transmit truth to men, that, gathering the light that lies above the stars, we may lay it in clear, soft rays upon their daily life so that they may not be in darkness.

O Thou whose voice becalmed the troubled waters in the long ago, abide with our brave sons imperiled in the deep and direct with the spirit of wisdom the appointed means of rescue, that they may speedily be restored to their dear ones who keep love's holy vigil and for whom are the constant prayers and sympathy of a united people. In Thy name we ask it. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Tuesday, May 23, 1939, was dispensed with, and the Journal was approved.

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

Mr. MINTON. I announce that the Senator from South Carolina [Mr. SMITH] is detained from the Senate because of illness in his family.

The Senator from New Mexico [Mr. HATCH] is absent on official business for the Committee on the Judiciary.

The Senator from Mississippi [Mr. BILBO], the Senator from Virginia [Mr. GLASS], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Georgia [Mr. RUSSELL] are detained on important public business.

The Senator from Washington [Mr. SCHWELLENBACH] is unavoidably detained.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed a bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the following concurrent resolution (H. Con. Res. 25), in which it requested the concurrence of the Senate:

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3, section 2, of the Printing Act, approved March 1, 1907, the Committee on Ways and Means of the House of Representatives be, and is hereby, authorized and empowered to have printed for its use 5,000 additional copies of the hearings held before said committee during the current session on the bill entitled "Social Security Act Amendments of 1939."

The message further announced that the House had agreed to the concurrent resolution (S. Con. Res. 17), as follows:

Resolved by the Senate (the House of Representatives concurring), That the two Houses of Congress shall assemble in their respective Houses on Friday, June 9, 1939, at 10:30 o'clock a. m., and thereafter, in recess, the Members of each House shall proceed informally to the rotunda of the Capitol at 11 o'clock a. m., for the purpose of welcoming Their Majesties the King and Queen of Great Britain, and the members of their party, on the occasion of their visit to the Capitol, and at the conclusion of such ceremonies the two Houses shall reassemble in their respective Chambers.