5019. Also, petition of Herman Holzworth, of Brooklyn, N. Y., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5020. Also, petition of Franklin J. Anderson, of Brooklyn, N. Y., and 20 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5021. Also, petition of Charles Ratus, of Brooklyn, N. Y., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5022. Also, petition of H. Hook, of Jamaica, Long Island, N. Y., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5023. Also, petition of Albert A. Flahue, of Sunland, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5024. Also, petition of Zaugg Albert, of Fontana, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5025. Also, petition of Robert A. Langley, of North Hollywood, Calif., and 49 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5026. Also, petition of A. E. Goodson, of Santa Monica, Calif., and 20 others, endorsing House bill 4931, a bill providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5027. Also, petition of Garrison W. Derryberry, of Los Angeles, Calif, and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5028. By the SPEAKER: Petition of Labor's Non-Partisan League of California, San Francisco, Calif., petitioning consideration of their resolution with reference to Works Progress Administration legislation; to the Committee on Appropriations.

5029. Also, petition of Waldo B. Cavitt, post commander, Ellis Jirous Post, No. 53, American Legion, Perry, Okla.; petitioning consideration of their resolution with reference to a service pension for all veterans of the World War; to the Committee on World War Veterans' Legislation.

SENATE

WEDNESDAY, JULY 26, 1939

(Legislative day of Tuesday, July 25, 1939)

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

The Reverend Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

Defend, O Lord, with Thy heavenly grace, the several nations on this continent; endow their chief executives and congresses with wisdom and understanding; fill them with the love of truth and peace; show them the way to mutual concord and friendliness, until every strife and discord shall be resolved amongst them, and they shall present unto Thee a commonwealth of free and friendly nations, well-pleasing in Thy sight. Through Jesus Christ, Thy Son, 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 Tuesday, July 25, 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	Downey	Holman	Pittman
Andrews	Ellender	Johnson, Colo.	Russell
Austin	Frazier	King	Schwartz
Barbour	Gibson	La Follette	Sheppard
Barkley	Gurney	McKellar	Smathers
Bulow	Harrison	McNary	Taft
Byrd	Hatch	Miller	Thomas, Utah
Byrnes	Hayden	Minton	Townsend
Clark, Idaho	Herring	Neely	Tydings
Connally	Hill	Norris	

The VICE PRESIDENT. Thirty-nine Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The Chief Clerk called the names of the absent Senators and Mr. DAVIS, Mr. GERRY, Mr. MURRAY, Mr. THOMAS of Oklahoma, Mr. TRUMAN, and Mr. WAGNER answered to their names when called.

The VICE PRESIDENT. Forty-five Senators have answered to their names. A quorum is not present.

Mr. BARKLEY. I move that the Sergeant at Arms be instructed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

Mr. BAILEY, Mr. BANKHEAD, Mr. BORAH, Mr. BROWN, Mr. BURKE, Mr. CAPPER, Mr. CHAVEZ, Mr. CLARK of Missouri, Mr. DANAHER, Mr. GEORGE, Mr. GILLETTE, Mr. GREEN, Mr. HUGHES, Mr. JOHNSON of California, Mr. LODGE, Mr. MCCARRAN, Mr. PEPPER, Mr. RADCLIFFE, Mr. SCHWELLENBACH, Mr. SHIPSTEAD, Mr. TOBEY, Mr. VANDENBERG, Mr. VAN NUYS, and Mr. WHITE entered the Chamber and answered to their names.

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS] and the Senator from South Caroline [Mr. SMITH] are detained from the Senate because of illness in their families.

The Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Kentucky [Mr. LOGAN], and the Senator from Louisiana [Mr. OVERTON] are unavoidably detained.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from Connecticut [Mr. MALONEY], and the Senator from Illinois [Mr. SLATTERY] are absent on important public business.

The VICE PRESIDENT. Sixty-nine Senators having answered to their names, a quorum is present.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

REPORT ON OPERATIONS OF FOREIGN TRADE ZONE NO. 1

The VICE PRESIDENT laid before the Senate a letter from Acting Secretary of Commerce and Acting Chairman, Foreign Trade Zone Board, transmitting, pursuant to law, report of the operations of Foreign Trade Zone No. 1 at Stapleton, Staten Island, N. Y., for the year 1937, which, with the accompanying papers, was referred to the Committee on Commerce.

SUMMARY OF RECONSTRUCTION FINANCE CORPORATION OPERATIONS

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, submitting an accounting of the operations of the Corporation to July 15, 1939, including authorizations, total disbursements, and so forth, which was referred to the Committee on Banking and Currency.

REPORT ON OPERATIONS OF COMMODITY CREDIT CORPORATION

The VICE PRESIDENT laid before the Senate a letter dated July 1, 1939, from the Chairman of the Reconstruction Finance Corporation submitting a summary of the activities of the Commodity Credit Corporation since its organization on October 17, 1933, through June 30, 1939, together with statement of condition as of the close of business June 30, 1939, and current statement of loans by years and commodities which, with the accompanying papers, was referred to the Committee on Banking and Currency.

DISPOSITION OF EXECUTIVE PAPERS

The VICE PRESIDENT laid before the Senate letters from the Archivist of the United States, transmitting, pursuant to law, lists of papers and documents on the files of the United States Civil Service Commission, the Panama Canal, the Federal Trade Commission, the Farm Credit Administration (2), and the Works Progress Administration, which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition, which, with the accompanying papers, were referred to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. BARKLEY and Mr. GIBSON members of the committee on the part of the Senate.

PETITIONS

The VICE PRESIDENT laid before the Senate petitions of members of Townsend Club No. 1, of White Salmon, Wash., praying for the prompt adoption of the joint resolution (S. J. Res. 145) proposing an amendment to the Constitution of the United States relating to old-age assistance, which were ordered to lie on the table.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

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

S. 2065. An act to provide for the regulation of the sale of certain securities in interstate and foreign commerce and through the mails, and the regulation of the trust indentures under which the same are issued, and for other purposes;

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

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

S. 2666. An act providing for the exchange of certain park lands at the northern boundary of Piney Branch Parkway, near Argyle Terrace, for other lands more suitable for the use and development of Piney Branch Parkway;

H. R. 5144. An act to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE. and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes; and

H. R. 6076. An act to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes.

REPORTS OF COMMITTEES

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 4742) to provide for the establishment of the Chalmette National Historical Park in the State of Louisiana, and for other purposes, reported it without amendment and submitted a report (No. 953) thereon.

He also, from the same committee, to which was referred the bill (H. R. 4938) to amend the act approved June 26, 1935, entitled "An act to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes," reported it with an amendment and submitted a report (No. 954) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 882. A bill to authorize the Postmaster General to contract for certain powerboat service in Alaska, and for other purposes (Rept. No. 955); and

H. R. 6114. A bill to authorize postmasters within the Territory of Alaska to administer oaths and affirmations, and for other purposes (Rept. No. 956).

Mr. McKELLAR also, from the Committee on Post Offices and Post Roads, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

H. R. 2001. A bill for the equalization of letter carriers (Rept. No. 957); and

H. R. 4322. A bill giving clerks in the Railway Mail Service the benefit of holiday known as Armistice Day (Rept. No. 958).

Mr. HATCH, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each with an amendment, and submitted reports thereon:

H. R. 2752. A bill to include within the Kaniksu National Forest certain lands owned or in course of acquisition by the United States (Rept. No. 959); and

H. R. 5747. A bill to authorize the addition of certain lands to the Wenatchee National Forest (Rept. No. 960).

Mr. GURNEY, from the Committee on Public Lands and Surveys, to which was referred the joint resolution (S. J. Res. 160) to provide for the maintenance for public use of certain highways in the Shenandoah National Park, reported it without amendment and submitted a report (No. 961) thereon.

Mr. SCHWELLENBACH, from the Committee on Claims, to which was referred the bill (H. R. 1881) for the relief of Anne Boice, reported it without amendment and submitted a report (No. 962) thereon.

Mr. BURKE, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 2102. A bill for the relief of Ada Fuller (Rept. No. 963);

H. R. 3345. A bill for the relief of the Ninety Six Oil Mill, of Ninety Six, S. C. (Rept. No. 964); and

H. R. 4847. A bill for the relief of Leland J. Belding (Rept. No. 965).

Mr. BURKE also, from the Committee on Claims, to which was referred the bill (H. R. 4260) for the relief of J. Milton Sweney, reported it with an amendment and submitted a report (No. 966) thereon.

He also, from the Committee on the Judiciary, to which was referred the bill (S. 2654) to amend subsection (n), section 77, of the Bankruptcy Act, as amended, concerning payment of preferred claims, reported it with amendments and submitted a report (No. 978) thereon.

Mr. TOBEY, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 3157. A bill for the relief of Franklin Lopez, administrator of the goods, chattels, and credits which were of Alice C. Lopez, deceased (Rept. No. 967);

H. R. 3337. A bill for the relief of the estate of Arthur Weltner (Rept. No. 968); and

H. R. 5743. A bill for the relief of Walter C. Holmes (Rept. No. 969).

Mr. ELLENDER, from the Committee on Claims, to which was referred the bill (S. 2804) for the relief of the Arkansas State Penitentiary, reported it with amendments and submitted a report (No. 970) thereon.

He also, from the same committee, to which was referred the bill (H. R. 5333) to amend the acts granting increased compensation to civilian employees for the period July 1, 1917, to June 30, 1924, reported it without amendment and submitted a report (No. 971) thereon.

Mr. TOWNSEND, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 419. A bill for the relief of Luke A. Westenberger (Rept. No. 972);

S. 2699. A bill for the relief of W. C. and James Latane and Willie Johnson (Rept. No. 973);

H. R. 2610. A bill for the relief of G. W. Netterville (Rept. No. 974); and

H. R. 3084. A bill for the relief of Violet Dewey (Rept. No. 975).

Mr. TOWNSEND also, from the Committee on Claims, to which was referred the bill (S. 146) for the relief of J. Aristide Lefevre, reported it with amendments and submitted a report (No. 976) thereon.

He also, from the same committee, to which was referred the bill (H. R. 3104) for the relief of Kyle Blair, reported it with an amendment and submitted a report (No. 977) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 2868) to facilitate the procurement of aircraft for the national defense, reported it with amendments and submitted a report (No. 979) thereon.

Mr. THOMAS of Utah, from the Committee on Education and Labor, to which was referred the bill (S. 1234) to amend section 13 (a) of the act approved June 25, 1938 (52 Stat. 1069), entitled "Fair Labor Standards Act of 1938," reported it with an amendment and submitted a report (No. 980) thereon.

Mr. WHEELER, from the Committee on Interstate Commerce, to which was referred the joint resolution (S. J. Res. 58) providing for an investigation of the feasibility and desirability of fixing railroad rates on the basis of zones, reported it with amendments and submitted a report (No. 981) thereon.

Mr. BYRNES, from the Commttee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S. Res. 171) authorizing the Committee on Printing to hold hearings during the Seventy-sixth Congress (submitted by Mr. HAYDEN on the 25th instant), reported it without amendment.

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. MEAD:

S. 2893. A bill to provide for the local delivery rate on certain first-class mail matter; to the Committee on Post Offices and Post Roads.

By Mr. BAILEY:

S. 2894. A bill to grant the State of North Carolina a right-of-way for the Blue Ridge Parkway across the Cherokee Indian Reservation in North Carolina, to provide for the payment of just compensation for said right-of-way, and for other purposes; to the Committee on Indian Affairs.

S. 2895. A bill to amend section 4472 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 465) to provide for the safe carriage of explosives or other dangerous or semi-dangerous articles or substances on board vessels; to make more effective the provisions of the International Convention for Safety of Life at Sea, 1929, relating to the carriage of dangerous goods; and for other purposes; to the Committee on Commerce.

By Mr. DAVIS:

S. 2896. A bill granting the consent of Congress to the General State Authority, Commonwealth of Pennsylvania, to construct, maintain, and operate a toll bridge across the Susquehanna River at or near the city of Millersburg, Pa.; and

S. 2897. A bill granting the consent of Congress to the General State Authority, Commonwealth of Pennsylvania, to construct, maintain, and operate a toll bridge across the Susquehanna River at or near the city of Middletown, Pa.; to the Committee on Commerce.

By Mr. WAGNER:

S. 2898. A bill to authorize the Secretary of War to grant a right-of-way for a vehicular tunnel under Governors Island, N. Y., and for other purposes; to the Committee on Military Affairs.

By Mr. ELLENDER:

S. 2899. A bill to admit the American-owned barges *Prari* and *Palpa* to American registry and to permit their use in coastwise trade; to the Committee on Commerce.

By Mr. HILL:

S. 2900. A bill for the relief of Forney Blackmar; to the Committee on Claims.

By Mr. GREEN:

S. 2901. A bill for the relief of certain employees of the Works Progress Administration whose personal property was destroyed in a fire which occurred on May 25, 1939, in the building occupied by the Works Progress Administration in Providence, R. I.; to the Committee on Claims.

By Mr. MEAD:

S. 2902. A bill to provide for the presentation of a medal to Rev. Francis X. Quinn in recognition of his valor in saving the lives of two of his fellow citizens; to the Committee on Banking and Currency.

By Mr. ANDREWS (for himself and Mr. PEPPER):

S. J. Res. 177. Joint resolution to provide for the payment of indemnity for losses suffered and damages sustained as a result of the campaign for the eradication of the Mediterranean fruitfly in the State of Florida; to the Committee on Claims.

WORKS ON RIVERS AND HARBORS—AMENDMENTS

Mr. HALE and Mr. GURNEY each submitted an amendment intended to be proposed by them, respectively, 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 were ordered to lie on the table and to be printed.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES—AMENDMENTS

Mr. MURRAY, Mr. O'MAHONEY, Mr. TOWNSEND, and Mr. WHEELER (for himself and Mr. LA FOLLETTE) submitted amendments intended to be proposed by them to the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes, which were severally ordered to lie on the table and to be printed.

A REFERENDUM ON WAR—ADDRESS BY SENATOR LA FOLLETTE

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD a radio address by him broadcast by transcription over Station WHA, Madison, Wis., on May 18, 1939, on the subject, A Referendum on War, which appears in the Appendix.]

BLOCK BOOKING AND BLIND SELLING

[Mr. NEELY asked and obtained leave to have printed in the RECORD an article entitled "Now Hollywood Trembles With Neely Bill Blues," published in the Washington (D. C.) Evening Star of Monday, July 24, 1939, and an editorial on block booking of the same date, published in the same newspaper, which appear in the Appendix.]

THE NEW DEAL—EDITORIAL FROM DAILY KENNEBEC JOURNAL

[Mr. WHITE asked and obtained leave to have printed in the RECORD an editorial with reference to the New Deal,

published in the Daily Kennebec Journal for Tuesday, July 18, 1939, which appears in the Appendix.]

FOOD PRODUCTION

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an article on the subject Food Bill and Food Production in the State, written by F. G. R. Gordon and published in the Haverhill (N. H.) Sunday Record, which appears in the Appendix.]

IMAGINARY INTERVIEW BETWEEN THE PRESIDENT AND MR. FARLEY

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an imaginary interview between the President and Mr. Farley, printed in the column, The Once Over, by H. I. Phillips, and published in the Washington Times-Herald, which appears in the Appendix.]

REPUBLICAN ADMINISTRATION IN WISCONSIN—EDITORIAL FROM MILWAUKEE JOURNAL

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an editorial from the Milwaukee Journal entitled "A Preview of 1940," which appears in the Appendix.]

THE GOVERNMENT SPENDING PROGRAM

[Mr. TAFT asked and obtained leave to have printed in the RECORD an article on the Government spending program entitled "Fraud on the Taxpayers," written by Harvey L. Lutz, professor of public finance, Princeton University, published in the Toledo Blade of July 22, 1939, which appears in the Appendix.]

NEUTRALITY

Mr. GEORGE. Mr. President, I ask to have inserted in the RECORD an editorial from the Atlanta Constitution of Tuesday, July 25, 1939. It is a brief editorial, and I commend it to the serious consideration of the Members of the Senate. The editorial deals with the question of neutrality, and it is significant in many ways. The key to the editorial is found in one or two sentences, which I should like to quote:

No nation can take part in any great war, under modern conditions, and remain a democracy. The democratic form of government and war itself are simply not compatible.

Again:

It is all very well to talk of this country lining up with the European democracies and against the totalitarian states in the event of war. But it must not be forgotten that all democracies, this one included, would have to sacrifice the liberties to which they are pledged, and turn over the conduct of their national affairs to leadership without public restraint, if they would hope to win.

I ask that the entire editorial be printed in the RECORD as a part of my remarks.

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

[From the Atlanta Constitution of July 25, 1939]

NOT COMPATIBLE

In all debates and discussions anent any possible new world war and the possibilities of United States participation therein, there is one vital point which is generally overlooked.

That is that no nation can take part in any great war, under modern conditions, and remain a democracy. The democratic form of government and war itself are simply not compatible. War calls, without recourse, for dictatorship at least for the duration of conflict, and, according to all past experience, sizable remnants of that wartime dictatorship are certain to carry over into the future years of peace.

It is all very well to talk of this country lining up with the European democracies and against the totalitarian states in the event of war. But it must not be forgotten that all democracies, this one included, would have to sacrifice the liberties to which they are pledged, and turn over the conduct of their national affairs to leadership without public restraint, if they would hope to win.

In Europe today, in all nations which have been compelled by circumstances to rearm and to gird themselves for possible conflict, many human liberties have already been sacrificed. Britain has turned to army conscription of her manpower, and France is virtually living under a dictator, Daladier.

It might be that, after a war was fought and won, the democratic nations could regain their individual liberties, so highly prized. But it would, in all probability, take little short of a revolution to regain them.

There are many reasons why this Nation should keep aloof from all dangers of war entanglement. But there is none more powerful nor impelling than the fact that on the day this Nation declared war her own democracy would fade and even the United States would go under a form of totalitarianism. Only for the emergency, we would hope; but the future, then as now, would be uncharted and uncertain. War anywhere could easily spell the doom of human democracy rather than its triumph. Even in victory, the chief cause for which we fought might well be lost.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES

The Senate resumed the consideration of the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes.

Mr. BARKLEY. Mr. President, on yesterday, in response to a question propounded by the Senator from Nebraska [Mr. NORRIS] as to the amount of recoverable loans made directly by the Treasury, I stated that my recollection was that it approximated $10,000,000,000. I had the figure "10" confused. Instead of being approximately $10,000,000,000, it is approximately 10 percent of the total. To be specific, for the 9-year period beginning with 1931 and ending June 30, 1939, the amount of recoverable loans to be offset against the indebtedness of about $40,000,000,000 is four billion, which constitutes practically 10 percent of the total Treasury debt which is recoverable. I desire to make the correction now, because I did get the 10 percent of the total confused with ten billion, and made a misstatement, which I discovered yesterday, and I have gotten the actual figures from the Treasury in the meantime.

I wish to insert at this point a brief sheet, which shows the $4,000,000,000 recoverable by the Treasury. It does not include the $2,000,000,000 stabilization fund, which, of course, is set aside for a particular purpose, but which ultimately might be used to retire the existing indebtedness of the Treasury. So that, if we include that, we have an offset of practically $6,000,000,000 which should be credited on the forty-billion total debt now outstanding.

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

Mr. BARKLEY. I yield.

Mr. BYRD. I think the Senator from Kentucky should make it clear that the Treasury Department does not estimate the value of these assets at $4,000,000,000. It merely states that $4,000,000,000 have been paid out for such alleged assets. The statement by the Senator has not made this clear.

Mr. BARKLEY. I think the Senator is confusing the amount of recoverable loans, which this $4,000,000,000 constitutes, with the three-billion-and-some-odd-million dollars invested by the Treasury in the capital stock of various organizations and corporations which have been created under acts of Congress.

Mr. BYRD. The $4,000,000,000 includes the capital-stock investments.

Mr. BARKLEY. No; not all of it. There is a portion of it that is included.

Mr. BYRD. A large portion of it.

Mr. BARKLEY. There is no known connection between this particular $4,000,000,000 which the Treasury estimates as recoverable and the amount they have invested in capital stock. This represents loans.

Mr. BYRD. Quite a substantial part of it is invested in capital stock of various governmental corporations.

Mr. BARKLEY. Of course, if we were to assume that all of the amount invested in capital stock would be lost, that would present a different situation; but I am not assuming that to be so.

Mr. BYRD. For example, $100,000,000 has been invested in the capital stock of the Commodities Credit Corporation, which, by the statement of the President, as directed to the Congress, is valueless. Twice have appropriations been made to make good the stock of the Commodities Credit Corporation. There are quite a number of other such stock pur-

chases; for example, the Federal home-loan bank; and the Home Owners' Loan Corporation, with $325,000,000, is included in the list of alleged assets, and anyone who is familiar with the Home Owners' Loan Corporation operations knows that the losses have greatly exceeded $325,000,000. As a matter of fact, up to June 30, 1938, there were 152,262 foreclosures authorized, and, actually, something like 65,805 homes have been repossessed which are now rented, and 9,322 which are not rented.

I also call the attention of the Senator to the fact that included in the list of alleged assets is the sum of $334,000,000 on the part of the Farm Security Administration, and that includes such investments as Tugwelltown—$16,000,000 invested in Tugwelltown. I do not think the Senator considers that as a recoverable asset.

Mr. BARKLEY. I have no desire to go into the details of all these particular organizations at this time; but, as I suggested yesterday, no one can tell now what the ultimate result will be with respect to any losses which may be incurred by any of these corporations or activities until they are finally liquidated.

Mr. BYRD. I think the Senator is leaving an erroneous impression when he says that there are $4,000,000,000 of recoverable assets, because the Treasury Department does not say that. There is nothing like $4,000,000,000 of recoverable assets.

Mr. BARKLEY. I am not attempting to mislead the Senate and I do not think the Treasury is undertaking to mislead the Senate. The Secretary of the Treasury has asked for an appropriation to restore the capital stock of the Commodities Credit Corporation, which is the only corporation as to which he has asked any appropriation in order to restore the capital. Even the losses which may appear now as paper losses, of the Federal home-loan bank, or the Home Owners' Loan Corporation, or any of the other agencies which have been set up to lend money, cannot be guessed at now, or it would be anyone's guess as to what the losses would be, if any, at the end of the period for which the loans were made, when there will be final liquidation of these corporations and their activities. Of course, anyone who desires to may charge up some existing paper losses due to foreclosures, or to lapses in the payment of current indebtedness, and returns of that kind. One can arrive at any sort of figure with that bookkeeping situation in mind.

Mr. BYRD. Unfortunately, the losses are not paper losses; there are going to be very large actual losses.

Mr. BARKLEY. Whether they are paper losses or not will be determined 15 or 20 or 25 years from now, when these corporations are finally wound up and liquidated, and we can strike a trial balance between outgo and income.

Mr. BYRD. Let me ask the Senator whether included in those assets is $96,000,000 which has been invested in resettlement projects all over the country, for instance, Tugwelltown, in which $16,000,000 has been invested, and such as Hightstown, N. J., where the average cost was $20,000 per home unit. The Senator does not think that is a recoverable item, does he?

Mr. BARKLEY. It may be that in this list there are some unrecoverable investments. I am not able to say that the Government will get back what it has expended in Tugwelltown or in any other town, but the figures I have given are figures given to me by the Treasury Department.

Mr. BYRD. But the Treasury says that they do not necessarily certify that that is the present value of those assets.

Mr. BARKLEY. No; the Treasury does not say one way or the other. It is the amount outstanding in loans which they think are recoverable.

Mr. BYRD. They include such projects as the Boulder Canyon project, which they say will be self-liquidating. All I want to make clear is that many of these are not recoverable items, and it should not go forth to the country that there is a credit on the debt of $40,000,000,000 of 10 percent for recoverable assets.

Mr. BARKLEY. Whether any or all of them are recoverable may be a matter of opinion. The opinion of the Senator from Virginia may differ from mine. He is sincere in entertaining his opinion.

Mr. GEORGE. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. GEORGE. I merely wish to ask whether the Treasury statement enumerates the recoverable items?

Mr. BARKLEY. It does not detail them; it does not break them down into their particular relationships. It states that it may be fairly accurately stated that the recoverable loans during the 9-year period ending June 30, 1939—and it does not take into consideration anything that happened prior to 1931—amount to $3,400,000,000. It states that no accurate consolidated records were kept for the period prior to 1931, but that it has been roughly estimated that these assets may amount to as much as $600,000,000. In other words, prior to 1931 they amounted to $600,000,000, and for the 9-year period ended June 30, 1939, they amounted to $3,400,000,000, which makes the total of $4,000,000,000.

Mr. BYRD. There is included $10,000,000 for the assets of the Disaster Loan Corporation, which have no value whatever.

Mr. BARKLEY. That is the opinion of the Senator.

Mr. BYRD. It is the opinion of the Treasury Department, too.

Mr. BARKLEY. Whether they have value would depend, probably, upon the degree of recovery on loans made by the Disaster Loan Corporation.

Mr. BYRD. There is a part of the statement the Senator has not read. The Treasury Department states specifically that they do not attempt to value these assets; that there has been so much invested in the Boulder Dam and so much in the others.

Mr. BARKLEY. The Treasury Department, in the last paragraph of the statement, which I am inserting in the RECORD——

Mr. BYRD. I should like to have the Senator read that for the information of the Senate.

Mr. BARKLEY. It states:

> These recoverable assets include subscriptions to capital stock, loans, and Federal Public Works projects, such as Boulder Canyon, Bonneville, and other reclamation projects. No attempt has been made to estimate any losses that may be sustained on these investments, but the amount herein indicated represents more nearly the Government's investments as shown by the books. In other words, no attempt has been made to appraise these assets.

Mr. President, I ask that this statement be printed in the RECORD at this point.

The VICE PRESIDENT. Is there objection?

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

RECOVERABLE ASSETS WHICH MAY BE USED AS AN OFFSET TO THE PUBLIC DEBT

Within the time available it is not possible to furnish a statement showing accurately the amount of recoverable assets which could be used as an offset to the public debt. The total amount for the 9-year period ending June 30, 1939, can, however, be fairly accurately stated at $3,400,000,000. For the period prior to 1931 no accurate consolidated records were kept, but it is roughly estimated that these assets may amount to as much as $600,000,000, making a total of $4,000,000,000 estimated as the recoverable assets of the United States Government which may be regarded as having been financed out of the proceeds from the sales of public-debt obligations.

These recoverable assets include subscriptions to capital stock, loans, and Federal Public Works projects, such as Boulder Canyon, Bonneville, and other reclamation projects. No attempt has been made to estimate any losses that may be sustained on these investments, but the amounts herein indicated represent more nearly the Government's investments as shown by the books. In other words, no attempt has been made to appraise these assets.

Mr. BARKLEY. I also wish to state that on yesterday I stated, in response to a question asked by the Senator from

Ohio [Mr. TAFT], that the interest charge now on the increased indebtedness of the Treasury of the United States was less than it had been at a previous period, which seems to have been in 1921. The debt of the Treasury in 1935 was $28,701,000,000. In 1936 it was $33,779,000,000. In 1937 it was $36,425,000,000. In 1938 it was $37,166,000,000. In 1939, which is of course up to date, it is $40,439,000,000.

I ask that the table giving these figures may be placed in the RECORD at this point.

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Without objection, it is so ordered.

The table is as follows:

Gross public debt as of June 30, 1935, 1936, 1937, 1938, and 1939

[In millions of dollars]

	1939	1938	1937	1936	1935
Bonds	28,100	24,142	21,865	18,691	14,941
Notes	9,251	10,448	11,344	11,882	10,512
Certificates [1]	1,290	903	356	155	169
Bills	1,383	1,222	2,320	2,383	2,109
Other	415	451	540	668	970
Total	40,439	37,166	36,425	33,779	28,701

[1] Consists of special issues to unemployment trust fund and to adjusted service certificate fund.

Mr. BARKLEY. Mr. President, in 1921, which was 2 years after the war, when our indebtedness was approximately $25,000,000,000, the total interest charge was $1,030,000,000. Of course, that interest charge declined as the public debt was paid or reduced, until 1931, when it declined to an annual outlay for interest of $589,000,000. It then began to increase and grew from 1932 up to 1939. Beginning with 1931, the annual payment of interest was $612,000,000, and it gradually increased until 1939, and it now amounts to $941,000,000.

The average rate in 1931 was 3.56 percent. In 1939 it is 2.6 percent.

Mr. President, I wish to review very briefly the reasons why I believe the proposed legislation is advisable and necessary. Inasmuch as the amount of the outstanding indirect obligations, in addition to the $40,000,000,000 of direct debt due by the Treasury, has been and will be brought into the discussion, I wish to state that on the 30th of June 1939 there were in the hands of the public obligations of the various corporations, including the Reconstruction Finance Corporation, the Home Owners' Loan Corporation, the Federal Farm Mortgage Corporation, the United States Housing Authority, the Tennessee Valley Authority, the Federal Housing Administration, the Commodities Credit Corporation, and the United States Maritime Commission, to the total amount of $5,478,000,000. That is the amount which is now in the hands of the public of obligations, bonds, debentures, and so forth, issued by the various corporations authorized to issue bonds under various acts of Congress.

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

Mr. BARKLEY. I yield.

Mr. TAFT. Are those bonds all guaranteed, principal and interest, by the Government?

Mr. BARKLEY. Yes; they are guaranteed.

Mr. TAFT. There are a few others which I think are not guaranteed; for instance, those of the Federal land banks.

Mr. BARKLEY. Yes; but for the purpose of this discussion it is not necessary to deal with any sort of obligation that is not either a direct or indirect obligation by reason of a guaranty.

Mr. President, as was stated yesterday, it is entirely possible that there may be some losses ultimately in connection with this $5,478,000,000 of guaranteed bonds. I ask that a table showing corporations and credit agencies having authority to issue bonds or debentures which are guaranteed by the United States be printed in the RECORD at this point.

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

Corporations and credit agencies having authority to issue their bonds or debentures which are guaranteed by the United States

[In millions of dollars]

	Note issuing power Apr. 30, 1939	Outstanding bonds or debentures June 30, 1939		
		Held by the Treasury	Held by the public	Total
Reconstruction Finance Corporation	3,458.9	243.0	819.7	1,062.7
Home Owners' Loan Corporation	[1] 4,750.0	20.0	2,947.9	2,967.9
Federal Farm Mortgage Corporation	2,000.0		1,379.4	1,379.4
United States Housing Authority	800.0		114.1	114.1
Tennessee Valley Authority	100.0	.3	[2] 8.3	8.6
Federal Housing Administration	[3] 2,000.0		2.5	2.5
Commodity Credit Corporation	900.0	10.0	206.2	216.2
United States Maritime Commission	200.0			
Total	14,208.9	[4] 273.3	5,478.1	5,751.4

[1] The Corporation's authority to make loans expired on June 13, 1936. The act of May 28, 1935, provided that the $4,750,000,000 may be increased for the purpose of retiring outstanding bonds which would not affect the net amount outstanding after June 13, 1936.

[2] Held by Reconstruction Finance Corporation.

[3] May be increased to not exceed $3,000,000,000 with approval of the President.

[4] Purchased from the general fund of the Treasury and may be regarded as having been included in the total public debt.

Mr. BARKLEY. Mr. President, no one can tell whether or to what extent there will be losses ultimately, until these corporations are liquidated. But when Congress authorized the creation of these corporations, and when they were created, of course, it took cognizance of the fact that there might be losses, and it assumed that risk in advance; and no one will be able to ascertain with any degree of certainty whether there will be ultimate losses and, if so, to what amount.

Under the circumstances which I attempted to outline yesterday, and which will be referred to probably in the subsequent debate on the measure, in order to bring about greater activity, stimulate industry, and increase employment, it is necessary that dollars and men and resources be brought into a position where they may cooperate one with the other, and it is the object of the bill to draw from private sources, either from savings banks or other depositories, $2,490,000,000—approximately two and one-half billion dollars—in the purchase of obligations of the Reconstruction Finance Corporation, whose authority to borrow money is expanded to that extent in order that of that $2,490,000,000, or whatever part of it may be necessary, there may be expended on recoverable loans and expenditures the amounts necessary in order to bring about the objectives which underlie the philosophy of this proposed legislation.

I wish very briefly to refer to the various allocations provided in the bill, which, if all consumed, would take up the entire $2,490,000,000.

Five hundred million dollars of this amount is allocated to the Public Roads Administration. I wish to discuss only very briefly the contemplated road program which may be made possible under the expenditure of this money. The bill authorizes the Public Roads Administration, in cooperation with the highway departments of States, municipalities, and other public bodies, to engage in a program of road development and improvement which Mr. MacDonald, the head of that organization, believes will absorb the entire $500,000,000 allocated to it under the bill.

In 1916 Congress entered upon the policy and program of appropriating money to aid the States in the construction of highways. I recall, if I may be pardoned a personal allusion, that in my first race for Congress in Kentucky in 1912 I advocated Federal aid to the States and counties in the development of highways. At that time there was scarcely a highway department in any State worthy of the name. But, in order that we might stimulate the creation of highway departments and bring about a Nation-wide program of highway construction, it seemed to me that the Federal Government could afford to extend aid and encouragement,

and require the States to match, dollar for dollar, the amount which was contributed by the Federal Government.

I had in that campaign three opponents, all of whom opposed Federal contributions to the States in aid of highway construction. They charged that the plan was socialistic, that it obliterated the lines between the States, and created a great road machine here in Washington that would ultimately destroy the independence of the States.

The Democratic platform adopted in Baltimore in 1912 contained a plank pledging the Democratic Party to the inauguration of a program of Federal aid in the construction of highways throughout the Nation. My three opponents at that time were compelled to revise their views in accordance with the platform of the Democratic Party upon which Woodrow Wilson was elected President.

Following that pledge, in 1916 Congress adopted the first good-roads measure; and from that time on we have been appropriating annually $75,000,000, $100,000,000, and in some cases $200,000,000. I think 1 year we made available $400,000,000 under the leadership of the distinguished Senator from Arizona [Mr. HAYDEN] who, I think, knows more about the subject of the construction of highways through cooperation between the States and the Federal Government than does any other Member of this body.

However, Mr. President, as population has increased, and in many sections of our country travel has become congested because of the modern use of the facilities of travel, I think it has become increasingly obvious that the Federal Government must go a little further than merely appropriating a few million dollars a year to be matched by the States. It must go further than that by greater cooperation with the highway departments of the States to enable them to provide highways that will avoid the intense congestion of traffic in the more densely populated sections of the United States, not only for pleasure but also for industrial purposes.

Mr. MacDonald came before the committee with a program which he had worked out over a period of years, and cited instances in which his organization is now ready to go to work in building tunnels, underpasses, overpasses, bridges, and viaducts; and, in the locality of certain cities of the United States, to cooperate with State and local authorities in the construction of superhighways in order to avoid the congestion of traffic which is incident to a densely populated area of the country. He gave as an example the situation in Chicago and in Cook County. The authorities there have $60,000,000 to expend on a program of highway improvement in and out of the city of Chicago, which would avoid the intense inconvenience and delays of congested traffic in certain portions of Cook County.

In order to obtain the necessary rights-of-way to carry out that improvement, the expenditure of $45,000,000 would be required. If the local authorities were required to expend $45,000,000 in obtaining rights-of-way, they would have remaining only $15,000,000 with which to develop the improvements, which would not be sufficient.

Mr. MacDonald proposes, and the bill authorizes, that the Federal Government shall advance the money for the purchase of rights-of-way through cooperation with the State or local highway authorities, investing $45,000,000 with the understanding that it shall be repaid to the Federal Government over a period of years to be agreed upon. The time may run as long as 30 or 40 years, the repayment to be financed not necessarily by levying tolls, but by an annual amortization plan, the money to be taken out of current revenues of the local authority and the locality in which the expenditure is undertaken.

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

Mr. BARKLEY. I yield.

Mr. TAFT. Does not the bill go much further, and authorize the United States Government to build the road for the city of Chicago if the Public Roads Administrator wishes to do so?

Mr. BARKLEY. The bill would authorize the Federal Government to construct highways in the United States. There is nothing new in that suggestion. However, I think it will be possible to work out an amendment which will provide that when the Federal Government does construct the highway it may be authorized to enter into a contract with the local authority by which, either through the collection of tolls under the jurisdiction of the local authority or by any other method which would include repayment out of current revenues of the locality, the Government of the United States shall be reimbursed for the entire amount of the investment, with interest.

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

Mr. BARKLEY. I yield.

Mr. ADAMS. I will ask the Senator whether or not part of the answer to the inquiry of the Senator from Ohio is in section 5, on page 6, which, as I read it, limits the authority of the Federal Government to do these things by providing that it must first secure the consent of the States, municipalities, or other public bodies concerned?

Mr. BARKLEY. Yes.

Mr. ADAMS. It could not be done without the consent of the States.

Mr. BARKLEY. Under the terms of the bill, the Federal Government would be required to cooperate with the highway departments of the States, counties, and municipalities in working out any program it might undertake.

Mr. ADAMS. Does not the bill actually require the consent of the local authorities?

Mr. BARKLEY. It requires their consent. I will say to the Senator that probably that language will have to be somewhat modified, because in order to obtain the consent of a State there must be an act of the legislature. I think the language ought to be modified to require the consent of the highway authorities of the State, so that it would not be necessary to wait for an act of the legislature.

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

Mr. BARKLEY. I yield.

Mr. TAFT. Does the Senator know any State or city which would not be glad to give consent to the Federal Government to spend $45,000,000 on a right-of-way through the State or city?

Mr. BARKLEY. Probably I should be unable to designate any State which would be enthusiastic about refusing any help of the Federal Government in building highways within its borders.

I cite that instance as only an example of the kind of project that the head of the Public Roads Administration desires to inaugurate in order that the American people may enjoy these highways. They may be called superhighways. That is probably what they will be. The head of the Public Roads Administration desires to inaugurate the program in order that the people may enjoy the highways not only for pleasure but for industry, which has become a very important use of our public-road system throughout the United States.

Under the terms of the bill, all the money is recoverable; and discretion is left with the local authority as to how it shall raise the money with which to repay the advances. Personally, I should not be in favor of a provision which would compel the local authorities to levy tolls in order to repay the United States. I think the local authorities ought to be left free to devise any plan that is sound, whether by tolls or by repayment out of current revenues of the locality enjoying the facility.

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

Mr. BARKLEY. I yield.

Mr. BYRD. When the Senator from Kentucky says that all the money expended under the provisions of the bill is recoverable, does he mean recoverable by collection of tolls? Does he mean that the projects would be self-liquidating?

Mr. BARKLEY. No; I do not mean recoverable by the collection of tolls. The bill provides that when the roads are constructed, even though they be paid for and constructed by the Federal Government, an arrangement or contract shall be entered into between the Federal Government and the local authority by which the amount invested by the Federal Government will be returned over a period of years, leaving to the local authority itself the right to determine how it shall raise the money to return to the Federal Government the amount invested in highways.

Mr. BYRD. I understand from the Senator, then, that this is in effect a grant to the States.

Mr. BARKLEY. It is not a grant to the States.

Mr. BYRD. Is it a loan to the States?

Mr. BARKLEY. It is a loan. That is, it is an advancement of money, either to buy rights-of-way or to help build the highways, or even to build them, with the provision that the amount invested shall be repaid by the State or locality in which the money is expended, but leaving to the locality freedom to determine how it shall raise the money. The locality or State may invoke the right to collect tolls, or it may decide that over a period of 25, 30, or 40 years it may be able to pay the money back out of current taxes, including gasoline taxes and license taxes, or devise some other method to provide the money to repay the Federal Government.

Mr. BYRD. Would the loan be directly to the State, or to some corporation created by the State?

Mr. BARKLEY. There is no provision for the creation of any private or public corporation.

Mr. BYRD. Would loans be made to municipalities?

Mr. BARKLEY. They could be.

Mr. BYRD. To towns and counties?

Mr. BARKLEY. To towns and counties, or even districts.

Mr. BYRD. Would it not be better to have the localities, the States, or the municipalities issue their obligations, and have the Federal Government buy those obligations?

Mr. BARKLEY. That could be done.

Mr. BYRD. It is not proposed to be done under the terms of the bill.

Mr. BARKLEY. There is no limitation on the manner in which the locality shall raise the money by which to repay the Government of the United States. It may issue its obligations, or it may enter into a contract—which would have the binding force of an obligation—between the Federal Highway Department and the local State or municipal highway authority, by which the local authority would repay the Federal Government for the amount invested, with interest.

Mr. BYRD. The announcements and the propaganda which have gone throughout the country are to the effect that the projects would be self-liquidating.

Mr. BARKLEY. That brings up the meticulous legalistic definition of what is self-liquidating.

Mr. BYRD. If the Senator will read the hearings held before his committee, he will find that all the references which were made were to self-liquidating projects.

Mr. BARKLEY. The question was raised as to whether or not an expenditure on a public highway on which there were no tolls, but for which the Federal Government would be reimbursed out of the taxes of the local community, would be a self-liquidating project. The term is sometimes given a legalistic definition. The term "self-liquidating project," as we have understood it in general terms, means a project which will repay the Government of the United States. It may be possible to limit the definition of "self-liquidating" so as to confine it to a project which, out of revenues received from the project, will return to the Government of the United States the amount invested.

Mr. BYRD. Mr. President, I notice that the Senator changed the title of his bill. The first title was "To provide for the construction and financing of self-liquidating projects." The title of the bill we are now considering is "To provide for the financing of a program of recoverable expenditures, and for other purposes." I assume that the Senator has now abandoned the idea that these are to be self-liquidating projects.

Mr. BARKLEY. I have not abandoned anything. I think the new title is better than the previous one; I think it is shorter and more appropriate. Whether these projects are to be self-liquidating in particular sections by compelling those who use them to pay a charge in order to enjoy the use of them, or whether out of the power of taxation of the local community or the State they are to be repaid, it is contemplated that they will be repaid to the Government of the United States; and, in that sense, they are self-liquidating.

Mr. BYRD. The same argument by the Senator would apply to the construction of a schoolhouse, a courthouse, or any other project which a local community or a State might undertake.

Mr. BARKLEY. Yes.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Kentucky a question?

Mr. BARKLEY. I yield.

Mr. VANDENBERG. I desire to inquire about the mechanics of the operation which the Senator is describing. This particular section, for example, includes bridges and tunnels. Let us say, for example, that a municipality desires to tunnel a river and desires to pay for the project from the tolls charged for the use of the tunnel. Does it come to the Government for a loan on the basis of a toll tunnel?

Mr. BARKLEY. The machinery, of course, by which the mechanics would be worked out would be a matter of agreement or arrangement in each case, and, of course, therefore, the terms might differ. The State highway commission or the municipal highway authorities, of course, would confer and negotiate with the head of the Federal highway department here. It might be possible that a direct loan would be made to the municipality for the purpose of constructing the tunnel or the Federal Government might construct the tunnel out of its own funds, provided there was a contract made with the municipality to pay the amount back, and it should be stipulated in the contract whether there were to be tolls on the tunnel or whether the amount would be returned out of current revenues over a period of years. It would be purely a matter of arrangement, of contract, between the State or municipal highway authorities and the Public Roads Administration in Washington as to the method by which the expenditure would be incurred and the method by which it would be repaid and the method by which the money would be raised.

Mr. VANDENBERG. What I am trying to discover is whether there comes a point where there is a responsibility upon the Federal Administrator to approve the self-liquidating capacity of the project which the Federal Government is financing. In other words, if a municipality says, "This is to be a toll bridge, and we think the tolls will pay for it, and that is the way we want to pay for it," does responsibility then recur to the Federal Administrator to determine whether that is a self-liquidating bridge?

Mr. BARKLEY. I think that he would have the power finally to determine whether it was a self-liquidating bridge if it was proposed to pay the Government out of revenues of the bridge or tunnel, but if the locality decided that it did not want to charge tolls but could repay the Government out of current revenues collected annually over a period of years, it would be, of course, in the discretion of the Administrator to enter into that sort of an arrangement with the local authorities.

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

Mr. BARKLEY. I yield to the Senator from New York.

Mr. WAGNER. As a matter of actual experience, when an application is made to the R. F. C. for a loan, say, upon a project like a tunnel or a bridge, on which a toll is to be imposed, the engineers of the R. F. C. study the application and the location where the tunnel or bridge is to be constructed and make their estimate as to what the probable business will be in order to determine whether it will be a self-liquidating project. That is done now.

Mr. BARKLEY. It is entirely possible to conceive of a situation where the local authorities and the Federal highway authorities might work out a plan by which the project might be self-liquidating, but the Reconstruction Finance Corporation, in deciding whether it will issue bonds for that purpose, will have the final authority to determine whether, in its judgment, it is sufficiently self-liquidating to justify the issuance of bonds.

Mr. WAGNER. Whether it would be a recoverable loan.

Mr. BARKLEY. Whether it would be recoverable; yes.

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

Mr. BARKLEY. I yield further to the Senator from New York.

Mr. WAGNER. In view of some concern suggested as to whether or not loans to municipalities for the type of projects which the Senator has mentioned are risky loans, and, perhaps, will never be repaid, I hope the Senator will give me an opportunity to read here the experience thus far of the so-called P. W. A. loans.

Mr. BARKLEY. I am glad to yield to the Senator for that purpose.

Mr. WAGNER. Some of these loans are self-liquidating in the sense that a toll is charged in the case of a bridge or a tunnel, and in other cases the municipality or some other political subdivision has given its bonds as security for repayment of the loan.

Altogether the P. W. A. has purchased a total of $730,000,000 of bonds. The P. W. A. now holds only $60,000,000 of those bonds and the R. F. C. $144,000,000. Five hundred and twenty-six million dollars of those bonds have already been sold to the public. In other words, private investors have assumed this particular indebtedness, and to that extent the debt of the R. F. C. has been entirely repaid. The profit on these transactions is very close to $13,000,000, and on the $204,000,000 of bonds which are now held by the Government all are currently paid except $6,000,000 in principal amount which are in default or on which payment has been delayed. That has been the experience thus far as on projects of the character which the Senator discussed a moment ago.

Mr. BARKLEY. I appreciate that information from the Senator from New York.

Mr. VANDENBERG. Mr. President, may I ask the Senator from New York a question with respect to his figures?

Mr. BARKLEY. I yield.

Mr. VANDENBERG. In connection with the bonds or the obligations which the Senator from New York is now discussing, is it not a fact that in each of those instances there was a 45-percent public grant involved, as well as a loan?

Mr. WAGNER. I do not know whether that is so generally, although it is undoubtedly so in some instances.

Mr. VANDENBERG. There were no 100-percent loans made.

Mr. WAGNER. These are not all 100-percent loans.

Mr. VANDENBERG. Speaking generally, a P. W. A. operation had a grant involved, did it not?

Mr. WAGNER. Yes.

Mr. VANDENBERG. So the situation and the figures and the conclusions which the Senator reaches from his figures would be different from the application of the same judgment to the kind of loans that are intended under this bill, would it not?

Mr. WAGNER. No. In each instance the agency having this matter in charge will have to determine by an examination of the project whether the loan will be repaid.

Mr. VANDENBERG. There will be no grants behind any of the loans under this bill?

Mr. WAGNER. No; there are no grants except there is this to be said—and undoubtedly the Senator from Kentucky will develop it—we are providing for a rather low rate of interest, which, over a period of years, compared to interest rates now charged on P. W. A. loans, in some cases 4 and 4½ percent, will as a practical matter result in a grant. The benefit of this low interest rate over a period of 20 years, it was estimated, would be comparable to a 22-percent grant.

Mr. BARKLEY. That applies to all these loans. I want to say to the Senator from Michigan in reference to the road program that not only can the municipality borrow money if it is legally authorized to do so, but if its debt limitation has been reached and it desires to inaugurate such an improvement and may not be able legally to increase its debt limit, it may lease the facilities which have been constructed as a result of contracts between the Federal Government and the locality, repay over a period of years for amortization, and thereby enjoy the opportunity to construct and use the facility by a program of lease as well as of loan and through methods of cooperation between the Federal and local governments under this bill.

Mr. VANDENBERG. Mr. President, of course, if the loaning program under this section were completely comparable with the loaning program under the R. F. C. to which the able Senator from New York refers, there would be no sense in creating this new instrumentality at all. It is a totally different thing, is it not?

Mr. BARKLEY. We are liable to become confused between the P. W. A. and the R. F. C. The R. F. C. has not made grants; it has made loans. The P. W. A. has made loans and grants; it has made loans separately and it has made grants separately. In some cases where the local authorities had the money or a certain portion of it that they could contribute the P. W. A. made a grant. In other cases where the city authorities were financially in a position where they could ask for a loan and not a grant, loans have been made and no grants. There have been three types of these transactions, namely, loans and grants combined, loans separately, and grants separately. So there is a difference between the operation of the P. W. A. as it has existed in the past and its operation under this bill.

Mr. VANDENBERG. Before the Senator leaves the subject of roads, may I inquire whether the bill contemplates any of the so-called superhighways across the country that we have heard discussed?

Mr. BARKLEY. No; I do not think so, although I frankly think the time is coming in this country when we shall have to consider the question of superhighways in order to avoid the congestion of cities. For instance, if a highway could be built from Washington to Boston—which is one of the projects that have been considered as long-distance projects—it might be feasible, in time to come, to pay for the construction and operation of such a road by the collection of a modest charge. If I were going from here to Boston, I would pay a reasonable toll in order to avoid Baltimore and Philadelphia and New York. Long-distance trucks would do the same thing. Such a road would not, of course, be in competition with any other road. There would be nothing compulsory about its use; but it would appeal to a large contingent of travelers as a possibility of rapid transportation both of persons and of property. Under this program, however, and with this allotment of $500,000,000, I will say to the Senator, no such idea is under contemplation.

Mr. VANDENBERG. It could be built, could it not?

Mr. BARKLEY. Theoretically; but, of course, it would have to be done in cooperation with the highway departments of the States through which the highway would go.

Mr. VANDENBERG. And that would have to be a toll road, of course?

Mr. BARKLEY. It might have to be, of course; but it could be otherwise if the States, in their separate agreements with the Federal Government, contracted to repay in some other way the amount invested.

Mr. VANDENBERG. And am I correctly advised that the Federal Highway Department asserts that of all the superhighway routes they have inquired into there are only one or two in the country that they could hope to have self-liquidating?

Mr. BARKLEY. In the report which Mr. MacDonald made in April, covering 3 or 4 years' careful and methodical

survey of the situation, he indicated that for the present there probably would not be more than two or three such roads—and that would depend on the distance and the location—that might, out of tolls alone, repay the cost of construction.

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

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

Mr. BARKLEY. I yield.

Mr. McNARY. I am tremendously interested in the highway provision of the bill. I should like the Senator to refer to section 5, subdivision (b). I shall read the language:

> To maintain and operate highway improvements, and such administration shall fix, maintain, and collect tolls, and other charges for the use of highway improvements.

The author of the bill and the committee seemed to contemplate that the Federal Government would fix and collect tolls for the use of these roads, and other charges for the use of highway improvements. I should like to have the Senator express his views concerning the construction of that language, and how it might be applied in the maintenance of the highways.

Mr. BARKLEY. I will say to the Senator from Oregon that I have been working with the Public Roads Administrator and with the Senator from Arizona [Mr. HAYDEN], and a little later I intend to confer with the Senator from Ohio [Mr. TAFT], with a view to proposing a substitute for that language which will modify it very materially in this respect—that in the contracts between the Federal Government and the States or the localities the Federal Government itself will not assume the obligation of fixing the tolls; but in the contract it will arrange with the locality to repay the amount by whatever method the locality may decide to adopt, either tolls or repayment out of current income, and with the further provision that when the amount shall have been repaid, no further tolls shall be collected on any such facility.

Mr. McNARY. That provision is already in the bill.

Mr. BARKLEY. Yes; part of it, not the modification. Under the language of subsection (b), however, the Federal Government could charge a toll for repayment of its expenditures.

Mr. McNARY. I commend my able leader for changing this language, but the change does not fit into the bill.

Mr. BARKLEY. Of course, all legislation is a process of development, and we cannot always be cocksure we are right every time we reach a section, or even after we adopt it.

Mr. McNARY. I appreciate that fact. I am not speaking critically.

Mr. BARKLEY. I understand.

Mr. McNARY. I am only interested in clearing up this matter in my mind, and having the bill responsive to what I think would be the best legislation that might be suggested.

Mr. BARKLEY. I think the Senator will have no objection to the proposal we shall make.

Mr. McNARY. Now let me ask a further question. Whatever the governmental agency may be, whether State or Federal, which levies the toll, are there any other charges than a toll charge that we might seek with which to pay out the cost of operation and amortization of this fund?

Mr. BARKLEY. Different suggestions have been made, including a special license tag permitting persons to travel over the highway for the use of the facilities——

Mr. McNARY. That is a toll, though.

Mr. BARKLEY. That is a toll; or a special gasoline tax may be collected from those who travel over the road, although, in my judgment, it is difficult, if not impossible, to segregate or differentiate between the sale of gasoline that would be used over a highway of that sort and gasoline that might be used over any ordinary highway.

Mr. McNARY. I concur in that conclusion; and I like the frankness of the Senator in meeting the situation. So it really comes down to the proposition that we must rely in substance on the tolls that will be charged for the use of the highways.

Mr. BARKLEY. No; not altogether. In the case of many of these facilities, especially bridges and tunnels and viaducts and bypasses, the cost may be paid back over a period of years out of current revenues of the local community, either the county, the State, or the city. In that case in all likelihood, there would be no toll charge at all, because if the local community were able to repay the Government over a period of 30 years under a lease or a contract by which it would be obligated to do so, it would not necessarily involve levying a toll in order to raise the money.

Mr. McNARY. The Senator is now speaking in a vein which would suggest how the Federal Government is to receive the return of its money. I can understand that if the Federal Government advances the money through bonds or debentures issued by the municipality, of course the Federal Government is out.

Mr. BARKLEY. If it is a direct loan, the Federal Government is out.

Mr. McNARY. Certainly; but we are considering how the municipality or the State or the political subdivision is going to make the road self-liquidating. That is the feature I want to keep before the Senator, and determine how the roads are to be self-liquidating unless we charge a direct toll, or the same thing by another name, the use of special tags or special gasoline taxes.

Mr. BARKLEY. If the word "self-liquidation" is limited to the receipt of money derived from the specific use of the facility itself, of course, there would have to be special charges; and those possible special charges have been divided first into tolls, second special tags——

Mr. McNARY. That is a toll.

Mr. BARKLEY. Third, rentals from leases of rights-of-way to cities or States; fourth, rental or sale of lands acquired along the new highway; and, fifth, State gasoline taxes and similar taxes.

Of course the bill authorizes—which is a new departure, I will say, for the Federal Government in the matter of highway construction—the acquirement alongside the improvement of adjacent lands which would automatically be increased in value as one of the means by which the Federal Government might recoup itself for the expenditure involved in the construction of the improvement; but aside from all manner of tolls or special taxes or tags or special gasoline levies there is still the opportunity, and in all probability it would be the one most generally used, of the locality to enter into an agreement by which it would repay, out of its own current revenues derived in its own way, the amount involved in the expenditure.

Mr. McNARY. The Senator, then, has a category consisting first of tolls, which is, I think, the substance of the revenue. The second item is the revenue from tags, which is in fact a toll just the same. Then there is the special gasoline tax, which the Senator a moment ago stated probably would be confused with the general tax; so that is out of the way. Then we come to the final proposition of revenue from rentals accruing from land acquired by the State or the Government adjoining the new highway.

Mr. BARKLEY. Those are the four or five possible methods of raising revenue in addition to the general taxing power of the community or locality which it might invoke without levying any of these special taxes.

Mr. McNARY. It is contemplated then—I think that was the expression of the Senator—that these roads shall be new highways; we will call them virgin highways?

Mr. BARKLEY. Not necessarily new highways. They might be widenings and improvements of existing highways.

Mr. McNARY. And land is to be acquired along the right-of-way, so that the Government or the State may rent it out to individuals who desire to dispense gasoline, automobile parts, meals, "hot dogs," and beer?

Mr. BARKLEY. There are many uses to which such property could be put. One of the things that make it desirable to acquire the property is to protect the highway against unsightly things that might otherwise be located upon it.

Mr. McNARY. That is a commendable feature.

Mr. BARKLEY. And it would be, I suppose, in harmony with that general desire for the Federal Government or the State government, whichever had control—and under this bill the authority is given to the Administrator of Public Roads—to acquire adjacent property necessary and convenient for carrying out the objects of the bill; and it might sell it. It probably would be indispensable, if the Government bought property that was going to increase in value, that it should have a right to sell it, in order to realize a profit upon it, and thereby apply the profit to reimbursement for the construction of the facility.

Mr. McNARY. The Senator has a splendid legal mind——

Mr. BARKLEY. I used to think so, but I have begun to doubt it since I have been in the Senate.

Mr. McNARY. I do not doubt it at all; I appraise it more highly each day.

I am curious to know what the Senator would say about the constitutional ability of the Government to acquire a right-of-way and at the same time adjoining properties for the purposes of land speculation, and secure the profits from its enhancement in value.

Mr. BARKLEY. I have a brief here on that very point.

Mr. McNARY. I do not want the Senator to read the brief.

Mr. BARKLEY. There is no doubt that, under the decisions of the courts, the Federal Government has the right of eminent domain. It has the right to acquire whatever property is necessary by condemnation in carrying out the object of its authority. It not only can acquire private property, but it has the paramount right of eminent domain over a State or even a local government, if it desires to exercise it, in the acquirement of a piece of property then devoted to public use; so that there is apparently no question of the Government's legal authority to acquire the property.

Mr. McNARY. If I may state a hypothetical case, assuming the construction of a new road between Washington and Baltimore, which would probably be a virgin road through farm lands, the Government could acquire on either side of the road large tracts of land, in the opinion of the Senator, and sell the land, and the profits arising therefrom could be used to defray the cost of the construction of the road.

Mr. BARKLEY. Yes; it would be possible.

Mr. McNARY. I am glad to have the judgment of the very distinguished leader of the Senate.

Mr. BORAH. Mr. President, is there a copy of the brief available?

Mr. BARKLEY. Yes; I think I can furnish the Senator with a copy. The brief was prepared by the general counsel of the Federal Works Agency, and collates the decisions of the Supreme Court of the United States and State and Federal courts upon the subject. I ask that the brief, dealing with three phases of the subject of condemnation and acquirement, be printed at this point as a part of my remarks.

The PRESIDING OFFICER (Mr. HERRING in the chair). Is there objection?

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

SOME LEGAL ASPECTS OF THE FEDERAL POWER OF EMINENT DOMAIN

The purpose of this memorandum is to indicate the general nature of the constitutional power of the United States to acquire real property by the exercise of the right of eminent domain, and to discuss incidentally certain questions concerning the respective jurisdiction of the United States and the several States over real property which is authorized to be so acquired by section 5 of the proposed Self-liquidating Projects Act.

I. THE CONDEMNATION OF LAND WITHIN THE CONFINES OF A STATE WITH OR WITHOUT ITS CONSENT

There is complete unanimity of opinion by the courts and by legal commentators on the subject of eminent domain that the United States possesses the power to condemn land within a State, with or without the consent of the State (*James* v. *Dravo Contracting Co.* (1937), 302 U. S. 134, 147; *United States* v. *Gettysburg Electric Railway Co.* (1896), 160 U. S. 668, 681; *Chappell* v. *United States* (1896), 160 U. S. 499, 509; *Luxton* v. *North River Bridge Co.* (1894), 153 U. S. 525, 529; *Cherokee Nation* v. *Kansas Railway Co.* (1890), 135 U. S. 641, 656; *United States* v. *Fox* (1876), 94 U. S. 315, 320; *Kohl* v. *United States* (1875), 91 U. S. 367, 371; 1 Willoughby, Constitution of the United States (2d ed., 1929), sec. 102; 1 Nichols, Eminent Domain (1917, sec. 36).

In *James* v. *Dravo Contracting Co., supra,* Mr. Chief Justice Hughes said, with reference to the power of the United States to acquire real property (at p. 147):

"The right of eminent domain inheres in the Federal Government by virtue of its sovereignty and thus it may, regardless of the wishes either of the owners or of the States, acquire the lands which it needs within their borders."

In *Kohl* v. *United States, supra,* Mr. Justice Strong, speaking of the general authority of the Federal Government to exercise the right of eminent domain, said (at pp. 371–372):

"It has not been seriously contended during the argument that the United States Government is without power to appropriate lands or other property within the States for its own uses, and to enable it to perform its proper functions. Such an authority is essential to its independent existence and perpetuity. These cannot be preserved if the obstinacy of a private person, or if any other authority, can prevent the acquisition of the means or instruments by which alone governmental functions can be performed. The powers vested by the Constitution in the general Government demand for their exercise the acquisition of lands in all the States. These are needed for forts, armories, and arsenals, for navy yards and lighthouses, for customhouses, post offices, and courthouses, and for other public uses. If the right to acquire property for such uses may be made a barren right by the unwillingness of property holders to sell, or by the action of a State prohibiting a sale to the Federal Government, the constitutional grants of power may be rendered nugatory, and the Government is dependent for its practical existence upon the will of a State, or even upon that of a private citizen. This cannot be. No one doubts the existence in the State governments of the right of eminent domain—a right distinct from and paramount to the right of ultimate ownership. It grows out of the necessities of their being, not out of the tenure by which lands are held. It may be exercised, though the lands are not held by grant from the Government, either mediately or immediately, and independent of the consideration whether they would escheat to the Government in case of a failure of heirs. The right is the offspring of political necessity; and it is inseparable from sovereignty, unless denied to it by its fundamental law."

In *Fort Leavenworth R. R. Co.* v. *Lowe* (1885, 114 U. S. 525) the Court reaffirmed the statement in the Kohl case, supra, in the following terms (at p. 531):

"But not only by direct purchase have the United States been able to acquire lands they needed without the consent of the States, but it has been held that they possess the right of eminent domain within the States, using those terms, not as expressing the ultimate dominion or title to property, but as indicating the right to take private property for public uses when needed to execute the powers conferred by the Constitution; and that the general government is not dependent upon the caprice of individuals or the will of State legislatures in the acquisition of such lands as may be required for the full and effective exercise of its powers. This doctrine was authoritatively declared in *Kohl* v. *United States* (91 U. S. 367)."

It is apparent from the foregoing authorities that the consent of the State is not necessary to the acquisition by the Federal Government of title to real property within the State. Moreover, that conclusion follows irresistibly from the very nature of the power of eminent domain which the court has characterized as inherent in and necessary to the sovereignty of the United States. In *United States* v. *Gettysburg Electric Railroad Co., supra,* (at p. 681), the Court said of the Federal power of eminent domain that "it results from the powers that are given, and it is implied because of its necessity, or because it is appropriate in exercising those powers."

It is apparent that the exercise of Federal power of eminent domain would be rendered nugatory if it were made to depend upon the consent of the State. The Court pointed out that consequence in the Kohl case, supra. In First Willoughby, The Constitution of the United States (2d ed. 1929) section 102, that learned author succinctly summarized the law on the subject (at p. 179):

"That the United States does not require the consent of the States for the taking of property for its own public use is established, and, in fact, has never been seriously contested."

II. ACQUISITION BY THE UNITED STATES OF PROPERTY ALREADY DEVOTED TO A PUBLIC USE

It is contemplated that some of the projects which will be constructed under the authority of the Self-liquidating Projects Act will require the acquisition of rights in land already devoted to a public use. For example, in the construction of the superhighways contemplated in the proposed bill, it will be necessary to acquire rights-of-way over, under, or across State, county, or municipal roads or highways. It is apparent, likewise, that building a superhighway through densely populated sections of the country will require cutting across rights-of-way now enjoyed by railroad, telegraph, telephone, gas, pipe line, and other public-service corporations.

With respect to property of public-service corporations the authorities are clear that such property may be acquired by the United States for Federal purposes through the exercise of its power of eminent domain (*United States* v. *Gettysburg Electric*

Railway Co., supra; United States v. *Southern Power Co.* (C. C. A. 4th, 1929) 31 F. (2d) 852, 856).

In the Gettysburg case Congress had authorized the Secretary of War to acquire, by purchase or condemnation, such lands in the vicinity of the Gettysburg battlefield as in the judgment of the Secretary might be necessary to preserve the battlefield and properly mark the positions occupied by the various commands of the armies engaged in that conflict. Under the above statutory authorization the United States sought to condemn certain rights-of-way which had previously been acquired in the land by a railway company incorporated under the laws of Pennsylvania. In disposing of the contention of the railway company that the United States had no power to condemn land which was already devoted to another public use, the Supreme Court of the United States, through Mr. Justice Peckham, stated (at p. 685):

"The defendant in error concedes what is without doubt true, that this is a question of intention simply; the power of Congress to take land devoted to one public use for another and a different public use upon making just compensation cannot be disputed. Upon looking at the two acts of Congress and the joint resolution of June 6, 1894, above referred to, in the latter of which it is stated, 'There is imminent danger that portions of said battlefield may be irreparably defaced by the construction of a railway over the same, thereby making impracticable the execution of the provisions of the act of March 3, 1893,' we think it is plainly apparent that Congress did intend to take this very land, occupied and used by this company for its railroad."

In *United States* v. *Southern Power Co., supra,* the United States attempted to acquire by condemnation certain land, including easements owned by a public-service corporation in the land. While the Court pointed out that the Federal Government may acquire, under its power of eminent domain, land of a public-service corporation devoted to a public use, it further held that this could not be done unless the Congress had clearly manifested its intention so to do. The Court, in construing the acts authorizing the condemnation of the land, could not find such an intention on the part of Congress. In connection with the proposed bill, it may be observed that no such problem could arise. Section 5 (j) of the bill as originally introduced specifically and unequivocally authorizes the acquisition by condemnation of property already devoted to a public use.

With respect to land of municipal corporations, there are several cases in which the United States has acquired such land through the exercise of its power of condemnation. In *United States* v. *City of Tiffin* ((C. C. N. D. Ohio, 1911) 190 Fed. 279), the power of the United States to acquire such property, against the wishes of the city, was expressly upheld. (See *Wayne County* v. *United States,* (1918) 53 Ct. Cl. 417, affirmed in a memorandum opinion (1920) 252 U. S. 574; *United States* v. *Wheeler Township,* (C. C. A. 8th, 1933) 66 F. (2d) 977; *Town of Bedford* v. *United States,* (C. C. A. 1st, 1927) 23 F. (2d) 453; *United States* v. *Town of Nahant,* (C. C. A. 1st, 1907) 153 Fed. 520.) In view of those cases it cannot seriously be contended that such power does not exist.

It would also seem that property belonging to the several States which is not being used for, or is not adjunct to, the exercise of the sovereignty of such States may be acquired by the United States through condemnation.

In *Stockton* v. *Baltimore and N. Y. R. Co.* ((D. N. J. 1887) 32 Fed. 9), a railroad company, pursuant to authorization by an act of Congress, commenced preparations for the construction of a bridge over the Staten Island Sound in New Jersey. The piers of the bridge were to rest, and the bridge was to stand, on land belonging to the State. The State of New Jersey, through its attorney general, sought to enjoin such action, relying on a New Jersey statute prohibiting the construction of such a bridge without the permission of the State legislature. The court, in holding that the United States had the power to authorize the construction and that the State statute interfering with such construction was, therefore, unconstitutional, stated (at p. 19):

"If it is necessary that the United States Government should have an eminent domain still higher than that of the State in order that it may fully carry out the objects and purposes of the Constitution, then it has it. Whatever may be the necessities or conclusions of theoretical law as to eminent domain or anything else, it must be received as a postulate of the Constitution that the Government of the United States is invested with full and complete power to execute and carry out its purposes. And as one of these purposes is the regulation of commerce among the several States, and as that involves the needs and ways of intercommunication, it follows that Congress may provide for these necessities whether the States cooperate and concur therein or not."

The above language was quoted with approval in *Cherokee Nation* v. *Southern Kansas Railway Co.* ((1890) 135 U. S. 641, 655).

In *United States* v. *Town of New Castle* ((D. N. H. 1908) 165 Fed. 783) the court indicated that it would have no difficulty in finding that the United States could acquire land belonging to a State provided Congress had specifically authorized such taking, saying (at p. 788):

"There is also a serious question whether property already lawfully taken and held for the uses of the State as a public way can be taken for the uses of the United States without express authority therefor. Of course, defense against a public enemy is of a higher character than the matter of going and coming on foot or with teams, so that it cannot be denied that the United States would have a right to take public ways for the purposes of fortification. The difficulty arises out of the question whether such a right can be inferred from mere general phraseology like that of the act of August 18, 1890. It would be unreasonable to assume that Congress intended that Federal officials should assert jurisdiction to interfere with the public purposes of sovereign States without express authority therefor."

Willoughby, in his work on Constitutional Law, supra (at p. 180), sets forth the doctrine in the following language:

"That, in cases of conflict, the power of eminent domain of the States must yield to the constitutionally superior power of eminent domain of the United States is well settled."

Likewise, in 1 Nichols on Eminent Domain (1917), section 36, the following appears:

"* * * it would seem that the United States could not, for the sake of mere convenience, take the property of a State which was devoted to the public use and the loss of which would seriously cripple the State in carrying on its proper functions. The right of the United States to take for Federal uses property devoted to the public use of the State is however paramount, and may be exercised, even for mere convenience, if the importance to the State of the property required is comparatively trivial, and in case of necessity, the State would have to yield in any event."

In view of the above, it is believed that the Federal Government may exercise its power of eminent domain in the performance of its Federal functions to make such acquisitions where to do so does not seriously interfere with the sovereign functions of the State.

III. ACQUISITION OF LAND IN EXCESS OF THAT ACTUALLY USED IN HIGHWAY CONSTRUCTION

The basic constitutional question presented by this phase of the bill under consideration is whether Congress, in order to carry out the powers conferred upon it, may exercise the right of eminent domain in furtherance of a program of recoverable expenditures to the extent that real property will be taken which will not actually be occupied by the projects contemplated by the bill. Such taking, however, will be for the object of promoting the development of highways on a self-liquidating basis.

The Federal Government, as a government of delegated powers, must necessarily act in furtherance of one or more of those powers. The Federal Government is authorized to regulate, which includes the power to foster and promote, interstate commerce (*Second Employers' Liability Cases,* (1912) 223 U. S. 1, 47; *National Labor Relations Board* v. *Jones & Laughlin Steel Corp.* (1937) 301 U. S. 1, 36–37), to establish post offices and post roads, and to provide for the common defense. It is also authorized to tax to provide for the general welfare, which includes the concomitant power to spend for the general welfare (*United States* v. *Butler* (1936), 297 U. S. 1, 65; *Helvering* v. *Davis* (1937), 301 U. S. 619, 640). The spending power is of equal importance in the carrying out of governmental functions with the other powers of the National Government, such as the power to regulate interstate commerce, the power to establish post offices and post roads, and the war power.

It is clear that the United States may exercise the right of eminent domain to acquire real property as may be useful for post offices, post roads, military purposes, or for the promotion of interstate commerce and in furtherance of any other delegated powers. *United States* v. *Gettysburg Electric Railway Co.* ((1896) 160 U. S. 668, 681); *Kohl* v. *United States* ((1875) 91 U. S. 367, 371). Since there is the power to tax and to spend for the general welfare, the acquisition of real property which is necessary to carry out a program of spending for the general welfare would seem unquestionably within the power of the United States. The program contemplated by the bill is clearly an exercise of the spending power, as well as the power to construct highways under the war power or the commerce clause or the power to provide for post offices and post roads.

The device of taking by eminent domain is a means of accomplishing the legitimate legislative object of this bill. Congress in exercising the powers conferred upon it, is given wide discretion in the choice of means whereby its legitimate objects may be accomplished. *McCulloch* v. *Maryland* (4 Wheat. 316), *Legal Tender Cases* ((U. S. 1870) 12 Wall. 457, 533, 536); *Fairbank* v. *United States* ((1901) 181 U. S. 283, 287); *Head Money Cases* ((1884), 112 U. S. 580, 595).

The power to finance in the most appropriate and economical manner the construction of highways, which are clearly within the power of the Federal Government to build, may be effectually denied to the United States if the power to acquire adjacent property by eminent domain is denied. In order to go forward with highway improvements, the program must to some extent be financed by the increased property values created by the program because the tolls to be charged for the use of some of the improvements will not alone be adequate for the purpose of recovering the expenditure. The taking of adjoining property would seem clearly to be a valid exercise of the right of eminent domain by the Federal Government in direct furtherance of its power to build highways. See *California* v. *Pacific Railroad Co.* ((1888) 127 U. S. 1, 39).

In *City of Cincinnati* v. *Vester* ((C. C. A. 6th, 1929) 33 F. (2d) 242), often cited as a bar to excess condemnation, the question involved was the interpretation of an ordinance of the city of Cincinnati under the Constitution of Ohio, which the circuit court of appeals held authorized condemnation for a nonpublic use. The Supreme Court affirmed the judgment of the circuit court of appeals, but expressly declined to consider the constitutional validity of excess condemnation in that case ((1930) 281 U. S. 439). The remarks of the lower court on the due-process clause would seem to deny that "free scope for the exercise of a

wide legislative discretion in determining what expenditures will serve the public interest" allowed by the Supreme Court in *Carmichael* v. *Southern Coal Co.* ((1937) 301 U. S. 495, 514).

The opinion in *United States* v. *Certain Lands in the City of Louisville* (C. C. A. 6th, 1935, 78 F. (2d) 684), to the effect that the Federal right of eminent domain could not be exercised in furtherance of a low-cost-housing project was based upon the theory that neither the relief of unemployment nor slum clearance was a proper Federal purpose. Such reasoning has been clearly repudiated by the Supreme Court in *Steward Machine Co.* v. *Davis* (1937, 301 U. S. 548), and in *Helvering* v. *Davis* (1937, 301 U. S. 619), upholding unemployment compensation and old-age pensions under the Social Security Act. In the Steward case Mr. Justice Cardozo said (at pp. 586–587):

"It is too late today for the argument to be heard with tolerance that in a crisis so extreme the use of the moneys of the Nation to relieve the unemployed and their dependents is a use for any purpose narrower than the promotion of the general welfare."

And in *Helvering* v. *Davis*, he pointed out (at p. 641):

"Needs that were narrow or parochial a century ago may be interwoven in our day with the well-being of the Nation."

Likewise, the Court of Appeals of Kentucky held that condemnation of land for low-cost housing constitutes a State public use. *Spahn* v. *Stewart* (1937, 268 Ky. 97, 103 S. W. (2d) 651).

The question of what constitutes a public purpose is a constantly growing and expanding concept over which novelty imposes no veto. *Sun Printing & Publishing Association* v. *New York* (1896, 8 App. Div. 230, 236–238, 40 N. Y. S. 607, 610, affirmed (1897) 152 N. Y. 257, 46 N. E. 499). It is unfortunate that the question of a State's power to take excess land was first presented on the theory that such taking was only an attempt by the State to exercise its power of eminent domain for the purpose of making a commercial profit, and that the use of excess condemnation as an appropriate and economical method of carrying out public improvements was not clearly perceived. *In re Opinion of the Justices* (1910, 204 Mass. 607, 91 N. E. 405).

Viewed in the light of these principles stated, the power of the Federal Government to acquire real property adjacent to a highway improvement, the value of which is increased by such highway improvement, as a necessary means of prosecuting the building of the highway, would seem to be conferred by the Constitution. Indeed, excess condemnation bears a striking analogy to special assessments on property specially benefited.

IV. OBTAINING EXCLUSIVE LEGISLATIVE JURISDICTION IS NOT A PREREQUISITE TO EXPENDITURE OF PUBLIC MONEY UNDER THIS BILL

Section 355 of the Revised Statutes (U. S. C. title 40, sec. 255), provides:

"No public money shall be expended upon any site or land purchased by the United States for the purposes of erecting thereon any armory, arsenal, fort, fortification, navy yard, customhouse, lighthouse, or other public building, of any kind whatever, until the written opinion of the Attorney General shall be had in favor of the validity of the title, nor until the consent of the legislature of the State in which the land or site may be, to such purchase, has been given."

That section has been construed to prohibit the expenditure of public money for the structures enumerated therein unless the Federal Government has acquired complete legislative jurisdiction ((1935) 38 Op. Atty. Gen. 341; opinion of the Attorney General to the Secretary of the Treasury, dated May 5, 1939). It is clear that this limitation on the power of the Federal Government to expend money in the construction of public buildings is a legislative limitation rather than a constitutional one (*James* v. *Dravo Contracting Co.* (1937), 302 U. S. 134, 148). As such, it is clearly within the power of the Congress to remove that limitation wherever and to whatever extent Congress may deem it wise. That has been done in sections 5 (h) and 19 of the bill as originally introduced. By reason of those sections, the limitations of section 355 of the Revised Statutes do not apply to any public building erected under authority of the bill. The procedure afforded by those sections appears to adequately protect the interests of the United States.

V. OBTAINING LEGISLATIVE JURISDICTION IS NOT NECESSARY FOR ACQUISITION OF PROPERTY BY FEDERAL GOVERNMENT

The consent of the State to the Federal Government's acquiring property within that State, whether by purchase or condemnation, is to be distinguished from the State's consenting to or ceding to the Federal Government the right to legislate over such property (1 Willoughby, sec. 251). It has already been shown that the consent of the State to the taking of property is not a prerequisite to the exercise by the Federal Government of its power of eminent domain.

As to legislative jurisdiction, it is well settled that the Federal Government in acquiring property within a State need not attain the fullest legislative jurisdiction contemplated by article I, section 8, clause 17, of the Federal Constitution. That clause merely enables Congress to exercise complete and exclusive jurisdiction where the State has consented to or ceded such jurisdiction (*Fort Leavenworth R. R. Co.* v. *Lowe* (1885), 114 U. S. 525, 530; *James* v. *Dravo Contracting Co.* (1937), 302 U. S. 134, 148). Indeed, the United States need not accept exclusive jurisdiction if such assumption is contrary to its own conception of its interests (*Mason Co.* v. *Tax Commission* (1937), 302 U. S. 186, 207).

Where the Federal Government has acquired property within a State and there has been no yielding of legislative jurisdiction, it would seem that the State may not, nevertheless, use its power to legislate in such a manner so as to interfere with the Federal governmental purposes for which the property has been acquired. If, as the Court pointed out in the *Kohl case*, supra, the power of eminent domain cannot be emasculated by the failure of the State to consent to the acquisition, it would follow a fortiori that, once the Federal Government had acquired the property, the State may not, under the guise of its legislative power, destroy the effective use of the property in carrying out the Federal purpose for which it was acquired. In the *Dravo case*, supra, the Court stated (at p. 147):

"It is not questioned that the State may refuse its consent and retain jurisdiction consistent with the governmental purposes for which the property was acquired."

In the *Fort Leavenworth case*, supra, the Court made a similar observation, stating (at p. 539):

"Where, therefore, lands are acquired in any other way by the United States within the limits of a State than by purchase with her consent, they will hold the lands subject to this qualification: That if upon them forts, arsenals, or other public buildings are erected for the uses of the General Government, such buildings, with their appurtenances, as instrumentalities for the execution of its powers, will be free from any such interference and jurisdiction of the State as would destroy or impair their effective use for the purposes designed. Such is the law with reference to all instrumentalities created by the General Government. Their exemption from State control is essential to the independence and sovereign authority of the United States within the sphere of their delegated powers. But, when not used as such instrumentalities, the legislative power of the State over the places acquired will be as full and complete as over any other places within her limits."

SUMMARY

To summarize: (1) Congress may constitutionally authorize the taking of land by condemnation with or without the consent of the State in which the land is located; (2) Congress may constitutionally authorize the acquisition of land already devoted to a public use; (3) the Federal Government may acquire property adjacent to highway improvements, the value of which is increased thereby, as an appropriate and economical means of carrying on the construction of highway improvements authorized to be built under the Constitution; (4) obtaining exclusive legislative jurisdiction over property acquired by the United States is not a constitutional prerequisite to the expenditure of Federal money thereon, nor essential to the carrying out of the Federal purpose for which such lands are acquired.

Mr. BARKLEY. Mr. President, I am anxious to hasten on to other parts of the program.

Mr. McNARY. Mr. President, I have some further questions, but I will defer them.

Mr. JOHNSON of Colorado. Mr. President, I should like to ask one very brief question to clear up a point in connection with the road program. Suppose a State should borrow money, under the proposed legislation, could the State use the money to match Federal-aid money, in a road program?

Mr. BARKLEY. I do not see any reason why it could not, because if it borrows it, it is a direct loan for the purpose of highway construction, which it would have to be. I think it could add the amount it borrowed to the amount which it would require to match the Federal appropriation.

Mr. BYRD. Mr. President, before the Senator from Kentucky leaves the subject of the toll roads, I should like to ask him a question. The report of the department of roads says that there are only two sections of roads in the United States which would be self-liquidating as toll roads. One is from Philadelphia, Pa., to New Haven, Conn., a distance of 172 miles. The judgment that the road would be self-liquidating is based on a toll of one and a half cents per mile, which is equivalent to the cost of the gasoline, and that would be in addition to the average gasoline tax, which is approximately 6 cents a gallon, and all the other taxes the motorists pay; and for the other roads of the country covered by the report they would be self-liquidating only to the extent of 40 percent. I wondered whether the Senator seriously contemplated the construction of toll roads, under the proposed legislation, on the assumption that they would be self-liquidating.

Mr. BARKLEY. No; with all my usual optimism, I would hardly expect the Public Roads Administration to start out through the country under this program and build a new highway with the viewpoint of undertaking to reimburse the

Government by tolls it would collect from it, unless it should be in one or two densely populated sections, where the people would prefer to pay tolls rather than suffer the inconvenience of travel over an unsatisfactory highway.

I happened to be in Naples, Italy, 2 years ago, and there I saw one of the superhighways, which runs from Naples out toward and, I think, almost entirely to the little town of Sorrento, a distance of about 35 miles. It is a beautiful road, and there is a toll charge of about 50 cents for the use of that road from the outskirts of Naples on to the town of Sorrento. Anyone who is in a hurry or who desires to enjoy a ride and avoid the congestion caused by the starts and stops of automobiles in congested areas will pay the toll in order to avoid such inconveniences.

It has been estimated that between the city of New York and the city of Albany, a distance of 150 miles, a truck hauling a load of freight is required to stop on an average of every 3 miles, and that every time they stop and start they not only increase the consumption of gasoline and delay their speed in traversing the territory, but that in the process of starting and stopping they injure the machinery of the car to such an extent that they would be willing to pay a reasonable toll in order to avoid that sort of travel.

Whether any such road would be built under this program would depend entirely upon the ability of the highway department in Washington to cooperate with the State in working it out, and whether it would be completely self-liquidating would depend upon the tolls collected. I doubt whether any such road would be built under the program.

Mr. BYRD. The real effect of the legislation would be that loans would be made to the localities.

Mr. BARKLEY. I think very largely either loans or leasing arrangements, by which the money would be advanced, which would be practically loans.

Mr. BYRD. That being the case, should there not be an equitable division among the States, as in the case of the present highway appropriations, because, of course, the States get the benefit of the money at a very low rate of interest, as provided in the bill?

Mr. BARKLEY. That is true, and theoretically much could be said for an equitable division. But here is a program designed to relieve the congestion of traffic in the more crowded sections of our country, and ultimately, no doubt, the entire country would be in a similar situation. But it is extremely important, in my judgment—and the Public Roads Administration has made its surveys with a view to that—that in the greatly congested areas, where the congestion not only delays traffic but endangers life, and in some of the cities where there has been such a decadence in the value and the use of property that banks and trust companies have been required to take over what was otherwise valuable property, which was sold for taxes because the owners could not pay the taxes and pay the debts—in such cases as that, in large cities, to get the improvements, through the cooperation of the Federal Government and the local authority, widening and improving these highways and beautifying them, it would be worth while not only to the communities but to the Nation as a whole to expend the amount of money made available wherever the need is the greatest. I doubt whether in my State any of this money would be expended for a highway, although it would be expended for underpasses, overpasses, bridges, and other facilities which are a part of the highway system.

Mr. BYRD. Could not the municipalities borrow the money from the public instead of borrowing it from the Federal Government? What advantage in the way of interest would the municipalities or the States receive by making these loans with the Federal Government instead of making them direct with the public?

Mr. BARKLEY. Of course, I assume they would get a low rate of interest.

Mr. BYRD. There would be a low interest rate. As the Senator knows, practically all the States and subdivisions of States throughout the country can borrow money from the public if they desire to do so. If the Federal Government is going to allow a low rate of interest, then there should be an equitable division among the 48 States, and 1 or 2 States should not be selected.

Mr. BARKLEY. I think the $500,000,000 program made possible under the bill will be sufficient to give all the States whatever they need in proportion to their need, as compared with other States. But if it were divided up on an equitable basis in proportion to population—which I judge is what is in the Senator's mind—the money might be expended in a State where there was no need for super facilities, bypasses, or bridges, or greater facilities for highway travel.

Mr. BYRD. From the report of the Bureau of Roads it appears that the average cost per mile is $202,270, so that there would not be any wide distribution of this money.

Mr. BARKLEY. That is in a case where the Government would start out and build a highway of its own through some virgin territory. But that does not necessarily mean the average for short byroads or feeder roads.

Mr. BYRD. Short roads through congested areas cost much more. The report shows that the maximum cost from Jersey City, N. J., to New Haven, Conn., is $1,158,000 a mile.

Mr. BARKLEY. The Senator can argue that point when he begins to discuss the measure. I do not wish to spend the whole day on the road program, though I am glad to answer any questions I can answer. I will say to the Senator in all frankness that if the Congress is to adopt a program of this kind, which is Nation-wide in its scope, but, of course, designed to relieve the conditions where relief is needed to the largest extent, it would be unfortunate to divide this money, because it is not an appropriation, it is money that is to be derived from private sources through the agency of the Reconstruction Finance Corporation. It is intended to draw from private sources not now being used for this purpose money to invest in highway improvement, and it would be unfortunate to place it upon the same basis with a direct appropriation from the Treasury, in a case where the States are required to match the funds in order to get the aid.

Mr. BYRD. The original bill introduced provided for the purchase of the excess land on each side of the road. The message sent by the President to the Congress accompanying the report of the Bureau of Roads advocated that this land be used for the purpose of paying for the construction of the road, by selling it for one purpose or another, thus having the Federal Government go into the real-estate business. Does the revised bill permit the Corporation, or anyone receiving the money, to buy excess land in addition to what is required for the road itself?

Mr. BARKLEY. Yes; the bill would authorize the Federal public roads authorities, in cooperation with the States of course, to purchase whatever may be necessary or convenient, including adjacent lands on the side of these highway improvements.

Mr. BYRD. Then, one other question, Mr. President. What is the interest rate at which the Senator estimates this money will be loaned to the localities?

Mr. BARKLEY. The bill provides that it shall not be greater than the yield on the longest term outstanding Government obligations. That means, of course, that if one pays $115 for a United States bond payable in 1950 or 1960, bearing, let us say, 4-percent interest, the yield on that to the investor who buys it now at that premium might be 2½ percent.

Mr. BYRD. I do not know what it might be. I mean, if this bill is passed today, what will be the interest charge as fixed by the bill, in the event these loans are made to the States and localities?

Mr. BARKLEY. The interest charge will be the maximum yield every 3 months, every quarter, fixed by the R. F. C., based upon the yield of the longest term outstanding Federal obligations.

Mr. BYRD. Can the Senator now state that rate?

Mr. BARKLEY. Based upon the market price of the outstanding long-term bonds, and the interest which they bear, it is estimated that at this time the maximum interest rate would be 2⅜ percent.

Mr. BYRD. What would be the minimum interest rate?

Mr. BARKLEY. There is not any minimum interest rate.

Mr. BYRD. Does the Senator mean that the R. F. C. and the President and the Secretary of the Treasury can lend the money at 1 percent if they choose to do so, or one-half percent?

Mr. BARKLEY. No; I do not mean that. I mean that the average rate on these obligations would be the yield on the longest term obligations of the Government which are now outstanding.

Mr. BYRD. The Senator said that the maximum rate would be 2⅜ percent.

Mr. BARKLEY. It depends on the maturity. In the bill the callable date is regarded as the maturity date.

Mr. BYRD. But the Senator fixes standard rates in the bill. Certainly there is some way to find out what the interest rate will be for the next 3 months if the bill is passed in the next few days.

Mr. BARKLEY. So far as I can estimate, it would vary at the end of every 3 months—every quarter. That would not affect the interest rates of previous bonds but would apply to those that are to be sold thereafter. At the present time it would be approximately 2⅜ percent.

Mr. BYRD. For the next quarter?

Mr. BARKLEY. Yes.

Mr. BYRD. My recollection of the testimony at the hearings is that the interest rate went down to as low as 1 percent.

Mr. BARKLEY. That would be only for a 5-year loan. The long-term obligations issued by the R. F. C. to carry out this program would not carry such a rate.

Mr. BYRD. Can the Senator tell the minimum rate possible under this bill?

Mr. BARKLEY. No; I could not tell the minimum rate possible, because it would all depend on the length of the loan, and depend on the yield at the time the loan was made.

Mr. BYRD. The Senator means the length of the loan made to the State or locality?

Mr. BARKLEY. Yes; of course. If it were a 5-year loan, it would probably be at a lower rate of interest than if it were a 20-year loan.

Mr. BYRD. It is not determined, then, by the cost to the R. F. C. in borrowing the money?

Mr. BARKLEY. Yes; the bill says that the loan shall be made at a rate which will compensate the Reconstruction Finance Corporation for what it has to pay for the money in the market, but it shall not be greater than the yield on the long-term United States Government loans.

Mr. BYRD. What the Senator says is that 2⅜ percent is the maximum rate, and not the minimum rate?

Mr. BARKLEY. No; it is not the maximum rate.

Mr. BYRD. I do not want to irritate the Senator, but I think it is important for the Senate to know what the minimum is for which the money can be loaned.

Mr. BARKLEY. There is no way of knowing the minimum rate, and I think the Senator from Virginia understands that there is no way of knowing what the minimum rate may be, because it will depend from time to time on the yield of the bonds, and it will depend from time to time on the interest which the Reconstruction Finance Corporation is required to pay in obtaining the money from the public. So there is no question of irritation between the Senator from Virginia and me.

Mr. BYRD. The Senator from Kentucky suggested it was to be fixed on the basis of the longest term borrowing by the United States for the next 3 months. Certainly that is a standard by which we can determine what the rate will be. That can be ascertained from the Secretary of the Treasury. What is the rate today on the longest term obligations of the Federal Government, and is that the rate that is going to be fixed in making these loans to the localities?

Mr. BARKLEY. That will depend on the length of the loan, as I said, and on the yield. But based on the present prices of long-term bonds, the rate on a 5-year loan would be 1 percent; on a 10-year loan, 1⅞ percent; on a 15-year loan, 2¼ percent; and on a 20-year loan, 2⅜ percent.

Mr. BYRD. The Senator has finally given me the rate I asked for. The Government then is making a gift to those who make the loans of from 1½ to 2 percent of what it would cost the States to get money for themselves.

Mr. BARKLEY. No; because the Reconstruction Finance Corporation and the Treasury are able to get the money on short-term obligations, which enables them to loan it to the municipalities and the States at that price.

Mr. President, I ask that a table prepared by the Treasury Department be inserted in the RECORD. It shows the estimated rate of interest on the loans made for various periods.

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

The table is as follows:

EFFECTIVE CAPITAL GRANT, FOR PROJECTS WITH LOANS OF SELECTED MATURITIES, PROVIDED BY REDUCED INTEREST RATES UNDER BARKLEY-STEAGALL BILL

TABLE A.—*Loans of selected amortized maturities (equal annual debt service)*

Longest maturity of amortized loans	Probable range of interest rates under Barkley-Steagall bill	Capital grants provided by reduction in interest rates under Barkley-Steagall bill from the following rates—		
		4 percent	3½ percent	3 percent
	Percent	*Percent*	*Percent*	*Percent*
40 years	2¼	24	18	12
	2⅜	23	17	10
	2½	21	15	8
30 years	2⅛	21	16	11
	2¼	20	15	9
	2⅜	19	14	8
20 years	1¾	19	15	11
	1⅞	18	14	10
	2	17	13	9
10 years	⅞	15	13	11
	1	14	12	10
	1½	14	12	9

TABLE B.—*Loans of selected average maturities (or term loans)*

Average maturity	Present P. W. A. rate	San Francisco-Oakland Bridge rate	Probable rate under Barkley-Steagall bill	Capital grants provided by reduction in interest rates under Barkley-Steagall bill from the following rates:	
				Present P. W. A. rate	San Francisco-Oakland Bridge rate
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
20 years	4	3.50	2⅜	22	16
15 years	4	3.40	2¼	19	13
10 years	4	3.00	1⅞	17	10
5 years	4	2.00	1	13	5

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

Mr. BARKLEY. I yield.

Mr. TOWNSEND. I think the Senator from Kentucky is correct in saying that if the Reconstruction Finance Corporation desired to borrow the money the maximum rate would be about 2⅜ percent.

Mr. BARKLEY. It would be now.

Mr. TOWNSEND. It would be now. But there is nothing that would prevent the Reconstruction Finance Corporation from borrowing the money for 2 years on the same basis that the Government borrowed yesterday or the day before, at five-eighths percent, and loaning it at that rate. There is nothing to prevent the Government from loaning the money at that low rate.

Mr. BARKLEY. If the Government should borrow money at such a rate and could give the localities the advantage of that rate on a short-term loan, I do not see any objection to it.

Mr. TOWNSEND. No; I am not raising that point. I mean to loan it at any rate for which the Government can get the money.

Mr. BARKLEY. The Government can loan it at a rate of interest calculated to repay the Reconstruction Finance Corporation for its outlay in obtaining the money.

Mr. TOWNSEND. Without any profit.

Mr. BARKLEY. Without any profit.

Mr. TOWNSEND. In its present loans the R. F. C. gets a coverage. Under this new bill it gets none to take care of its losses in any way.

Mr. BARKLEY. The loans are offered to the public somewhat as a recompense for the elimination of the grant features of the special P. W. A. loans which have been made in the past.

Mr. President, I have taken more time on the question of roads than I had intended to take on the entire bill, but I do not want to be unresponsive to Senators who are seeking information if I can impart it.

Mr. ADAMS. Mr. President, I am seeking information.

Mr. BARKLEY. The Senator does not need to seek information, for he has much of his own. I am greatly complimented by the Senator's intimation that I can furnish him information.

Mr. ADAMS. Mr. President, I am sitting at the feet of Gamaliel. I am interested now in the interest rate. On page 15 of the bill there is the provision that the interest shall be at a rate which shall be reasonably expected to reimburse the Corporation for the cost of the capital. That is qualified, however, by the language, "not to exceed the highest yield to maturity on the longest term outstanding issue of obligations of the United States." That involves the question of yield.

I should like to have it explained why the question of yield should enter into the consideration. "Yield" is the amount which the holder of the obligation receives. What we are concerned with, it seems to me, is what the money will cost the Government. A change in conditions might develop which would reduce the yield to a point where there would be an actual loss; here the cost to the Government would be in fact more than the yield. It seems to me that if we eliminated the second portion we would be taking care of the problem rather justly, by simply saying that the money shall be loaned at a rate which will reimburse the Government, and not put in the additional provision which might result in a loss to the Government.

Mr. BARKLEY. I will say to the Senator that the question of yield is appropriate for consideration, because it determines the willingness of the public to invest its money in obligations of this character. If I had $100,000, and were willing to buy a United States bond bearing on its face 4-percent interest, payable in 30 years at one hundred and twenty, of course I would not get 4 percent on my investment. The yield on that investment would be reduced in proportion to the amount above par that the bond was bringing in the public market. And so that is a fair test of the willingness of the public to invest its money in Government obligations.

Mr. ADAMS. But the Government is paying the full rate specified in the bond.

Mr. BARKLEY. Yes.

Mr. ADAMS. That is what it costs the Government.

Mr. BARKLEY. Yes; that is what it has cost the Government to get the money represented by that particular bond, and that in a fair way represents the willingness of the public to invest its money in the obligations, not based on the rate of interest the bond bears, but based on the yield the public obtains by paying more than par.

Mr. ADAMS. Would the sponsors of the measure not accomplish what they have in mind in the first section if they should provide that the rate shall be such as will reimburse the Reconstruction Finance Corporation? The Corporation gets the benefit of the desire of the communities to borrow at low rates.

Mr. BARKLEY. The Reconstruction Finance Corporation so far has not issued any obligations, as I recall, for a longer term than 5 years, and, by reason of that, they have been able to obtain money at a very low rate of interest. So has the Treasury on its short-term obligations. But, when we authorize the Reconstruction Finance Corporation to issue bonds payable at the end of 30 years, we have got to consider that such bonds cannot be sold on the basis of seven-eighths of 1 percent interest, or even 1 percent. Probably a rate in proportion to the length of the bond may have to be provided. For that reason the language probably would not protect the Reconstruction Finance Corporation altogether, and would not set a standard by which it might gage its operations in the future in determining interest rates, although I will say to the Senator that, fundamentally, it is not the desire of those who have sponsored this proposed legislation that the Reconstruction Finance Corporation shall make a profit out of the municipalities and States and subdivisions of the States by lending this money. All we hope to do and expect to do is to have the Reconstruction Finance Corporation reimbursed for the amount which it has to pay, with interest.

Mr. ADAMS. How would the Senator interpret the term "cost"? Would he narrow the term "cost" to the interest which is paid, or would there be an allowance for handling charges? There would be an expense to the Reconstruction Finance Corporation in the issuance of the paper and the handling of the money.

Mr. BARKLEY. I think the word "cost" is limited to the amount the Reconstruction Finance Corporation is required to pay for the money. Any administrative costs involved in the operation of the program would be taken care of as are other administrative costs.

Mr. ADAMS. There would be a definite loss to the corporation.

Mr. BARKLEY. There might be if it were figured in that way. Congress would be authorized to appropriate enough money to administer the act by the employment of personnel in Washington.

Mr. ADAMS. The Senator did not want to get off the highway; but let us apply that situation to the purchase of railroad equipment.

Mr. BARKLEY. I will say to the Senator that I am coming to that subject a little later.

Mr. ADAMS. The same thing applies. The interest rate is uniform.

Mr. BARKLEY. Section 19 of the bill provides that—

> There is hereby authorized to be appropriated from time to time such sums as may be necessary for administrative expenses in carrying out the provisions of this act.

The administration would be the same.

Mr. ADAMS. I was hoping that a different interpretation would be placed on "cost." I was thinking in terms of a railroad company, which is purely privately owned. It wants to buy a streamlined train, or something of that sort, experimentally. It comes to the Reconstruction Finance Corporation. It is planned to lend the railroad 100 percent of the cost. The Reconstruction Finance Corporation would receive as security only a lien of some kind on the property purchased.

Many railroads are bankrupt. They might want to buy equipment. The Government would be furnishing the total cost. The Government's security would be limited to the equipment bought and put into use. We would say to a railroad, "We will buy the equipment for you, and will charge you for the money only the naked interest rate which we pay. We will not seek to reimburse ourselves for the cost of making the loan, printing the bonds, or any incidental costs. We will take the hazard." If the streamlined train should prove to be a failure, all the Government would have would be a heap of junk. It seems to me that the provisions of the bill are unduly considerate and favorable toward the railroads.

Mr. BARKLEY. Of course the Senator may not altogether agree with me; but I realize that the railroads of the country as a whole are sadly deficient in equipment and rolling stock. Forty-five percent of all the engines now in operation in the United States are more than 20 years old.

Mr. ADAMS. But the railroads have 2,000 engines in good order standing on sidings and not being used.

Mr. BARKLEY. More than 45 percent of all boxcars——

Mr. ADAMS. The railroads have 200,000 boxcars on sidings in good order and not being used.

Mr. BARKLEY. No, no. I am afraid the Senator is exaggerating his figures.

Mr. ADAMS. The figures are in the RECORD.

Mr. BARKLEY. That situation may be true on some roads.

Mr. ADAMS. The figures represent the aggregate for the railroads of the United States.

Mr. BARKLEY. I am talking about the country as a whole. Less than 3 percent of the boxcars and engines now in use in the United States are under 10 years of age. It may be and no doubt is true that a few strong roads would not need this money. However, many do need it; and they are not in a position to obtain loans from private sources, because of the condition of the roads and because of the money market.

I did not wish to discuss the railroad question until I reached it, because I want to take up these things in the order in which I have them. However, inasmuch as the Senator has asked me about that matter, I shall answer his question if I can.

The only objection of the railroads to the bill, as disclosed in the hearings, was that as originally drawn the language seemed to carry some compulsion; also, that it might be construed to permit the Government to build a railroad shop or to invest money in building equipment, with the speculative prospect that it might lease the equipment to railroads. An amendment was offered and adopted in the committee, and after its adoption the railway people withdrew any further objection to the language, and rather approved the purposes of the bill.

The Reconstruction Finance Corporation, without the intervention of any other subsidiary corporation, may enter into contracts with railroads which desire to use the fund, and which need it. The bill is only for those which need money, and not for those which do not. A railroad which does not need equipment would have no object in going to the Reconstruction Finance Corporation or to any private lending agency to borrow money for purposes for which it did not need money.

The bill enables the Reconstruction Finance Corporation to enter into contracts, which it does not now have the power to do, for leasing material to railroads and for furnishing money to them to build equipment such as engines, boxcars, passenger cars, and all sorts of railroad equipment. Such an arrangement would stimulate employment and the investment of private funds to the extent of $350,000,000, and probably would indirectly stimulate a much larger sum, in order that the roads which need the equipment may be able to obtain it on terms which would enable them to refinance and repay the Government.

It might work out in some cases that the rate of interest would be less than is being paid by some other road to a private lender. However, in the particular case of which I am speaking the private lender is unwilling to make the loan, or the railroad, through some deficiency of its own, is unwilling to take the risk of a direct loan, which would be a short-term loan. The banks do not make long-term loans to a sufficient extent to enable the weaker roads, or even those that are not so weak, to indulge in the necessary expenditure of money to improve their equipment.

Mr. ADAMS. My question as to the railroads was whether or not the Federal Government should make a donation to a privately owned corporation in the shape of interest rates less than the cost to the Government. I can understand that we might well make grants to cities, counties, and States; but the effect of the bill would be that we should be making donations to the railroads, which are private corporations.

Mr. BARKLEY. Of course, the arrangement might be interpreted as a grant. If a low rate of interest were interpreted as a grant in the case of a municipality, I suppose it is fair to make the same interpretation with reference to a loan to a railroad. However, it really is not a loan, except in effect. There is this difference: Under the present law the Reconstruction Finance Corporation, with the approval and certificate of the Interstate Commerce Commission, may make direct loans to railroads for certain purposes. However, a method has been worked out by which the Federal Government may obtain the money from the public in order that it may be invested in the more or less languishing equipment facilities in the country to provide better service at a rate of interest which will enable the railroads which need the money to obtain it, and thereby stimulate employment, improve the facilities for transportation in the country in a reasonable way, and as effectively as possible guarantee the repayment of the loan, the advance, or the expenditure, on the theory that when it has been entirely repaid to the Government the equipment will become the property of the road which has used it.

Mr. CLARK of Idaho. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Idaho.

Mr. CLARK of Idaho. I should like to call attention to the testimony of Mr. Pelley, who stated that there was some idle equipment in the aggregate. The Senator from New York [Mr. WAGNER] asked him this question:

> What you said a moment ago has been puzzling me, and I know you would not have suggested it if you did not have an answer. That is, with reference to this equipment which is idle, What is puzzling me is whether or not there are some other roads whose equipment is not included in this idle equipment that might want to come forward and make loans with which to purchase other equipment. Otherwise, I do not know why you would need any more equipment when you have a lot of idle equipment. That is not clear in my mind.

Mr. Pelley replied:

> This—

The "this" was the total figure he gave as to idle equipment.

> This is the equipment of all of the railroads put together, Mr. Chairman. Some have all they want; some would not come in at all at this time, because there is no occasion. Others will, in my opinion.

Then the chairman said:

> You think, in view of what you stated, that there is still a demand for equipment?

Mr. Pelley replied:

> I think there is an opportunity to get some equipment orders placed now, just as this bill is designed to do.

Mr. BARKLEY. I thank the Senator for that contribution from the testimony of Mr. Pelley.

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

Mr. BARKLEY. I yield to the Senator. However, I am very anxious to conclude.

Mr. TAFT. In answer to the Senator from Colorado [Mr. ADAMS], who fears that we are subsidizing the railroads through a low interest rate, I suggest that the subsidy is perhaps balanced by the fact that a Federal system of superhighways would do more damage to the railroads than we could possibly repair by a subsidy. Perhaps the railroads are entitled to a small subsidy.

Mr. BARKLEY. I am afraid the Senator's contribution is facetious.

Mr. TAFT. Not at all. It is very serious. I think the bill would do infinitely more harm to the railroads than we could possibly compensate for by a subsidy represented by a low rate of interest. If the Federal Government should go into the business of building superhighways, the railroads would be out, and there would be just about half as much employment of men on railroads as there is today.

Mr. BARKLEY. During the hearings the Senator from Ohio asked Commissioner Eastman the same question, and Commissioner Eastman denied that any such implication could be inferred from the operation of this measure.

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

Mr. BARKLEY. I yield.

Mr. WAGNER. I think Mr. Eastman said that free roads were more competitive instruments than toll roads.

Before the Senator leaves the discussion of highways I wish to say to the Senator that in New York City we have

tried a toll highway on what we call the West Side Highway, which is free through the city, but as one leaves the city he is charged a 10-cent toll to proceed through the State. Our experience has lasted only a little more than 2 years, but the highway is so successful that the tolls are three and a half times as great as were estimated by the engineers before the project was constructed. Instead of liquidating the debt in a period of 20 years, we shall be able to liquidate it in 10 years or less. I read in the New York Times this morning a report on the new bridge, called the Whitestone Span, which was constructed without any grant of any kind. This report, covering a period of only 2 months, shows that the actual receipts are in excess of the estimates which were made.

If the Senator will be patient for one more moment, let me say that when I read the figures of the P. W. A. and the experience of the P. W. A. with reference to self-liquidating projects, the Senator from Michigan [Mr. VANDENBERG] raised the question that that was not an analogy, because a part of the cost of some of those projects was paid for by grants. So I asked the R. F. C. to give me the figures and their experience with reference to loans on self-liquidating projects in cases where the loan was 100 percent and there was no grant at all. If the Senator from Kentucky will give me permission, I should like to read the figures into the RECORD here, as I think they are rather important.

Mr. BARKLEY. I am glad to yield to the Senator from New York.

Mr. WAGNER. The authorized loans were $400,092,487; the canceled authorizations were $31,841,243; the amount disbursed was $322,018,141; and bonds have been sold to the public or retired in the amount of $282,018,456. On the sale of such bonds the R. F. C. has realized a profit of $16,829,115. Thus there is left in the hands of the R. F. C. a balance of $40,184,000, and on that $40,000,000 the payments are current. That has been the experience of the R. F. C., according to their actual figures.

Mr. BARKLEY. I appreciate very much the facts presented by the Senator from New York.

Mr. TAFT. Mr. President, will the Senator from Kentucky yield to me to make a correction? I refer to the testimony of Mr. Eastman in response to my question:

> Mr. Eastman, another provision of this bill gives the Federal Government power to maintain and operate highway improvements; at least, gives power to set up a complete Federal system of highways, which is in the nature of superhighways across the country. What effect would that have on the business of the railroads?
>
> Mr. EASTMAN. If you charge tolls for them, the railroads might be no worse off than they are now, with the highways which now exist on which no tolls are charged. The railroads are getting plenty of competition from those highways; and I should not think they would be any worse off with highways on which the user had to pay tolls.
>
> Senator TAFT. Mr. MacDonald seemed to doubt the feasibility of the toll road. What do you think of the effect of free roads of that character on railroad traffic? What do you think the effect would be?
>
> Mr. EASTMAN. I think the more and better roads you have the more competition by trucks and busses is facilitated. I think that goes without saying.

And Mr. Pelley's testimony was practically the same:

> Senator TAFT. What effect on railroad traffic would the expenditure of $650,000,000 of Federal money on highways have?
>
> Mr. PELLEY. Their construction would give the railroads some business, but when completed they would take away from us many times the amount of business they gave us during their construction.

Mr. BARKLEY. On that basis, the Federal Highway Act should be repealed and all other methods of transportation should be outlawed, because they compete with the railroads.

Mr. TAFT. They are subsidized methods of transportation.

Mr. BARKLEY. All methods of transportation are subsidized in a sense, either by one form of government or another.

Mr. President, inasmuch as I have already discussed, in response to the Senator from Colorado, the provision with regard to railroad equipment, I do not intend to spend any more time on that now.

This bill also allocates $350,000,000 for the Public Works Administration. We are all familiar with the Public Works Administration. Heretofore it has made loans and grants. Under this bill there will be no grants. This bill provides for loans to public bodies for the type of construction which has heretofore been carried on under the Public Works Administration. Those who have worked out this proposed legislation and are sponsoring it and have investigated the basis of it have come to the conclusion that the time has arrived when we should no longer indulge in making grants to States, municipalities, counties, and local subdivisions throughout the United States, but that they should be willing now to go forward with a program of loans, and, as an inducement for the locality to take advantage of these loans, we have provided a rate of interest which is equivalent over a period of about 30 years to a grant of from 15 to 20 percent in the aggregate.

I am not going to discuss that subject any further except to say that Mr. Carmody, who is the new Administrator of Public Works, and who has up to now been the head of the Rural Electrification Administration, testified that he thinks this entire $350,000,000 will be absorbed in loans of this character for non-Federal projects.

Mr. President, we have in this bill an allocation of $500,000,000 for rural electrification. At the present time there are fewer than one out of every five farms in the United States that enjoy the facilities of electricity. Even after this program shall have been completed, and this $500,000,000 shall have been expended, only one out of every two farms in the United States will have electrical facilities for the enjoyment of the people who live in the rural sections of the country.

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

Mr. BARKLEY. I yield.

Mr. BYRD. How long does the Senator estimate it will take to make this expenditure of $500,000,000?

Mr. BARKLEY. In that connection let me say that Congress authorized 3 years ago a 10-year program for rural electrification at the rate of $40,000,000 a year, which would aggregate $400,000,000 over a period of 10 years. Three years of that 10-year period have now elapsed, leaving 7 remaining. At the rate of $40,000,000 a year for 7 years more, that would be $280,000,000 to be expended. To the original program over the next 7 years to that $280,000,000 we have added $220,000,000 more, making $500,000,000 carried by this bill. Of course, there is no limitation in the bill as to how long it may take to expend the money. It might be expended in 7 years.

Mr. BYRD. I am very much in favor of the rural-electrification program, but I was wondering why we should make provision for 7 years in advance?

Mr. BARKLEY. Such provision has already been made. The original act passed 3 years ago made provision for 10 years in advance.

Mr. BYRD. The money was not provided.

Mr. BARKLEY. But it was authorized, and it was presumed that it would be appropriated at the rate of $40,000,000 a year; but last year the Congress was not satisfied with the rate of speed for carrying out this program at the rate of $40,000,000 a year, and added a hundred million dollars. So for that year the R. E. A. had $140,000,000 available instead of $40,000,000; and out of the $140,000,000, $135,000,000 has been approved and allocated for rural-electrification projects.

Mr. BYRD. Why not continue the practice that has prevailed heretofore of making annual appropriations after authorizations have been made to cover a certain period of time?

Mr. BARKLEY. Because this money is not supposed to come out of the Treasury; it is supposed to be drawn from private investment sources. We modify the original law and now provide a $500,000,000 program as a substitute for the $400,000,000 program adopted 3 years ago, which amount was to be taken out of the Treasury of the United States through direct appropriation, because we feel that these

bonds will be sufficiently attractive to draw the $500,000,000 from private sources to be loaned to rural cooperatives in the various States in order to carry forward the electrification program.

Mr. BYRD. The Federal Government is spending $2 for every $1 that it is taking in, and is now offering Federal bonds that will satisfy the great demand the Senator mentions. It is just as good for Federal bonds to be sold to the public as it is for bonds of the R. F. C. to be so sold, is it not?

Mr. BARKLEY. I do not think the Senator would advocate that it is preferable to have direct appropriations out of the Treasury for the $280,000,000 covering the period of 7 years if we can in the same period, or even in a less period, draw from private sources $500,000,000 to be expended for the same purpose.

Mr. BYRD. Are we not drawing from private sources, anyway, because the Federal Government is issuing its bonds? We are not paying as we go.

Mr. BARKLEY. I do not think it is good business to have part of this program provided for out of the Treasury and part of it drawn from the public by the issuance of bonds. I think it ought to be harmonized, and I think the $500,000,000 can be obtained in the way the bill proposes.

Mr. BYRD. Cannot the R. F. C. get money for these loans if they desire to do it. They have $1,400,000,000 in unused authorizations?

Mr. BARKLEY. Theoretically it could make some loans, but the Senator realizes, while it is true the R. F. C. has $1,300,000,000 of credit, Mr. Jones testified it has been the policy of the R. F. C. never to come nearer than a billion dollars to the exhaustion of the credit authority which they now have under the law.

Mr. BYRD. Is there any good reason for that?

Mr. BARKLEY. Yes; I think there is a good reason, because they feel that that much background is necessary in order to have that much reserve credit. They have proceeded on the basis of that policy up to now.

Mr. BYRD. They have $400,000,000 in addition, then, which must be adequate for this particular expenditure?

Mr. BARKLEY. I do not think so and the R. F. C. does not think so.

Mr. CLARK of Idaho. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CLARK of Idaho. I merely wish to observe that I think this section which has to to with rural electrification better typifies than any other section of the bill the whole theory that underlies this measure. There has been a dispute, I suppose, throughout the ages as to how far government should go into private financing. I well remember when the private utilities, with which I have no quarrel, thought that they could not possibly risk the money of their stockholders in rural electrification. They felt that way because it was too hazardous; farms were scattered far apart. They recognized that the farmer needed electricity and ought to have electricity, but they felt that their own private capital could not legitimately be risked in an undertaking which might be a little hazardous. Consequently the Government had to step into the field where private enterprise did not feel justified in venturing; but the Government's advances for rural electrification have now so justified themselves that throughout the country the private utilities, the program having been justified, are seeking, in many instances, to buy from the Government, at a profit to the Government, if you please, these construction activities.

That illustrates, I think the whole philosophy of this bill. When private enterprise cannot enter, or for one reason or another feels unjustified in entering into certain financing, such as rural electrification—and I will say that reclamation is another example—it is mandatory on the Government to step in and supply the necessary capital, which is returned, as the rural electrification money is being returned, in order that the country may continue to progress and have a sound and expanding economy.

Today rural electrification not only is self-sustaining, but it has furnished the private utilities which in the first instance were afraid to take the risk with an outlet for power which they had never theretofore dreamed of and which now they are exceedingly glad to get, and their power load has been expanding all the time.

That is why I say I think this particular provision of the bill is very important, for Government capital has to step in when private capital either cannot or does not feel justified in stepping in, in order that the entire economy of our country may expand, and the blessings of electricity and water and other facilities may be brought to our people.

Ultimately, there is no substantial loss to the Treasury; and, even if there is a slight loss, it is compensated for many times over by the income taxes and other things the expenditure produces in the form of increased wealth.

Mr. BARKLEY. I very much appreciate the remarks of the Senator from Idaho, with which I entirely agree. If there is any activity of the Federal Government which is justified, it is an activity designed to bring to our rural population the enjoyment of some of the facilities which have long been enjoyed by people in cities and towns and in more congested areas of the country.

Those of us who were raised on farms, as I was, who used to see the women who worked on the farms go through the drudgery of all the labor necessary to keep house without any possibility of any facility that might lift some of the drudgery from their backs, appreciate the opportunity now to bring to these farm families an opportunity to enjoy electrification, not only for electric lights but for the operation of machinery upon the farm and in the performance of the household duties that are so burdensome to many persons with large families. All the things that enter into this program are justified, in my opinion; and not only that, but, as the Senator says, private utility companies have been able to sell more of their power because of these local cooperatives organized among the farmers of the United States; and I will say that they are not quarreling with the program.

Mr. NORRIS. Mr. President——

Mr. BARKLEY. I yield to the Senator from Nebraska.

Mr. NORRIS. It is probably improper—we have not the time—for me to engage in a discussion of the rural-electrification program. I rose only because I do not agree with either of the Senators who have just made remarks in regard to the relationship of the private utilities to the rural-electrification program. Of course, it never would have been started if those living in the rural regions had been given ordinary justice by the owners of the private utility corporations.

Mr. BARKLEY. I do not disagree at all with that statement.

Mr. NORRIS. But when I call attention to one thing, I think neither one of the Senators will disagree with what I am about to say.

I do not want the occasion to pass without calling attention to the fact that the private power companies—those which I have often designated, and I think properly, as the Power Trust—are not entitled to have any chromos thrown into their laps now, as we might say the Senators have come pretty near doing, in regard to the program for carrying electricity to the farm and the farmers of America. I have tried to follow it as closely as I could. I have tried always to do the best I could to develop this good program without injuring the private utilities, and the original act did not do that. It held out to the private utilities the hand of peace. They have often accepted it, probably in good faith; but I have the testimony of the man who knows more about it than any other man on earth—that is, the testimony of Mr. Carmody, who has made a great success of rural electrification—that the one greatest enemy he had, the one greatest obstacle to his program, has been the attempt of the private utilities to build spite lines to interfere, wherever they could, with the carrying out of this program by the Government.

It has been true all over the United States, and it is true at this minute, that whenever the private utilities could throw

a monkey wrench into the machinery, they have not hesitated to do it.

Although this discussion may not have a direct bearing upon the questions at issue, I could not let this occasion pass by and have the impression go out that the private utilities are entitled to any of the credit for this great program, one of the greatest ever undertaken in the world, I think. It is enabling this great blessing to be taken into the homes and onto the farms of the distressed portion of our people, the farmers of America, who, we all now admit, have not had a square deal, have not had a fair opportunity to meet the contingencies of life. I think the present administration is entitled to unmeasured credit, which in years to come is going to redound to the glory of the men who have been behind this great program, a matter of common justice to the toilers of America on the farm; but the private utilities are not entitled to a particle of consideration for any part of the success of the program. It has been brought about against their opposition, and often with their active, malicious opposition.

Mr. BARKLEY. I will say to the Senator from Nebraska that I am sure neither the Senator from Idaho [Mr. CLARK] nor I intended to pass out any chromos to private electric companies. They have attempted to interfere with the rural-electrification program. They have in many cases gone out and discouraged farmers even from forming cooperatives, and they have in many cases sought, as so often happens in matters of that sort, to handicap and hinder and forestall the installation of electrical facilities in many parts of the country.

What I meant to say in my reply to the Senator from Idaho was that in spite of all that, Mr. Carmody—who, as the Senator says, has been a very successful administrator, because his heart has been in the work; he understands it, and he sympathizes with it—has been able to administer the program in such a way that, according to his own testimony before the committee a week or 10 days ago, private utilities are now coming to understand that the program may in many cases be a benefit rather than a damage to them, because it enables them to sell more power.

Mr. NORRIS. Of course, the program is a benefit to them, and it is intended to be so. They had an opportunity to share in it, and to make a great deal of money out of it; but whenever they have had an opportunity to grind down the price, and thought the cooperatives could not otherwise get power at wholesale rates, they have squeezed down with the same hatred and maliciousness, it seems to me, that they have done in the past, and they would do it tomorrow if they had an opportunity to do it again.

Mr. BARKLEY. Mr. President, I now wish to mention the allocation of $600,000,000 to the Agricultural Department to be administered by the Farm Security Administration. Three hundred million dollars of it is to go to the administration of the Bankhead-Jones Act, with which we are all familiar, dealing with farm tenancy, and $300,000,000 of it is to go to rural rehabilitation being carried on under another program and another act of Congress for the rehabilitation of the farmers of the United States.

We all understand that this double program contemplates two separate conditions of agriculture. The Bankhead-Jones Act is intended primarily to deal with tenancy and to enable men who are now tenants to enjoy the ownership of land, while the rural-rehabilitation program is designed and has been carried out primarily for the benefit of men who already own farms but who need to obtain loans upon reasonable terms and upon conditions that will enable them to repay the loans in order to furnish stock and equipment and facilities on the farms they already own, in order that they may enjoy a greater degree of prosperity. I do not wish to go into any details about that program, because I think everybody in the Senate understands it.

Mr. GEORGE. Mr. President——

Mr. BARKLEY. I yield to the Senator from Georgia.

Mr. GEORGE. I desire to ask the Senator from Kentucky a question on that point. I am very much interested in it.

The bill provides as follows:

> To the Department of Agriculture: $600,000,000 for loans for facilities for farm tenants, farm laborers, sharecroppers, and other individuals who obtain, or who have in the past obtained, the major portion of their income from farm operations—

Then the bill proceeds—

> including rural-rehabilitation loans, and projects for the provision of additional water facilities, and farm-tenant loans as provided for in title I of the Bankhead-Jones Farm Tenant Act.

I call the Senator's attention at this point, because I expect to have something to say about it later on, to the fact that so far as the $300,000,000 of the $600,000,000 not specifically allocated is concerned, the grant to the Secretary of Agriculture is broad. It is virtually without any restrictions whatsoever. He may do anything he wants to do with $300,000,000 of the $600,000,000 for loans for facilities for farm tenants, farm laborers, sharecroppers, and other individuals who obtain, or who have in the past obtained, the major portion of their income from farm operations. It seems to me that that is entirely too broad an authority or power to delegate to anybody under any circumstances.

It is true that the provision reads:

> Including rural-rehabilitation loans, and projects for the provision of additional water facilities, and farm-tenant loans as provided for in title I of the Bankhead-Jones Farm Tenant Act, of which amount not less than $300,000,000 shall be available for farm-tenant loans as provided for in title I of said act.

And further:

> That $100,000,000 of any unobligated balances of sums heretofore appropriated or made available to the Secretary of Agriculture to enable him to carry out the provisions of title I of the Bankhead-Jones Farm Tenant Act, the Emergency Relief Appropriation Act of 1938, and the Emergency Relief Appropriation Act of 1939, shall be covered into the Treasury.

But here is a grant to the Secretary of Agriculture in terms sufficiently broad to permit him to do anything.

Mr. BARKLEY. I will say to the Senator from Georgia that the Farm Tenant Act, Public Document No. 210, Seventy-fifth Congress, section 1, provides:

> The Secretary of Agriculture * * * is authorized to make loans in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico to persons eligible to receive the benefits of this title to enable such persons to acquire farms.
>
> (b) Only farm tenants, farm laborers, sharecroppers, and other individuals who obtain, or who recently obtained, the major portion of their income from farming operations shall be eligible to receive the benefits of this title.

Mr. GEORGE. That is true, and I do not quarrel with that at all.

Mr. BARKLEY. The language of the particular section of the pending bill referred to was drawn and worked out by the Solicitor of the Department of Agriculture because it was desired to integrate it with not only the Bankhead Act but the Rehabilitation Act, which has heretofore been enacted by Congress.

Mr. GEORGE. I have no quarrel with that, and I have no quarrel with the appropriation so far as the Farm Tenancy Act is concerned; but this provision does not mean only that. It means that $300,000,000 is given Mr. Wallace to do with as he pleases, and, so far as I am concerned, I have no such confidence in Mr. Wallace or his organization as would justify me in voting a blank check to him of $300,000,000 to be expended as he pleases.

Mr. BARKLEY. Mr. President, it is a matter of opinion——

Mr. GEORGE. No; it is not a matter of opinion.

Mr. BARKLEY. As to whether Secretary Wallace will administer this appropriation. The Senator from Alabama [Mr. BANKHEAD] knows more about this provision of the bill than I do, because he has been especially interested in legislation of this character. The Secretary of Agriculture testified before the committee. The bill originally did not contain the $300,000,000 allocation, but was amended in the committee on the motion of the Senator from Alabama to allocate this $300,000,000 to farm tenancy under the Bankhead-Jones Act, and my recollection of the Secretary's testimony, and that of others of the Department of Agriculture, was that in the administration of the Bankhead-Jones Act

the provisions of the rehabilitation program would be carried out and enlarged to the extent that this appropriation would permit. But I leave very largely to the Senator from Alabama, who is an expert on farm tenancy and rural rehabilitation, the details of the program to which the Senator from Georgia has called attention.

Mr. GEORGE. Mr. President, I merely call attention to it now. I am not taking issue with any reasonable appropriation to administer the Farm Tenancy Act, but I know from past experience what has happened, and I do not propose to stand here under any circumstances and give blanket authority to the Department of Agriculture; and I know that it is intended to give them a blank check for two to three hundred million dollars under this language.

Mr. BANKHEAD. Mr. President——

The PRESIDING OFFICER (Mr. MURRAY in the chair). Does the Senator from Kentucky yield to the Senator from Alabama?

Mr. BARKLEY. I yield.

Mr. BANKHEAD. I should like to make at this time a very brief statement about this matter. I did not know the question would be raised, and I have not available here two acts of Congress previously enacted on this subject which I desire to call to the attention of my good friend the Senator from Georgia.

This is not a new blanket authority. I am dealing only with the $300,000,000 for farm security, not with the Bankhead-Jones Farm Tenancy Act, because that is all definite, and there is no question in the Senator's mind about that, as I understand.

The Senator seems to be of the impression that the amount set aside here for administration under the rehabilitation program, as it is generally called, being administered by the Farm Security Administration, is a new grant with wide-open discretion in the Department of Agriculture, or the Secretary of Agriculture. That is not the situation. In the first place, there are three titles in the Bankhead-Jones Act. The first, of course, relates to the regular farm-tenancy program, and has to do with loans to tenants with which to acquire farm homes.

The second covers rehabilitation loans, and that is contained in very general language. I think the Senator will find when he examines it—and I will have it here later—that the language in the pending bill practically follows the language on the subject of rehabilitation loans found in title II of the Bankhead-Jones Act.

Mr. GEORGE. I may interrupt the Senator from Alabama to say at this time that that may be true, but we have heretofore given Mr. Wallace and the Department of Agriculture altogether too broad a general authority, and at a later time in this debate I shall undertake to point out some of the uses he is making of the money.

Mr. BANKHEAD. That is another question, and I do not care to go into it. I merely desire to make it plain at this time that the language contained in the section under discussion in the pending bill is not new language.

Mr. BARKLEY. That is what I attempted to say awhile ago.

Mr. BANKHEAD. The language of section 2 of the Bankhead-Jones Act has been contained in the last three relief-appropriation bills, which made special appropriations to the Farm Security Administration to carry on the rehabilitation program.

Mr. BARKLEY. I will say also to the Senator from Alabama and to the Senator from Georgia that the report goes into somewhat greater detail as to how the money for rural rehabilitation and also for the administration of the Bankhead-Jones Farm Tenancy Act is to be expended.

Mr. GEORGE. I merely wanted to call attention to the matter now because I shall be unalterably opposed to any such grant as that to the Department of Agriculture.

Mr. BANKHEAD. My only purpose in addressing the Senate at this time is to make it plain that this is merely a continuation of language used in several previous acts.

Mr. GEORGE. That may be, but there have been no previous acts of this character. We have passed previous acts dealing with specific and limited and qualified appropriations, but here is the largest appropriation of this kind we have made, and, in my judgment, we should restrict this language.

Mr. TYDINGS. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. TYDINGS. I should like to ask the Senator from Kentucky whether the pending bill is an authorization or an appropriation.

Mr. BARKLEY. It is neither. It neither authorizes any appropriations out of the Treasury nor makes appropriations, except that there is a general authorization of appropriations necessary to pay the administrative expenses. All the money involved in the whole program is designed to be drawn from private sources through the use of R. F. C. bonds, which will be sold to the public in order to obtain the money with which to make the allocations to the various branches of the program as the needs may occur.

Mr. TYDINGS. I think the Senator is accurate about the only direct authorization, which is found on page 18, where money is authorized to be appropriated to pay the salaries necessary to administer the act.

Mr. BARKLEY. I should amend by adding that there is an authorization so that if later on a loss should be incurred in the operation of the program under any loan, the Secretary of the Treasury would be authorized to reimburse the R. F. C., just as it is authorized now to do in the case of an individual loan.

Mr. TYDINGS. Are the bonds to be issued by the R. F. C. direct or indirect obligations of the United States Government?

Mr. BARKLEY. Only contingent obligations. They are guaranteed by the Government of the United States, and, of course, that carries with it the contingency that, in the event of loss, the Government will make good the loss. They are issued under the same law which authorizes the issue of bonds by the Reconstruction Finance Corporation. It increases the limit by the amount involved in the program.

Mr. TYDINGS. As I understand, they are really Government obligations, but the Government hopes and expects to retire the Government obligations by using the money in productive enterprises which will return sufficient to pay principal and interest.

To recur to my original question, it occurs to me that in effect we are making an appropriation in the bill. It is true, as the Senator from Kentucky says, that in its administration, if the projects are sound and are self-liquidating, the money will come back to the Government, so that there will be no loss. Nevertheless, the R. F. C. has to get the money first of all before it can lend it to anybody. Therefore two questions have suggested themselves to me in that connection. First, it seemed to me that this bill should have gone to the Committee on Appropriations. However, that is a mere technicality. Secondly, it seemed to me that it was an appropriation of money for which there was no substantive law at all.

Mr. BARKLEY. I think the Senator is wrong in both instances, if I may say so.

Mr. TYDINGS. The Senator is entitled to his opinion.

Mr. BARKLEY. Primarily the bill authorizes an increase in the amount of obligations which the Reconstruction Finance Corporation may issue, and such legislation has always gone to the Committee on Banking and Currency.

An appropriation is no more involved in this bill, nor an authorization for an appropriation, than was involved in the Home Owners' Loan Act, which authorized the Home Owners' Loan Corporation to issue bonds, or in the legislation creating any of the other lending agencies, which have been designed to draw funds from the public, except that the administrative expenses—since the hiring of more clerks in Washington would be involved—would be paid out of the Treasury.

Mr. TYDINGS. I follow the Senator's reasoning.

Mr. BARKLEY. The only other possibility of any necessity ever arising for the payment of money from the Treasury would be in the event a loss occurred somewhere down the

line. That is true of the other lending agencies. Therefore, it is not an appropriation in the ordinary sense, and it may never be an appropriation.

Mr. TYDINGS. But there may be one.

Mr. BARKLEY. There may be one, but that is a matter for future consideration.

Mr. TYDINGS. I do not want to be technical about it, but it seems to me that if the plan does not operate so as to provide at least a balanced budget for the Reconstruction Finance Corporation, or a profit rather than a deficit, we are in effect making an appropriation in the amount of such deficit.

In another place, on page 5, I find this provision:

That $100,000,000 of any unobligated balances of sums heretofore appropriated or made available to the Secretary of Agriculture to enable him to carry out the provisions of title I of the Bankhead-Jones Farm Tenant Act, the Emergency Relief Appropriation Act of 1938, and the Emergency Relief Appropriation Act of 1939, shall be covered into the Treasury as miscellaneous receipts.

It seems to me that there we directly appropriated $100,000,000 in addition.

Mr. BARKLEY. No.

Mr. TYDINGS. Perhaps I am in error about it.

Mr. BARKLEY. The situation is that Congress has already appropriated this $100,000,000 to the Secretary of Agriculture——

Mr. TYDINGS. That is correct.

Mr. BARKLEY. To carry out $100,000,000 worth of this program. What we are doing here is covering that $100,000,000, heretofore appropriated, back into the Treasury, and providing that this entire program shall be financed by the sale of bonds through the Reconstruction Finance Corporation. So, instead of taking money out of the Treasury by that, we are putting it back into the Treasury.

Mr. TYDINGS. If such be the case, then it would seem to me that one of two things is inescapable: Either this is an authorization bill or it is an appropriation bill along the lines I have just discussed with the Senator, namely, if Congress appropriates, not to the Reconstruction Finance Corporation but to the Secretary of Agriculture, $100,000,000 with which to do a particular job, and then, before he does that job, passes an act saying that he shall administer that $100,000,000 in a way different from that originally conceived, it must then be an authorization bill.

Mr. BARKLEY. The Secretary of Agriculture is not at all authorized by the bill to use the identical $100,000,000 taken out of the Treasury and allocated to him by an appropriation passed by Congress.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. In order that this program may be uniform, and not have a part of it paid out of the appropriations from the Treasury, and a part of it obtained from the public, we simply cover the $100,000,000 heretofore appropriated back into the Treasury, so that $100,000,000 will no longer be at the disposal of the Secretary of Agriculture.

Mr. TYDINGS. Who will have it?

Mr. BARKLEY. It will go back into the Treasury subject to future appropriation by Congress. He can obtain from the public, through the sale of these bonds, an equal amount, another $100,000,000, which goes to make up the $600,000,000 carried in the bill.

Mr. TYDINGS. Let me read to the Senator from the bill. Perhaps I have not read it thoroughly. I have read it very hastily. Let me read it again:

That $100,000,000 of any unobligated balances of sums heretofore appropriated or made available to the Secretary of Agriculture to enable him to carry out the provisions of title I of the Bankhead-Jones Farm Tenant Act, the Emergency Relief Appropriation Act of 1938, and the Emergency Relief Appropriation Act of 1939, shall be covered into the Treasury as miscellaneous receipts.

As I understand, the Senator says that that $100,000,000 is to be handed back to the Treasury, and not appropriated at all, because at the beginning of this page there is an additional sum for various activities, so that that $100,000,000 appropriation is literally wiped out. Is that correct?

Mr. BARKLEY. Yes; that is a repetition of the appropriation heretofore made.

Mr. TYDINGS. The Senator does not feel that by authorizing the Reconstruction Finance Corporation to make loans we are in effect appropriating money.

Mr. BARKLEY. No; I do not.

Mr. TYDINGS. I think we are, but I can see how the Senator may reason differently. My point, I may say to the Senator from South Carolina, is that if this were an appropriation bill the Committee on Appropriation should have considered it. What does the Senator from South Carolina think about that?

Mr. BYRNES. I thought the Senator from Maryland was under the impression that it had to originate in the House of Representatives.

Mr. TYDINGS. No; I was not even discussing that question. I was discussing whether it was an appropriation measure, and if it was, there was no substantive law on the books to authorize the appropriation.

Mr. BYRNES. I do not think it is an appropriation bill, for it contains practically the same language that has been contained in bills heretofore considered by the Committee on Banking and Currency.

Mr. TYDINGS. That is true, but even if it has not heretofore been considered by the Committee on Appropriations, that does not make it right in this particular instance.

Mr. BARKLEY. The $100,000,000 that was appropriated before was appropriated as the result of a substantive law authorizing it.

Mr. TYDINGS. That is correct. I am not now referring to that $100,000,000. I am referring to the whole philosophy, namely, that the Congress authorizes an agent of the Government to commit the credit of the Government for a definite sum of money, which may or may not be paid back, that is in effect an appropriation.

Mr. BARKLEY. No; I do not agree with the Senator about that.

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

Mr. TYDINGS. I yield.

Mr. ADAMS. The Senator must recognize the ingenuity involved. If the United States Government borrows money and issues bonds, and then it wishes to make a loan, the money must go through the process of appropriation. But we create a corporation, all of the stock of which belongs to the United States, and then we have that corporation issue bonds which the United States guarantees, and then that corporation makes the loans, and thus two things are evaded: We do not include the borrowing as a part of the public debt, though we owe it, and we do not go through the processes of appropriation, though it is really Federal money that is being spent.

Mr. TYDINGS. The Senator from Colorado has expressed my criticism in terser and clearer language than I could have employed. I am not making a technical point, or trying to throw any cold water on the bill, but I think that in effect it is an appropriation bill, and if it is not, it is an authorization bill. It has to be one or the other. It seems to me to be a pretty poor way to legislate, at least in view of the rules and the precedents here in the Senate.

Mr. ADAMS. If the Senator were in court, the court would say it would look through the mere form of the corporation back into the real substance of it.

Mr. TYDINGS. Of course.

Mr. BARKLEY. I am not concerned about the jurisdiction of committees. I will say that all the legislation authorizing the Farm Credit Administration to issue its bonds, authorizing the Home Owners' Loan Corporation to issue its bonds, authorizing the Reconstruction Finance Corporation and other agencies to issue bonds, came from the Committee on Banking and Currency. The organizations were created by legislation which was brought out of that committee.

Mr. TYDINGS. The Senator is correct about that. But let me——

Mr. BARKLEY. That may be all wrong, but it is the way it has been done.

Mr. TYDINGS. I do not want to be captious about it, but let me show the Senate by an illustration where this policy will eventually lead us if we continue to pursue it. Take the United States Housing Authority, for which already $800,000,000 has been authorized. The United States Housing Authority gets its money from the Federal Treasury. In other words, it puts up its bonds with the Treasury of the United States, and the Treasury sells them and gets $800,000,000 which it in turn loans to the cities and towns of the United States. There is no place at all in the Treasury statement where the $800,000,000 Federal obligation is shown. Further than that, the Congress in that case authorized the United States Housing Administrator to make contracts with cities, guaranteeing that Congress will annually appropriate sufficient money to the cities which the cities may use to pay off their annual obligation to the Housing Authority, which in turn pays it back to the Treasury, but in effect it is a 100-percent direct obligation of the Treasury of the United States.

Mr. BARKLEY. No; the Senator is mistaken there. The United States Housing Authority sells its obligations to the public and draws its funds from the public.

Mr. TYDINGS. No; the Treasury sells them.

Mr. BARKLEY. No; there has only been $1,000,000 appropriated to the United States Housing Authority out of the Treasury, and that $1,000,000 has been repaid.

Mr. TYDINGS. The Senator is proceeding under a misapprehension of what I said. The United States Housing Authority bonds are sold for the United States Housing Authority by the Treasury Department of the United States.

Mr. BARKLEY. But they are sold to the public.

Mr. TOWNSEND. Certainly. I said that.

Mr. BARKLEY. Yes.

Mr. TYDINGS. But it is a Government obligation.

Mr. BARKLEY. Indirectly.

Mr. TYDINGS. Directly.

Mr. BARKLEY. The bonds are guaranteed by the Government just as are the Home Owners' Loan Corporation bonds, the Reconstruction Finance Corporation's bonds, and the bonds of other organizations.

Mr. TYDINGS. Will the Senator allow me to say that in this case it is a direct obligation, because the United States Housing Administrator is authorized by the act creating that authority to make contracts for a period of 60 years with each of the cities that borrows from that $800,000,000, and Congress must annually appropriate for the cities a sum sufficient to pay off 100 percent, with interest, the amounts they borrow from the Federal Government? If that is not a 100-percent direct obligation of the Federal Government I do not know what it is, for the simple reason that none of the debt is paid off, except by an annual appropriation of Congress.

I do not want to be captious or critical about it, and I am not attacking the bill, but I say that if the Government continues to follow this indirect procedure we shall reach such a point that there will be hundreds of millions of dollars of obligations of the Federal Government outstanding, which will not be a part of the Federal debt proper, but which the Federal Government will have to pay either in full, as in the case of the United States Housing Authority, or in part, when the R. F. C. cannot collect in full its loans. I say that the time has come when appropriations, whether they are indirect or direct, should go through the Appropriations Committee, otherwise we are going to have cockeyed bookkeeping.

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

Mr. BARKLEY. No; I will not yield until I shall have answered the statement made by the Senator from Maryland. And, Mr. President, I am not going to yield much more, because I wish to continue with my statement. I am glad to answer questions, but I do not want to take the whole day myself, and deprive the Senator from Ohio and other Senators of the opportunity to make speeches.

Mr. TAFT. I was going to speak on the subject a little later, but I wanted to get the Senator's views before I made my remarks.

Mr. BARKLEY. I wanted to answer the Senator from Maryland, and just as I was about to begin he started out the door.

Mr. TYDINGS. Well, I have come back, and I have another barrel loaded.

Mr. BARKLEY. The Senator is always well loaded—I mean with ammunition. [Laughter.]

Mr. TYDINGS. The Senator from Maryland has never intentionally "shot" at the Senator from Kentucky, at least in a personal sense.

Mr. BARKLEY. I understand that, and there is no Member of this body for whom I have a higher personal regard than for the Senator from Maryland, though I frequently differ with him.

The statement which the Senator has just made shows the condition which already exists. Earlier in the day I put into the RECORD the total direct obligations of the Treasury of the United States, amounting to slightly more than $40,000,000,000 at this time. I also put into the RECORD a table showing the indirect obligations by reason of the guarantee of bonds, amounting to $5,478,000,000.

Mr. TYDINGS. Did that amount include the $800,000,000 United States Housing Authority loans?

Mr. BARKLEY. It included everything that has been issued. I do not think the United States Housing Authority has issued all of the $800,000,000.

Mr. TYDINGS. No; it has not.

Mr. BARKLEY. The figure includes everything that has been issued.

Of course, if we could contemplate that all these obligations would be defaulted, and that none of them would ever be paid off, that situation would involve a future appropriation, contingent upon the happening of that situation, of $5,478,000,000. However, nobody contemplates any such collapse of these obligations as that. Looking out over a period of 15, 20, 25, or 30 years, there may be losses which will require an appropriation by Congress in a deficiency measure to make up the losses by returning the money to the Treasury or reimbursing the corporation which has issued the bonds. In all the legislation heretofore enacted I think there has been an authorization upon which Congress could base such a contingent appropriation in years to come. This bill follows the legislation which heretofore has been enacted in that regard. If there are no losses, there will never be any direct appropriations. If there are some losses, there will be direct appropriations.

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

Mr. BARKLEY. I yield.

Mr. TYDINGS. I think the Senator has presented the case most accurately in a general way. However, let me point out to the Senator in all seriousness that while perhaps it was excusable to create these corporations and allow them to issue bonds when we were in other times, and while looking back over the situation we can very well find some fault with it now which did not then occur to us, it is my opinion that this is not the time to continue a policy against which much sound criticism can be leveled.

One of the chief criticisms of the continuation of the policy is that, first of all, it involves indirect appropriations, and takes away from the Appropriations Committee the power to act. The second thing is that it is easy for a Member of Congress to vote to allow the Reconstruction Finance Corporation or the United States Housing Authority to sell so many bonds in the name of the Government, and then to use the money in supposedly self-liquidating projects, because we can always say, "Of course it was only a loan."

What I propose, as a business proposition, is that we ought to allow the Government of the United States to borrow $5,000,000,000, if necessary, and we ought to put at the disposal of the Reconstruction Finance Corporation whatever proportion of the $5,000,000,000 is necessary, just as we now do. The point is that the Government would have an obligation on its books until the debt was repaid. Certainly when a government borrows indirectly or directly, or when an individual borrows indirectly or directly, the fact that the debt is to be paid some 5 or 10 years hence when

it falls due does not excuse one from carrying it as a debt. As the Senator from Kentucky himself has said, there are about $5,000,000,000 of such debts; and I feel that the time has come to revamp our fiscal policy. Without changing the picture, we ought to set up our accounts so that there will not be two different sets of books in the Treasury of the United States, one of the direct obligations, and the other of equally direct obligations but camouflaged through the instrumentality of an independent agency.

Mr. BARKLEY. Of course, it is a matter of individual opinion as to how it ought to be done. We must do it as we have heretofore been doing it, or we must make a direct appropriation out of the Treasury, or we must do nothing.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. So we have three prongs to what may be a dilemma.

I suppose the Senator's remarks are a sort of criticism of the plan by which the $5,478,000,000 does not appear as a direct obligation of the Treasury of the United States. There is no concealment about it. There is no camouflage. There is no effort to deceive anybody, because the Treasury reports and statements show the total amount of indirect obligations which have been issued under all the authorities which have heretofore been given.

I do not know any business institution in the United States which ever sets out in its financial statements the notes it may have signed or its contingent obligations to the extent that the Treasury of the United States and the Government of the United States sets them out, so that anybody who is interested in the question may obtain the figures. In reporting our individual financial conditions we do not set out as liabilities notes of others which we may have signed and which may never be paid by us, although probably it would be good bookkeeping to do so. However, we probably sign very few such notes.

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

Mr. BARKLEY. I yield.

Mr. TYDINGS. If the Senator will permit me to digress for just a moment, I think he will concede that I have devoted some little time and study to the activities of the United States Housing Authority. I wish to make a general statement. I do not believe very many Senators have had the time or the opportunity, or perhaps the disposition, to inquire into the activities of the United States Housing Authority. Briefly, one of the reasons why I am raising this point, if I may digress a moment, is to present this state of facts:

The United States Housing Authority is now lending $800,000,000 to the cities of America. However, in the very contracts which the United States Housing Authority makes with the cities for the repayment of the loans the United States Housing Authority guarantees annually to give to the city the amount of money which the city will need to pay off the annual installment, plus the interest on the loan, and Congress must annually appropriate the money to pay off the $800,000,000 loan. So, while it is theoretically a loan, it is only an appropriation by Congress every year, and not a single thin dime of the whole $800,000,000 will find its way back into the Treasury of the United States.

I think that obligation, no matter what it may be called, ought to be charged directly on the financial statement of the Government, because it is an open-faced, 100-percent, $800,000,000 gift which the taxpayers, through annual taxes, and the Congress, through annual appropriations, will pay off over a period of 60 years. That is the reason why at this time I am suggesting that we get back into more orthodox ways of national financing.

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

Mr. BARKLEY. Mr. President, from now on I shall observe the rules of the Senate and yield only for questions.

Mr. TAFT. I should like to ask a question.

Mr. BARKLEY. I yield.

Mr. TAFT. I wonder on what theory the money can be taken from the Treasury without an appropriation when article I, section 9, of the Constitution says that:

> No money shall be drawn from the Treasury but in consequence of appropriations made by law.

What is the theory under which we pay out the money without appropriations?

Mr. BARKLEY. We are not paying it out of the Treasury.

Mr. TAFT. Is it not paid out of the Treasury?

Mr. BARKLEY. It is not paid directly out of the Treasury.

Mr. TAFT. I can understand that as to the Reconstruction Finance Corporation. However, in this case——

Mr. BARKLEY. If the Senator will refer to the case of *United States* v. *Johnson* (124 U. S., p. 236), decided in 1887, he will find that that question was settled by the Supreme Court.

Mr. TAFT. That may be true as to a corporation; but is it true as to a department of the Government? In this case we have gone a step further. We have said that the Secretary of Agriculture may borrow money to pay the expenses of his Department. If he may borrow money which is not paid into the Treasury, I do not see why we should not take care of the whole deficit of $4,000,000,000 and bypass the appropriation process in connection with ordinary loans of the Government.

Mr. BARKLEY. The loans made to date by the Home Owners' Loan Corporation, the Reconstruction Finance Corporation, the Farm Credit Association, and various other agencies which are authorized to borrow money from the public to make loans to others, do not involve appropriations by Congress out of the Treasury.

Mr. TAFT. That is true; but on what theory? Are we not going much further than was ever justified by saying that the Secretary of Agriculture may pay money out of the Treasury without an appropriation?

Mr. BARKLEY. We are authorizing the Secretary of the Treasury to use not to exceed $600,000,000, which he will obtain from the Reconstruction Finance Corporation. The Reconstruction Finance Corporation will obtain the money from the public by the sale of its bonds. Therefore, it is not necessary to appropriate money out of the Treasury, when the money is not coming out of the Treasury.

Mr. TAFT. Are the Senator's views the same as to section 16 of the bill, which says that the administrative expenses of the Departments may be paid without appropriation?

Mr. BARKLEY. The language in section 16 was put there in order specifically to authorize appropriations necessary to conduct the administrative expenses of operating the law; and the Senator knows that in the committee the word "administrative" was included so that the language could not be construed to apply to the expenditure of money which is to be obtained from the sale of bonds.

Mr. TAFT. If the Senator will read section 16, it says that the money for administrative expenses shall be paid—

> from such amounts as may, with the approval of the Director of the Bureau of the Budget, be reserved from the proceeds realized from the sale of notes, debentures, bonds, or other obligations of the Corporation for the payment thereof.

Mr. BARKLEY. Yes.

Mr. TAFT. Nothing in section 16 is an authorization for an appropriation.

Mr. BARKLEY. The Director of the Budget would have nothing to do with expenditures in connection with this or other programs financed from the collection of money through the sale of bonds. In the matter of appropriations the Director of the Budget is concerned only with the administrative expenses of the Departments in carrying out the program.

The bill also allocates $90,000,000 for reclamation projects in the United States. This is not a new activity, but it is rather a speeding-up and extension to some extent of a program already in progress, in which many of the States in the West are interested. The bill provides for obtaining the money for that purpose in order to speed up the programs, and in some cases to expand them. Such programs have been shown to be a very worthy and effective way by which to benefit certain arid lands throughout the West.

The bill proposes to increase the authorization of the Export-Import Bank so that it may borrow $200,000,000 instead of $100,000,000 in making loans to facilitate the exportation of American products into other countries. Mr.

Jesse Jones testified before the committee that this money was needed; that it was advisable to increase the authority because it would enable the bank to loan money to American corporations and, in one or two instances, to corporations or banks which may be in a sense Government institutions, in order to facilitate the exportation of American products.

The Export-Import Bank up to date has made loans of a character that banks and private lending agencies were not either in a position to make or were unwilling to make. They have been sound loans; there has been a minimum of the element of risk in making these loans, and they have been able to facilitate the exportation of American products to the markets of the world, thereby giving employment not only to labor in factories but to laborers in the fields.

The items I have mentioned go to make up the $2,490,000,000 of bonds authorized to be issued by the Reconstruction Finance Corporation for the purpose of allocating to the various agencies the amounts provided in the bill. If all the amounts provided for the various agencies are used, it will involve an increase in the obligations of the Reconstruction Finance Corporation to the extent of nearly two and a half billion dollars. The process by which this program is to be carried out is for the Reconstruction Finance Corporation to draw these funds from the public, distribute them among these agencies, which will, in turn, distribute them among the people of the United States. They will be repaid to these agencies, finally returned to the Reconstruction Finance Corporation, and by the Reconstruction Finance Corporation be returned to those who hold their bonds. The process will be a drawing of money from the public for these expenditures and its final return to the public through the paying of the obligations issued by the Reconstruction Finance Corporation.

Mr. BYRD. Mr. President, before the Senator takes his seat—and I do not want to keep him longer on the floor; he has been very patient and has been upon his feet for a long time—let me ask is there any provision—I cannot find it—in this bill to provide for the taxation of the bonds to be issued?

Mr. BARKLEY. The bonds are to be issued under the law that has heretofore applied to the issuance of bonds by the Reconstruction Finance Corporation, and such bonds have been issued tax free except for the surtaxes which are applicable to all bonds issued under the authority of the United States.

Mr. BYRD. This bill raises a question which I think has never heretofore been raised; that is, that the tax-free power of the Federal Government is to be used for the benefit of private business because the bill provides that loans may be made to railroads at the cost of interest to the Federal Government, and that interest cost is less because the bonds are tax free.

Mr. BARKLEY. All the loans that have been made by the Reconstruction Finance Corporation heretofore to railroads or industries have been made under the same law. They have been tax free, except as to the payment of surtaxes, as is the case of all other bonds issued under the authority of the Government.

Mr. BYRD. The Senator knows that the rate of interest has been on an average 3 percent. It is proposed under this bill to furnish the money at its cost to the Government, which may be 1 percent, as the Senator said, or may be less than 1 percent; and it is proposed not only to furnish it to localities and States but to furnish it to private industry and individuals and railroads.

Mr. BARKLEY. The Senator and I probably have a fundamental difference of opinion with respect to this matter. I think that the question of taxation of Government obligations, Federal, State, municipal, and local, is a matter into which Congress in the near future will go for the purpose of determining what its policy will be. But here we are trying to provide money at rates of interest that will sufficiently attract municipalities, States, counties, and individuals in their capacity as private citizens, to enable them to borrow this money and repay it.

If we are going to hobble the sale of these bonds by providing that they shall not enjoy the tax-exempt privilege, then we handicap our efforts to sell these bonds to provide the money for loans to individuals or public corporations under terms that will be sufficiently attractive to induce them to borrow the money. Whenever we come to the time that we have got to deprive these public obligations of the tax-exempt privilege which they now enjoy, I think the law ought to apply to all obligations and not apply merely to a few of them. I think specifically that it would be unfair to have the bonds of the Reconstruction Finance Corporation which are already outstanding enjoy the tax-exempt privilege and then lift the tax-exempt privilege from these particular bonds that are to be issued under the same law, for similar purposes in some respects, and under conditions supposed to be sufficiently favorable to induce public and private borrowers to borrow the money and use it for the purposes intended by this bill. I would, therefore, oppose any treatment of these bonds in a different way from the treatment accorded other bonds which have been issued by the R. F. C.

Mr. BYRD. The Senator overlooks the fact that the R. F. C. now has the right to fix its own interest rate. This bill specifically states the interest rate which shall be charged. In this instance we are using the tax-free power of the Federal Government to give money at low interest rates to private industry. That has not been done by any previous legislation.

Mr. BARKLEY. Oh, yes; the Senator is mistaken about that. Most of the loans made by the Reconstruction Finance Corporation are made for the purpose of lending money to private industry, and the mere fact that there was no ceiling placed upon the rate of interest the R. F. C. could charge does not change fundamentally the situation. The entire question of interest rates is involved in the problem of taxing all sorts of public securities, and there is a very considerable and respectable body of opinion in this country that the effort to tax public obligations is only a means by which to take money out of one pocket and put it into another, because the rate of interest these obligations bear no doubt has some relation to their taxability.

Mr. BYRD. The majority leader of the Democratic Party does not agree with the President of the United States. I quote from an article by Turner Catledge in the New York Times, June 24, 1939, reporting a press conference with the President on the morning of June 23:

> The President discussed the (lending) proposal in some detail at his press conference this morning. He expressed the hope then that the securities floated by the various Federal agencies to make up the loan fund would not bear tax-exempt features. He reiterated his previous recommendation that income from all future issues of public bonds bear their share of taxes.

Mr. BARKLEY. I was not present at the President's press conference; I do not know whether he has been properly or accurately quoted, and I have not consulted him about what he said or about the opinion he entertains with respect to the particular bonds we are providing for by this bill; but I think what the President had in mind was that the question of taxation of all bonds upon the same basis is a question which Congress might very well take up in the near future and consider. If, however, the President meant by his statement and by the quotation that he thinks that the bonds we are providing for in this bill should be taxed, while other bonds issued by the Reconstruction Finance Corporation are not taxed, I do not agree with that position.

Mr. BYRD. In other words, the Senator from Kentucky is willing to take the position that he would favor borrowing this money in the name of the Federal Government tax-free and then loan it to private industry at the same price at which it is borrowed from the public under the tax-free privilege?

Mr. BARKLEY. The Senator can put any interpretation he wishes on the statement I have just made.

Mr. BYRD. Mr. President, there is one more question I should like to ask.

Mr. BARKLEY. I am anxious to conclude.

Mr. BYRD. I merely desire to ask the Senator one more question. In section 12 it is provided that:

The Secretary of the Treasury and the Federal Loan Administrator shall submit a report of each such examination to the President and to the Congress. If any such examination discloses that the probable recovery of the cost of all works, projects, or undertakings carried out under this act, and of all loans made to aid in the financing of the same, together with the cash on hand in the special account or accounts of the Corporation provided for by section 4 of this act, is less than the principal amount of all notes, debentures, bonds, or other obligations issued pursuant to this act, and interest thereon, the Secretary of the Treasury on behalf of the United States shall pay to the Corporation a sum equal to the amount of such difference.

Does the Senator think if losses occur the Corporation should come before the Appropriations Committees of Congress and secure an appropriation to cover the losses instead of permitting the Secretary of the Treasury to make good such losses according to an estimate made by the Secretary of the Treasury?

Mr. BARKLEY. The Senator, of course, did not read the following sentence, which says:

There is hereby authorized to be appropriated annually, commencing with the fiscal year 1941, out of any money in the Treasury not otherwise appropriated, a sum equal to the amount needed to enable the Secretary of the Treasury to make such payment.

Mr. BYRD. But prior to that, the section requires the Secretary of the Treasury to pay on behalf of the United States to the Corporation a sum equal to the loss as estimated by the Secretary of the Treasury.

Mr. BARKLEY. Yes; but that money has got to be provided for him through an appropriation authorized by the Congress.

Mr. BYRD. I understand that, but, under the provision as worded, the Congress, of course, will be forced to make the appropriation.

Mr. BARKLEY. That is the same provision that is carried in the Commodity Credit Act under which they are operating at the present time.

Mr. BYRD. That is the only single Government corporation as to which there is such a provision of a law. There are 30 of these Government corporations, and that is the only one to which that applies.

Mr. BARKLEY. It may be the only one.

Mr. BYRD. The Government corporations that loan money should be compelled to come before the Appropriations Committees and obtain the money for their deficiencies.

Mr. BARKLEY. Under this language they will be compelled to come before the Appropriations Committee, because this is only an authorization, and the appropriation must be made annually.

Mr. BYRD. They will come before the Appropriations Committee only after the Secretary of the Treasury has paid them the estimated losses.

Mr. BARKLEY. The Senator may be technical about that matter if he wants to, as I think he happens to be in this particular instance, with all due respect to my friend.

Mr. President, I do not intend to occupy any more time. I appreciate the patience of the Senate. I have spoken much longer than I intended. I have done so only because of the questions which have been propounded to me by Senators, which I have attempted to answer. I appreciate the courtesy of the Senate. I now yield the floor to any Senator who wises to occupy it.

Mr. WAGNER. Mr. President, yesterday we had a discussion as the result of an inquiry propounded by the Senator from Nevada [Mr. McCARRAN], about the gold transactions by the Reconstruction Finance Corporation. All of us, of course, relied upon our memories. I have today received a letter from Mr. Emil Schram, chairman of the board of the Reconstruction Finance Corporation, in response to my request, which sets forth accurately all the transactions for the purchase of gold entered into by the Reconstruction Finance Corporation. In all of those transactions the entire profit made by the Reconstruction Finance Corporation was $174,000. The rest of the gold which was purchased by the Reconstruction Finance Corporation was sold to the Treasury at cost, without any profit at all.

I do not wish to take the time of the Senate to read the entire letter, but it gives a full list of all the transactions. I ask that the letter be printed at some place in the RECORD, perhaps at the conclusion of the remarks of the Senator from Kentucky. During the same discussion question was raised as to what disposition was made of the profit to the Treasury from the devaluation of the dollar. In this connection I submit a table prepared for me by the Treasury with respect to such profit.

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

RECONSTRUCTION FINANCE CORPORATION,
Washington, July 26, 1939.

Hon. ROBERT F. WAGNER,
Chairman of the Banking and Currency Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR WAGNER: In response to your request, I wish to advise that on October 20, 1933, the Reconstruction Finance Corporation authorized the sale on a discount basis of an issue of its non-interest-bearing notes to be paid for in gold newly mined in the United States or in gold imported from abroad at prices fixed from time to time by the Corporation.

In this operation the Corporation acquired 695,027.423 ounces of domestic gold at prices ranging from $32.12 per ounce to $34.06 per ounce, an average of $33.62 per ounce and an aggregate of $23,363,754.56; and 3,418,993.045 ounces of foreign gold at prices ranging from $31.82 per ounce to $33.875 per ounce, an average of $32.48 per ounce and an aggregate of $111,037,195.78.

The total of domestic and foreign gold acquired was 4,114,020.468 ounces at a cost (exclusive of interest and expense) of $134,400,950.34.

Subsequently, 83,756.188 ounces of the foreign gold that cost $2,729,345.09 were sold abroad for $2,904,169.04, a profit of $174,823.95. The remaining 4,030,258.724 ounces were sold to the United States Treasury at the net cost and without any profit to the Corporation on the entire transaction.

Very truly yours,

EMIL SCHRAM.

Increment resulting from the reduction in the weight of the gold dollar, June 30, 1939

	Allocations of increment	Charges against increment	Unexpended balance of allocated increment
Exchange stabilization fund	$2,000,000,000.00	$2,000,000,000.00	
Payments to Federal Reserve banks for industrial loans	139,299,556.99	27,546,310.97	$111,753,246.02
Philippine currency reserve	23,862,750.78		23,862,750.78
Melting losses on gold coin	2,175,121.93	1,837,188.71	337,933.22
Retirement of national bank notes	645,387,965.45	645,387,965.45	
Unassigned	6,425,274.91		6,425,274.91
Total increment	2,817,150,670.06	2,674,771,465.13	[1] 142,379,204.93

[1] This amount included in the "Balance in the general fund of the Treasury."

Mr. McCARRAN. Mr. President, I wish to express my gratitude to the able Senator from New York for bringing to the attention of the Senate information which I did not have at hand at the time, and no Senator on the floor apparently had the information. I am glad it is available for the RECORD.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States 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. Calloway, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 4998) to amend the Packers and Stockyards Act, 1921; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOXEY, Mr. KLEBERG, and Mr. HOPE were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 1648) to provide for the refund or credit of the internal-revenue tax paid on spirits lost or rendered unmarketable by reason of the floods of 1936 and 1937 where such spirits were in the possession of the original taxpayer or rectifier for bottling or use in rectification under Government

supervision as provided by law and regulations, in which it requested the concurrence of the Senate.

HOUSE BILLS REFERRED

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

H. R. 1648. An act to provide for the refund or credit of the internal-revenue tax paid on spirits lost or rendered unmarketable by reason of the floods of 1936 and 1937 where such spirits were in the possession of the original taxpayer or rectifier for bottling or use in rectification under Government supervision as provided by law and regulations; to the Committee on Finance.

H. R. 5405. An act authorizing the installation of parking meters and other devices on the streets of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

AMENDMENT OF PACKERS AND STOCKYARDS ACT

The PRESIDING OFFICER (Mr. ANDREWS in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 4998) to amend the Packers and Stockyards Act, 1921, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. GILLETTE. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BULOW, Mr. GILLETTE, and Mr. CAPPER conferees on the part of the Senate.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES

The Senate resumed the consideration of the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes.

Mr. TOWNSEND. Mr. President, I send to the desk an amendment to the pending bill which I ask to have printed and lie on the table.

I desire to make a few remarks on the bill.

The PRESIDING OFFICER (Mr. BROWN in the chair). Does the Senator desire to have the amendment read?

Mr. TOWNSEND. Yes; I should like to have it read.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. It is proposed to insert in the bill the following new section:

SEC. —. All power and authority of the President and the Secretary of the Treasury with respect to the acquisition of foreign silver under the Silver Purchase Act of 1934, under section 43 (b) (2) of title III of the act of May 12, 1933, as amended, and under any other provision of law in force on the date of enactment of this act, shall cease and terminate on the date of enactment of this act; and all proclamations, orders, rules, regulations, and other action promulgated, made, issued, or taken by the President or the Secretary of the Treasury with respect to foreign silver pursuant to any such power or authority shall cease to be effective on and after such date. For the purpose of this section, the term "foreign silver" includes any silver not mined subsequent to July 1, 1938, from natural deposits in the United States or any other place subject to the jurisdiction thereof.

Mr. TOWNSEND. Mr. President, this amendment is drawn to accomplish what the Senate once this session, by an overwhelming majority, has already voted to accomplish.

On June 26, in the course of consideration of House bill 3325, with indisputable emphasis the Senate voted in favor of my amendment repealing the foreign silver program. The present amendment has the same purpose. It calls for an end to wasting American resources on silver from foreign countries. My present amendment in no way affects the acquisition of newly mined domestic silver. The domestic silver program is left just as it was voted by Congress in the act of July 6, 1939. Not a comma or a semicolon of that law is altered.

Senators will recall the circumstances under which my previous amendment, favorably voted upon by the Senate on June 26, was overruled in the conference committee on the monetary bill. The very able Senator from Kentucky [Mr. BARKLEY], prior to the July 6 act, urged the continuance of the Treasury's foreign silver purchases. He did not urge this on the grounds that the country needs foreign silver, for it is evident from every daily statement of the Treasury that the Treasury does not know of any way to use safely all the foreign silver it is buying and so is putting the unwanted metal in an idle account.

My colleague from Kentucky did not urge continuance of the foreign silver purchases because of the silver's value to our credit system, for no less an authority than the head of the Federal Reserve System, Mr. Eccles, has testified beyond a shadow of doubt that the problem of excess reserves makes virtually impossible control of an inflationary boom, should one develop, and that certificates based on the silver purchases have been responsible for one-sixth of the increase in member-bank reserves since 1933.

The eminent Senator from Kentucky did not urge retention of the Silver Purchase Act to protect the domestic silver-mining industry, for Mr. Eccles has testified that nothing will prove so harmful to the interests of domestic silver producers as the retention of the law calling for the purchase of foreign silver. Moreover, the domestic silver producers are provided for permanently in the act of July 6, 1939.

The Senator from Kentucky surely did not fight for continuance of the foreign silver program as a means of our financing China in the undeclared war with Japan, for everyone knows that the Japanese are now the chief beneficiaries in the Orient of our silver policy, and we all know that China has safely sold us hundreds of millions of dollars' worth of silver to the benefit of the Chinese authorities. Do we want to buy China's silver from China's invaders?

Clearly, the Senator from Kentucky did not appeal to us to continue buying foreign silver on the ground that the stated goal of the Silver Purchase Act can be attained at any time in the predictable future, for everyone must be aware by now that the act is a treadmill under which this country already has bought much more silver than was originally contemplated and required by the terms of the act in 1934, while the goal of the act is still about as remote as ever.

No; not one of these disproved and threadbare arguments for buying foreign silver did the Senator from Kentucky present. The only excuse which my able friend urged upon us was that by continuing on the statutes the law requiring the purchase of foreign silver from the four corners of the earth we would in the process enable the Treasury to do a favor for Mexico, under the so-called good-neighbor policy.

I do not wish now to examine the good-neighbor policy for flaws. I do not ask whether the policy works or does not work in Mexico. If my distinguished friend the Senator from Kentucky had not so eloquently introduced the subject, I should indeed have no occasion now to mention our good neighbor to the south. But for him there would be no need to mention it. But in view of the Senator's statements prior to July 6, 1939, with reference to his desire to do something nice for Mexico, I want to point out to the Senator from Kentucky and to the rest of Congress and the Nation that after my present amendment is adopted we shall still be doing something very nice for our friends in Mexico by virtue of an act passed by Congress only this month and signed by the President on July 6, 1939. In other words, we can now completely repeal the Silver Purchase Act of 1934 and still we shall be handsomely helping Mexico's silver-mining industry, as I shall now demonstrate to you.

Let us go back for a moment to the situation in 1932 and 1933. The price of silver was very weak, due to the world economic depression; and, as the world's principal silver-mining country, Mexico urged international action to support the silver market. Mexican diplomats and other Mexicans pressed the American Government and the American public to do something for silver. At the meetings of the International Chamber of Commerce here in 1931, at the Fourth Pan American Commercial Conference here, and on numerous other occasions, Mexicans through official and nonofficial channels sought the American public's support of silver—and they got it.

What resulted was the London silver agreement of 1933. That was an agreement under the terms of which five silver-producing countries—the United States, Mexico, Canada, Peru, and Australia—undertook to buy each year for 4 years a combined annual total of 35,000,000 fine ounces of silver. This agreement, I emphasize, was for 4 years only. It expired in 1937 and was not renewed.

What did Congress do by the act of July 6, 1939? By that act the United States, all on its own, and without any help from Mexico, Canada, Peru, or Australia, undertook to remove from the world silver market the entire domestic silver production at a price of 71 cents per ounce, or more than double the present world price.

At this high price American production will certainly run between 65,000,000 and 70,000,000 ounces a year. And the United States Treasury will therefore take that silver off the market, not just in 1939, or in 1940, but each and every year, permanently.

Were the American silver production to be forced to find a market outside the Treasury it is as clear as day that the price which Mexican and all other sellers of silver would receive would be lower by a good deal than the price which will prevail so long as the act of July 6, 1939, remains on the books.

So it is clear that the United States, by its domestic-silver program alone, and quite apart from the Silver Purchase Act, currently is doing about twice as much for Mexico as was done for Mexico by the London silver agreement of 1933. And it should be noted that Mexico was called upon to buy, during 4 years, a total of 28,000,000 ounces of silver under the 1933 international agreement, whereas under the American act of July 6, 1939, Mexico is asked to make absolutely no contribution for the benefits which it, as the world's largest silver-producing country, now reaps from our domestic-silver program.

The Senate's wishes as to discontinuance of the purchase of foreign silver are understood by the country. But, due to unfortunate circumstances, those wishes did not receive the endorsement of the conferees last month. This amendment is offered by me to put the Senate's wishes into effect.

The purchase of alien silver must be ended.

Mr. President, the Nation-wide interest in having the purchase of foreign silver ended at once is clearly shown in the editorial columns of the newspapers. I ask unanimous consent that there be printed in today's RECORD extracts which I have prepared from 63 editorials on silver, all from recent issues of the papers.

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

EXCERPTS OF NATIONAL EDITORIAL OPINION ON SILVER PURCHASES

[From the Anderson (S. C.) Independent and Tribune of July 1, 1939]

That bombshell you heard exploding was the news of America's decision to stop purchasing foreign silver, falling in Mexico * * *. Mexico naturally is grief-stricken to think that her dear Uncle Sam, whom she has loved and trusted all these years, would do her such a dirty trick.

[From the New York Journal of Commerce of June 28, 1939]

What may be the final scene in the drama of absurdities that has marked the life of the Silver Purchase Act of 1934 from its inception was the unexpected overwhelmingly favorable vote of the Senate on the Townsend amendment to the monetary bill to halt purchases of silver abroad.

Originally based upon the utterly fallacious notion that a rise in the price of silver would have a beneficial effect upon economic conditions in this country and would raise commodity prices, the Silver Purchase Act has been used more recently solely for the purpose of providing foreign exchange to several governments abroad which this country favors, notably Mexico and China.

[From the New York Sun of May 3, 1939]

One of the interesting sidelights of the silver movement lately has been the arrival of several million ounces from Japan, which probably seized the metal from the Chinese.

[From the Philadelphia News of June 27, 1939]

So far as we can see, our generosity in buying silver at prices above the world market has induced all silver-standard countries to send us all the silver they can and go on a managed money basis themselves. * * * Where is the whole program leading us? What is it all about, and why? We think someone should let the public know these things, since it is a matter of vital public interest.

[From the New York Sun of July 11, 1939]

Even assuming that the silver brought to this country from abroad and returned to Mother Earth at West Point has a nominal value of the 34 cents an ounce which today is virtually the world price (which it does not, since no conceivable buyer for even a small portion of that silver ever will appear, especially so long as fresh production continues at a high rate), the bonus paid by the taxpayers of this country to foreigners has been enormous.

[From the Cape Charles (Va.) Times of June 22, 1939]

Nor would we in any way want to throw cold water on this rosy Mexican dream because it is not as fantastic as the practice of the United States Government's continued generosity in buying Mexican silver (for which it has no earthy use) at a phony price.

[From the New Haven (Conn.) Journal-Courier of July 7, 1939]

The result is that the President will get his power further to devalue the dollar; that Mr. Morgenthau will go on steadying the exchanges with the stabilization fund; and that the United States Treasury will continue financing Mexico in its theft of American investments.

[From the Minneapolis (Minn.) Morning Tribune of July 11, 1939]

Mr. TOWNSEND advanced the best possible argument for his bill, which is the complete futility of the program which it seeks to end. As he points out, the administration has already spent in excess of $1,000,000,000 for silver, and more than four-fifths of the metal acquired has come from abroad.

[From the Saginaw (Mich.) News of July 1, 1939]

For some reason, the Roosevelt administration seems nearly as much concerned over the "serious crisis caused in Mexico" by the abrogation of authority to purchase silver abroad, as by the prospective loss of the President's power to devalue the dollar.

[From the Corpus Christi (Tex.) Caller of July 2, 1939]

None of the economic magic that was expected to flow from the pegging of the price of silver at far above the world market actually developed during the years of its experience.

[From the Charlottsville (Va.) Progress of June 30, 1939]

Should the United States finally decide to bar importations of the metal, the next-door neighbor to the south will see the disappearance of the best customer for her most important product. At the prospect of this loss the neighbor aforesaid moans piteously in absolute contrariety to her attitude when she summarily expropriated the properties of United States citizens for which she has made no restitution and probably never will.

[From the New York (N. Y.) Times of July 11, 1939]

There is no justification whatever for the foreign silver-purchase program.

[From the Manchester (N. H.) Leader of June 29, 1939]

As if that were any reason why the United States Treasury should go on buying foreign silver at an artificially high price, for which it has no use, to bury in the ground at West Point?

[From the Somerset (Pa.) American of June 29, 1939]

The news that the United States Senate had voted to bar alien silver fell like a bombshell upon financial circles in Mexico City.

[From the New York Sun of June 30, 1939]

The Mexican Government confiscated farm lands owned by Americans and oil lands owned or leased by Americans. * * * In spite of this violation of international law and of common honesty the Roosevelt administration continued to play the Mexican game by buying Mexican silver, thus providing the means by which the Mexican politicians could continue their impudence in the confiscation of the oil lands.

[From the Shreveport (La.) Times of June 28, 1939]

Mr. Cardenas and his radical friends will have to get along as best they can without a silver subsidy from Uncle Sam. In our opinion, that is good news, and will be welcomed as such by an overwhelming number of Americans.

[From the Clarksville (Tenn.) Leaf-Chronicle of June 30, 1939]

Our Government has been for years paying Mexican producers more than their silver was worth, giving them the advantage of the subsidy contained in our domestic silver price.

[From the Waterbury (Conn.) Republican of July 15, 1939]

Secretary Hull, it is reported, will oppose any bar on the purchase of foreign silver because such a bar might hamper Mexican-American negotiations over the seized oil properties. * * *

When it is all over, Mexico will have the oil wells, the American oil companies will have their cash—and "we the people" will have a pile of silver for which we have no earthly use.

[From the Red Wing (Minn.) Eagle of July 11, 1939]

The record of the United States Treasury was introduced into the final silver debate to show that foreign silver purchased by the United States in recent years has amounted to more than $1,078,568,000, and the same statistics showed the political deceit of claims that all Latin America has benefited from these purchases, because Mexico made 98 percent of all the sales of silver from Latin America.

[From the New Bedford (Mass.) Standard Times of June 30, 1939]

There is no advantage to this country in buying foreign silver at any price. There is a distinct disadvantage in buying it at a price above the market. Must the United States continue a policy that is detrimental to its interests simply because Mexico threatens—assuming there has been any threat—to retaliate? The idea of paying tribute to Mexico under duress, actual or implied, will not set well with the American people.

[From the New York Herald Tribune of June 30, 1939]

Some of the President's advisers on Mexican affairs have been so partial to the Cardenas Government that they have even been willing to justify that Government in confiscating American oil properties. These same persons are now talking of the possibility that Mexico will confiscate the silver properties, and are implying that this would be justifiable in view of the failure of the American Government to carry out its "moral obligation" to continue to subsidize the silver industry in Mexico indefinitely.

[From the Cumberland (Md.) News of June 28, 1939]

Little sympathy can be wasted on the Mexican business and industrial men who are bemoaning the vote of the United States Senate to stop foreign silver purchases.

[From the Durham (N. C.) News of June 29, 1939]

The Senate has voted to discontinue foreign purchases of silver. * * *

This Senate action, of course, was not intended as a reprisal against Mexico. The Senate has passed the bill because of the effect it hopes it will have on our own economy.

But most of us feel that American interests have been grossly served in Mexico, and we must be excused if we do not greatly regret the plight in which Mexico soon, perhaps, will find herself.

[From the Anaheim (Calif.) Bulletin of June 28, 1939]

Congressional action canceling the program of purchase of foreign silver probably will be helpful in the end. * * *

This may be helpful in starting a campaign to bring nations to their senses. We have been looked upon as the world's Simple Simon gone modern—the type who always has a penny. We cannot go on always in this role, and it is proper that Congress give the President an example.

[From the Wilmington (Del.) Evening Journal of July 8, 1939]

These foreign purchases are responsible for nearly nine-tenths of the billion dollars and more that the silver-buying program has cost us in the last 5 years. Out of them has come a large portion of the vast hoard of useless silver we have accumulated.

[From the Bangor (Maine) News of June 27, 1939]

The opportunity is an excellent one for abandoning the anomalous position this country now holds of lending money to the Chinese Government to fight the Japanese and giving gold to the Japanese in exchange for the silver they seize in China. The Tientsin silver is worth nothing to anybody except Uncle Sam, who at the same time refuses to buy it might also cease to subsidize the Mexican Government with monthly gold payments for silver to fill the West Point storage vaults.

[From the Springfield (Mass.) Morning Union of July 1, 1939]

Some Congressmen would shed crocodile tears over the plight of Mexico if our Treasury were no longer permitted to purchase Mexican silver at an exorbitant price. They succeeded in retaining in the monetary bill a provision for the Treasury's purchase of foreign silver, for which we have no earthly use, and for which we transfer to these countries which have despoiled us and are too poor to meet the charges on their bonds the equivalent of this silver in automobiles and other goods produced in this country.

[From the New York Times of June 29, 1939]

It is true that if we cease to buy foreign silver at an artificial price, the foreign individuals and governments who were profiting from those sales will be less well off than they are now. Our Government will no longer be supporting them. But the inconveniences of readjustment are no reason why our Government must continue to support them indefinitely. By our silver purchases we have actually continued to contribute heavily to the support of a Government that meanwhile has been seizing American private property on a grand scale. It is an astonishing situation.

[From the New York Journal of Commerce of July 10, 1939]

Despite the strenuous efforts made by the administration to help Mexico solve her economic problems, including the purchase of large quantities of unneeded silver by the Treasury at artificially high prices, the Mexican authorities have shown scant regard for legitimate American trade and investment interests. Artificial restrictions have severely curtailed Mexico's imports from the United States, while American investments, including the extensive oil properties, have been expropriated.

[From the Blackfoot (Idaho) Bulletin of July 8, 1939]

And the sum total of our efforts to make silver a monetary unit again has been to destroy, perhaps forever, its monetary character in every country where 6 years ago it was part of the currency.

[From the Louisburg (N. C.) Times of June 30, 1939]

Mexico seems to be right much troubled over Congress' action toward the purchase of silver. But she is not much conscious stricken for taking American property and business away from its owners. "The cat comes back sometimes."

[From the New York Enquirer of July 10, 1939]

The vocal battle precipitated in Congress over the silver-purchase issue has brought into bold relief the tremendous advantage derived by foreign nations through Uncle Sam's silver buying abroad.

[From the Butte (Mont.) Montana Standard of July 9, 1939]

The good-neighbor policy of the administration has been trotted out as a reason why Congress should not interfere with the Government's program for the purchase of foreign silver. In other words, the administration at Washington wants to keep right on pouring American tax money into foreign countries. That program means that every income-tax payer, every payer of internal-revenue taxes is contributing something to the Government of Mexico, to other Pan-American governments and, until recently, to the Government of China.

[From the Manchester (N. H.) Union of June 29, 1939]

No criticism is due the Senate for ending the purchase of foreign silver. This is a distinct gain, together with the ending of the President's power to devalue the dollar further.

[From the Manning (S. C.) Times of June 28, 1939]

Mexico produces 40 percent of the world's output of silver and the United States Government is its chief customer; or in reality the United States is carrying Mexico on "relief." * * * Mexico's silver sales are the backbone of its socialistic form of government. The profits from silver sales are used to promote trade with Germany and Japan, and to continue the unlawful possession and operation of hundreds of millions of dollars' worth of foreign-owned oil properties which are held under confiscation by Mexico.

[From the Baltimore Morning Sun of June 29, 1939]

The extent to which the world has been supported by mushroom props is strikingly underscored by the reaction in Mexico to the Senate vote to terminate the American program for the purchase of foreign silver. Our silver purchases have formed one of the main supports of our trade with Mexico, as they have with other countries.

[From the Abilene Reporter-News of June 29, 1939]

None of the economic magic that was expected to flow from the pegging of the price of silver at far above the world market actually developed during the years of its existence. Mines and miners were helped, particularly those in Mexico. But in China and elsewhere the silver policy wrought great harm to commerce, jeopardized our trade with our good friends abroad.

[From the Asbury Park (N. J.) Press of July 3, 1939]

Some idea of the difference which will be noticeable is that every time, in the last few years, the Treasury has bought an ounce of United States mined silver at fancy prices, it has also bought six ounces of foreign silver at fancy prices. The mines of the United States cannot possibly produce as much silver per annum as we have been buying abroad. Therefore, the silver nut program adopted by the Senate would mean actually economy.

[From the New York Evening Post of July 1, 1939]

We should not have to buy all the world's silver. We should be able to get out of that.

[From the Manchester (N. H.) Leader of June 29, 1939]

In view of this treatment there is not the shadow of an excuse for continuing the purchase of Mexican silver which we do not need. In fact, the termination of the purchase of foreign silver is long overdue. If it is our purpose to help sustain Mexico's economy, there are other ways it can be accomplished than through the subterfuge of a fatuous policy of buying silver.

[From the Cumberland (Md.) News of June 28, 1939]

Mexico has been selling about 7,000,000 ounces of silver monthly to the United States for around $3,000,000 and the Mexican Government has been realizing about $200,000 a month on taxes from the sales.

[From the Watertown (Wis.) Times of June 29, 1939]

Our Government has been for years paying Mexican producers more than their silver was worth, giving them the advantage of the subsidy contained in our domestic silver price. Silver production is one of Mexico's principal industries, and this income from Washington has been one of the country's chief means of income. If there is still a market for the metal elsewhere, no other country will pay so much as we have been paying.

[From the Ansonia (Conn.) Sentinel of July 3, 1939]

These same persons are now talking of the possibility that Mexico will confiscate the silver properties, and are implying that this would be justifiable in view of the failure of the American Government to carry out its "moral obligation" to continue to subsidize the silver industry in Mexico indefinitely. Such expressions of "sympathy" for the Mexicans—at the expense of Americans—are as harmful as they are foolish.

[From the New York Times of June 29, 1939]

Are our purchases of Mexican silver to be thought of as a form of political blackmail that we must pay to keep more American property in Mexico from being seized? A worse argument for continuing our purchases of foreign silver could not possibly be imagined.

[From the Norwich (Conn.) Bulletin of July 1, 1939]

We have already thrown away too much on silver.

[From the Abilene (Tex.) Morning Reporter News of June 29, 1939]

Actually we are under no obligation to buy Mexican silver at a premium, either as an accommodation to the Mexican Government or as a means of stimulating goodwill and better trade relations.

Mexico stuck its neck clear out to here when it expropriated American-owned oil properties without making provision for adequate compensation.

[From the Caspar (Wyo.) Tribune Herald of July 7, 1939]

Alarm felt over possible foreign reaction to congressional abandonment of silver purchases outside the United States may be justified, also a bit tardy in the light of current developments.

[From the Dayton (Ohio) Herald of June 30, 1939]

One excellent feature of the present monetary bill which has received entirely too little attention is the cutting off of the American purchases of foreign silver. From the standpoint of reality these purchases represented one of the most fantastic phases of an unusually fantastic program.

[From the Brooklyn (N. Y.) Eagle of June 30, 1939]

Perhaps the most satisfactory aspect of the ugly silver deal in the Senate is that it may put an end to the buying of foreign silver.

[From the Rockford (Ill.) Star of July 13, 1939]

We are supposed to buy Mexican silver to prop up this once prosperous and tax-paying industry in order that a trickle of indemnification may perhaps, after long negotiation, come our way.

[From the Appleton (Wis.) Post Crescent of July 12, 1939]

The administration in Washington is today so weak, so utterly spineless, and so completely wrapped up in beauteous phrases like "neighborly policy," and other unctious nonsense it is willing to even gut the Treasury of the United States with nearly worthless and entirely needless silver and jeopardize the worth of the American dollar to hide its sins and its stains.

[From the Hartford (Conn.) Courant of July 10, 1939]

The silver purchases, foreign and domestic, ought to be ended. The domestic program has been extended, thanks to the pressure brought by the silver Senators or both the administration and its opponents, but there is no greedy constituency to insist on a continuing subsidy to foreign producers.

[From the Fargo (N. Dak.) Morning Forum of July 5, 1939]

As everyone knows, we haven't established the best of relations with Mexico—because of Mexico—through the silver-purchase plan as heavily weighted as it is with benefits for Mexico.

[From the Randolph (N. Y.) Weekly Register of June 9, 1939]

Should Washington stop the purchase of Mexican silver the government south of the Rio Grande will not find another purchaser and shortly will come to better terms with Uncle Sam.

[From the Iron Mountain (Mich.) News of July 1, 1939]

It has been an anomalous condition that the shaken Mexican economy has stood up as well as it has, despite expropriation and lack of response to the good-neighbor policy of the Roosevelt administration, because the American Government has continued to purchase from Mexico large quantities of silver it did not want at prices far in excess of those that would have prevailed if the value of silver had been permitted to find a normal level. The United States has, it may be said, been financing Mexico's intransigeance, of which it has been the principal victim, this at a time when the Cardenas Government has been carrying on economic flirtations with the totalitarian powers.

[From the Zanesville (Ohio) Times Recorder of July 11, 1939]

The silver purchase, as explained by Secretary of State Hull, is nothing less than yielding to a system of blackmail. This is emphasized by the administration's claim that to stop purchasing Mexico's silver to provide funds for the operation of the Mexican Government might destroy all hope of settling with Mexico for the expropriation of American-owned farm lands and oil properties. In other words, if this Government does not submit to the blackmail Mexico will keep what she in effect stole from American citizens.

[From the Wilmington (Del.) News of July 11, 1939]

Now, if our friendly relations with our neighbors to the South were dependent on the continuance of silver buying, there might be some point to this argument. But, in fact, it is utterly specious, as Senator JOHN G. TOWNSEND, Jr., conclusively proves.

[From the Oakland (Calif.) Tribune of July 10, 1939]

Following the Senate's action terminating purchases of foreign silver, some nervous conferences were held by officials in the State Department. * * * If our people feel they owe any foreign country financial support, they can give it directly and not through subterfuge.

[From the Denison (Tex.) Herald of July 3, 1939]

Mexico says that if we don't reverse our silver policy and again give preference to Mexican-mined silver over our own, relations between the two countries will become strained.

Well, let them. If we have to keep on subsidizing the Mexican Government while it robs our citizens and sells our own products to our greatest economic rival in the western world—Germany—in order to maintain "good neighbor" relations with Mexico, let's forget the "good neighbor" policy and get down to a hard-boiled business basis in dealing with the country to the south of us.

[From the Asheville (N. C.) Citizen of July 3, 1939]

It seems only logical, therefore, that the foreign silver program should be allowed to lapse. Its "good neighbor" currency is in question. * * * One conclusion is inevitable: Silver purchases have done nothing to stimulate amicable foreign relations nor to benefit our own domestic economy. Common sense dictates that they should be halted.

[From the Boston (Mass.) News-Bureau of June 28, 1939]

It is true that some sharp words were said in the Senate about Mexican behavior concerning oil and land, but it was not revenge which was the governing motive, but desire to end at least part of an absurd arrangement. Keeping the domestic part of the absurdity was dictated by politics. But for such absurdities silver might again be selling around 25 cents.

[From the Wheeling (W. Va.) Intelligencer of June 30, 1939]

Whatever else may be said of the Senate's amendments to the money bill, this termination of the foreign silver-purchase provision certainly merits public approval. * * * So that, in any event, termination of this insane policy should be welcome.

The PRESIDING OFFICER. The amendment offered by the Senator from Delaware will be printed and lie on the table.

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

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

Mr. BYRD. Mr. President, some discussion has occurred in the Senate as to the amount of the Federal debt and the Federal obligations. In 1931 the total debt of the United States Government, direct and indirect, was approximately $16,000,000,000. On June 30, 1939, the direct debt alone was $40,439,532,411.11. The Secretary of the Treasury estimates that on July 1, 1940, the direct debt of the Federal Government will be $45,000,000,000, which is the amount permitted under the present debt limitation.

Mr. President, there was some discussion in the Senate today as to the recoverable items deductible from the direct Federal debt. I do not desire at this time to go into a detailed discussion of these so-called recoverable items. But I do want to call to the attention of the Senate that in the memorandum that was inserted in the RECORD today from the Secretary of the Treasury, no claim was made that the amount of $4,000,000,000 was in fact recoverable, but that amount had been invested in various projects, and it was alleged at the time the appropriation was made that such investments or loans would be recoverable. The Secretary of the Treasury said that these recoverable assets include subscriptions to capital stock loans, and Federal public highway projects, such as the Boulder Dam, the Bonneville, and other reclamation projects. No attempt has been made to estimate any losses that may be sustained on these investments, but the amount here indicated represents more nearly the Government investment, as shown by the books. In other words, no attempt has been made to appraise these assets.

Mr. President, even a casual examination of these so-called assets will show that they are not recoverable items. We will take, for example, the Commodity Credit Corporation, in whose capital stock the Government has invested $100,000,000. The Congress has been officially informed that the losses of this Corporation are such that the stock is valueless.

We will take the Farm Security Administration expenditures. Included in the so-called recoverable assets are such expenditures as have been made for the resettlement projects throughout the country aggregating $96,090,000; such expenditures as have been made at Tugwelltown, at Hightstown, N. J., and those made for the purpose of housing the inmates of the Shenandoah National Park. It is very obvious, of course, that such items as those are not recoverable.

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

Mr. BYRD. I yield.

Mr. TYDINGS. Even those of us who are fairly close to the Senator find it difficult to hear clearly what is going on. May I ask the Presiding Officer if we cannot have order in the Chamber.

The PRESIDING OFFICER. Let there be order in the Senate Chamber.

Mr. KING. Mr. President, before departing from the item relating to expenditures by the Tugwellian activities, did not the Senator underestimate them? My recollection is that the so-called Tugwellian activities and those cognate to them approximated from $150,000,000 to $200,000,000.

Mr. BYRD. The information I received today was that the total was $96,090,000, but may not include all the items. But included in these so-called recoverable items is, for example, $325,000,000 of the capital stock of the Home Loan banks. We know, of course, Mr. President, that the first losses of these various corporations in which the Government has invested will fall on the capital stock. That is a matter about which there can be no dispute. I simply mention that to make certain that neither the Senate nor the country will be misled by the statement that 10 percent of the direct public debt is recoverable, because I am convinced by the examination which I have made, that not over 3 or 4 percent, and perhaps not that much, of this direct debt will be recovered.

Mr. President, in addition to the direct debt of the Federal Government, the obligations issued by the corporations which are guaranteed by the Federal Government have been issued to the extent of five and one-half billion dollars. The argument is made here from time to time that that is not a debt of the Federal Government. It is a debt of the Federal Government, because it is upon the security of the Federal Government that this money is borrowed, and every dollar is guaranteed both as to principal and interest by the Federal Government. Of course, no one denies that, so far as these corporations are concerned they are recoverable assets, but no one at the same time can tell what the losses may be, because there has been no appraisement so far made of the thirty-odd corporations that have been operating in the name of the United States.

Mr. KING. Mr. President, will it disturb the Senator if I ask him to yield at this point?

Mr. BYRD. Not at all.

Mr. KING. Is it not a fact that with these guaranteed obligations, plus all other obligations and expenditures, we have exceeded the bonded limit of $45,000,000,000, and an attempt is being made to evade the obligations resting on the Treasury not to exceed that sum by indirect, not to say hypocritical, methods of bookkeeping and explanations to the people?

Mr. BYRD. The Senator is undoubtedly correct that if the obligations of the corporations are included we have at this time exceeded the statutory debt limit. But, in addition to the obligations in the amount of five and a half billion dollars that have actually been issued by these corporations, there is authority already existing, without any further action by the Congress, to issue $7,300,000,000 more. That information is given to me by the General Accounting Office, and I have it here on my desk. If the pending bill is passed, which increases that amount by $2,390,000,000, and if the $800,000,000 additional authority for the Housing Authority is adopted by the House of Representatives, the total contracted and authorized indirect debt will approximate $16,000,000,000, assuming that these corporations exercise the authority which has been given them to obligate the Government of the United States. If that be true, Mr. President, we have a potential debt in this country of approximately $62,000,000,000. That is four times the direct and contingent debt in 1931.

Mr. President, I make that statement so that I may as clearly as possible state the actual obligations which the Government of the United States now has. Insofar as so-called recoverable assets are concerned, everything will depend upon the appraisement and actual value of the assets. Up to this time not a single Government corporation has had its assets appraised, and no one can tell the losses which have occurred and which will eventually have to be paid out of the Treasury of the United States.

Mr. President, when the pending bill was first presented to the Congress and to the people of the country we were told that the money was to be loaned on self-liquidating

projects. The title of the bill which was first introduced by the distinguished Senator from Kentucky [Mr. BARKLEY] stated that the bill was to provide funds for the purpose of making loans for self-liquidating projects. However, after the hearings were held, and after it was clearly shown that many of the projects proposed in the bill would not be self-liquidating, the title was changed to "A bill to provide for the financing of a program of recoverable expenditures, and for other purposes."

I wish to say here and now that this scheme is nothing more than a spending scheme masquerading under the name of a lending scheme. It is just as much of a spending scheme as are the direct appropriations which have been made from time to time by the Congress of the United States.

I think we should be frank and candid about the matter, because the proposed legislation would greatly increase our debt. For 8 long years we have tried the experiment of spending ourselves into prosperity on borrowed money. This is the fourth great spending program which has been presented to the Congress by the President of the United States. In my judgment, the purpose of this devious way of increasing the public debt was to evade the statutory debt limitation which was set by the Congress of the United States, which limitation, according to the testimony of the Secretary of the Treasury, will be reached on July 1, 1940. In other words, with the appropriations now being made by the Congress of the United States the statutory debt limitation of $45,000,000,000 will have been equaled if not exceeded.

It seems to me the time has come to take stock of what we have been doing in the past 8 years and analyze as best we can the spending program which the Congress time after time has been told would restore prosperity. Again and again we have been told that all those who are idle will be put back to work; that private business will be stimulated; that the wheels of industry will be started merely by spending more and more. After we have tried three great spending programs, when the fourth is presented to us we should at least analyze the situation and consider the conditions which confront us.

Mr. Eccles, the Chairman of the Federal Reserve System, believes that prosperity can come only from debts and deficits, and that the only way to have prosperity in the country is to borrow public money to stimulate private business. Even the most ardent advocates of spending cannot deny that a great public debt such as we have is a great evil and must be met by greatly increased taxation in years to come.

We can do only one of three things with the debt which has been placed upon the American people. In the first place, we can repudiate it. I do not think the American people will repudiate a just debt. We have always paid our debts. We have paid our debts after every great war in which the country has been engaged; and we will pay this debt, difficult though it may be. We will pay it, as the President of the United States once said, out of the sweat and toil of every man who labors.

In the second place, we can bring about inflation and pay the debt with worthless dollars. Nothing more evil or disastrous could happen to the American people than to indulge in an uncontrolled inflation.

In the third place, we can pay the debt, and that is what we must and will do. Mr. President, if we paid $500,000,000 each year—and that is a great amount of money—if we had a surplus of $500,000,000 each year to pay on the debt it would require 56 years to reduce the debt to where it was 6 years ago. Today we are paying in interest alone 20 cents out of every tax dollar that comes into the Federal Treasury. Twenty cents out of every tax dollar is dedicated directly to interest on the present Federal debt, notwithstanding the low interest rates which now exist and which may not continue indefinitely.

Mr. President, the interest cost today is 40 percent more than the total cost of government was in 1916. The interest charge today is 40 percent more than the cost of the Army, the Navy, and every single branch of the Government in 1916.

As I read the report in support of the bill presented by the distinguished chairman of the Banking and Currency Committee, the Senator from New York [Mr. WAGNER], I was reminded that the language contained in that report is fairly identical with what has been told us for the past 6 years. Let me read it:

> The principle embodied in this program helps to bring about a higher national income, lessens the expenditures on relief and work projects, and thereby constitutes an important approach to a balance between Federal expenditures and revenue.

For 6 years, Mr. President, that very thing has been told us every time a new spending program was presented to the Congress. We were told that those on relief would be taken off relief and that work would be given them.

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

Mr. BYRD. I yield.

Mr. WAGNER. I do not want to have any honor conferred on me which I do not deserve. It was the Senator from Kentucky [Mr. BARKLEY] who presented the report. I am quite willing to concur in the report, but it was presented by the Senator from Kentucky. It was his report.

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

Mr. BYRD. I yield.

Mr. VANDENBERG. As I recall, the Senator estimated the public debt at the present time, in reality, as $63,000,000,000.

Mr. BYRD. That represents the direct public debt and the authorizations which have been given to the different corporations, assuming that they utilize those authorizations, and assuming that the pending bill shall be passed.

Mr. WAGNER. And assuming that none of the money is repaid.

Mr. VANDENBERG. I suggest to the Senator that in estimating what has thus far been used in spending experiments he should not overlook the fact that the depreciation of our dollar to 59 cents took about 40 percent of the value out of the wealth of about two-thirds of our citizens; and if we add that figure, which is probably $100,000,000,000, to the actual physical spending spree in which we have been engaged, I should say we have tossed down the river probably $150,000,000,000 trying to prove that we can stretch a $60,000,000,000 country into a $80,000,000,000 country by spending the difference. I do not know how much more we will have to spend before we discover that such a feat is impossible.

Mr. BYRD. I thank the Senator; but the figures I have presented are bad enough for me.

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

Mr. BYRD. I yield.

Mr. KING. A moment ago the Senator adverted to the enormous public debt. Has not the Senator discovered that from some of our ardent new dealers—I was about to say "fanatical," but I will not use that word—propaganda is coming forth in which it is contended that it is not disadvantageous to have a large public debt? One statement which I read indicated that a large public debt makes for stability. At any rate, it is obvious that propaganda is coming from among many of our friends, so-called new dealers, who contend that an enormous public debt is not disadvantageous—indeed, that in the long run it makes for improved conditions, if not for resuscitation of our demoralized economic situation.

Mr. BYRD. I think the Senator has made a fair statement.

Mr. President, I think that one of the most evil things that has been done has been to popularize debt and to make the average person of the country think that he can be prosperous only by going into debt. At times debt may be necessary. It may be desirable at times; but it is never a wise thing to go into debt if debt can be avoided. By the propaganda which has begun with the President of the United States and gone down to the last official in Washington the effort has been made throughout the land to make it popular to borrow money and to go into debt.

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

Mr. BYRD. I yield.

Mr. WAGNER. I am sure the Senator will agree as to the figures. I ask him if it is not a fact that our experience with

the activities of the P. W. A. and the R. F. C. in making loans for self-liquidating projects has been extraordinarily favorable? That is the type of project with which we are dealing in the proposed legislation.

I do not think we ought to become confused by stating instances which are really not analogous. I should like to read if I may—I do not want to cite too many figures, for the Senator from Michigan was getting almost into the arena of phantasy—certain figures as to loans made by P. W. A. for self-liquidating projects. The loans were not always liquidated by the project itself but in some instances the credit of the political subdivision was pledged to the repayment of the loan. The figures which I have and which are taken from the P. W. A. records, show that the bonds purchased by the P. W. A. aggregated $730,000,000 for projects which employed labor, which purchased material, and thereby increased the purchasing power of the workers. The experience so far with reference to these loans is this.

P. W. A. now holds only $60,000,000 worth; the R. F. C. holds $144,000,000 worth, and the balance of this governmental investment was so attractive that the public has purchased bonds to the extent of $526,000,000; and, by the way, the R. F. C. made a profit of $13,000,000 in that transaction. So there are now only $204,000,000 of these bonds held by the R. F. C. and P. W. A. as security for loans, and, with the exception of a delayed payment on bonds in the principal amount of $6,000,000, all the payments are absolutely current. That is the experience with reference to the P. W. A.

Mr. BYRD. The Senator has entirely overlooked the fact that there was a direct grant under the P. W. A. amounting to 45 percent.

Mr. WAGNER. Earlier in the day I gave the figures as to loans by the R. F. C. which were 100 percent loans. I will give the record in that case again.

Mr. ADAMS. Before the Senator gives the figures, may I suggest that the loans which the public took over were municipal bonds? They were not Federal or R. F. C. securities, but the bonds of public agencies.

Mr. WAGNER. They were not all municipal bonds. They were bonds which the R. F. C. had purchased.

Mr. ADAMS. None of them were Federal bonds or issued by Federal corporations.

Mr. WAGNER. Exactly. That is what I am talking about. They were all municipal bonds; they were all bonds of political subdivisions; they were bonds, for example, like those sold by the Triborough Bridge. Those bonds pledged only the income from that particular enterprise; but the public purchased them at a premium, because the experience of a few years indicated that the bridge was a profitable enterprise. At the time it was undertaken the public refused to buy those bonds and the enterprise could not be financed except by the Federal Government.

Mr. BYRD. The Senator knows that times have changed.

Mr. WAGNER. We are still doing it.

Mr. BYRD. A municipality or local subdivision that has a bond that is sound can obtain a low rate of interest by selling it to the general public.

Mr. WAGNER. Not until there has been some experience with a particular enterprise, if the liquidation depends upon the income of a particular project.

Another case was that of the Midtown Tunnel. The bankers would not accept those bonds until after a short operating experience; then they were all bought up at a premium. If the Government had not aided, we would never have had these great improvements; we never would have had the workers employed, the material purchased, and business improved to the extent, at least, of such purchases.

The Senator from Virginia referred to grants. Let me read the experience of the R. F. C. in the case of 100-percent loans. The authorized loans were $400,000,000—I am giving only the round numbers—canceled out of that $400,000,000 were $31,000,000; and actually disbursed by the R. F. C. for self-liquidating projects 100 percent, without any grants, were $322,000,000. The bonds of these projects have been sold to the public or retired—most of them sold to the public—to the extent of $282,000,000, the profit on such sales is nearly $17,000,000. The balance held by the R. F. C. is $40,000,000; and there are no defaults on that balance. The payments on the $40,000,000 are current. These are the types of projects we are talking about in connection with this proposed legislation.

Mr. BYRD. The Senator is mistaken about that. In the first type of projects the Senator mentioned there was a grant of 45 percent from the Government. In the second type, loans are made by the R. F. C. I want to say that I think the R. F. C. has done one of the soundest jobs that it would be possible to do, and I would not oppose this bill if the Senator from New York and the Senator from Kentucky would give to the R. F. C. the power to make these loans. I wish to tell the Senate why they do not do that. It is because they are afraid Mr. Jones would not lend the money as freely as they would like to see it loaned. If the Senator will so modify his bill as to give power to the R. F. C. to make these loans, which is a power they now have, at least in part, I will gladly support it, because I think the funds would be handled wisely and not wasted. One reason this bill as presented does not increase the authority of the R. F. C. is that it was thought Mr. Jesse Jones would be too careful in making the loans and would not put the money into circulation, as Mr. Eccles says, for the purpose of stimulating private business, because he has not done so in the past. So, if the Senator wants to let all the loans be made by the R. F. C., and will have the bill amended in that way, I will be very glad to support it.

Mr. WAGNER. I also referred to loans made by the P. W. A., which has had as fine an experience as has the R. F. C.

Mr. BYRD. Under the P. W. A. 45-percent grants were made. This bill is entirely different, because there are only $350,000,000 for the P. W. A. in this bill for loans to localities, and there are other things in it, untried experiments in financing, which unquestionably will result in great losses to the Federal Treasury.

Mr. President, to continue, and coming to the details of the bill——

Mr. WAGNER. Mr. President, let me say to the Senator that I am not sponsoring the bill; the Senator from Kentucky is sponsoring the bill, and is entitled to credit for it.

Mr. BYRD. The Senator from New York is not responsible for the bill. I do not say he is responsible.

Mr. WAGNER. The Senator should not misstate the facts. What I said was that the sponsor of the proposed legislation is the Senator from Kentucky. I would be quite willing to sponsor the bill but the Senator from Kentucky is sponsoring it. So when the Senator from Virginia is mentioning the "sponsor" of the bill, let me say that the Senator from Kentucky is entitled to the credit.

Mr. BYRD. The Senator from New York interrupted me to ask me a question about the R. F. C.; I answered it, and I said, if he wants to take the loans made by the R. F. C. as a criterion, I will vote for any legislation proposed to increase the authority of the R. F. C. to make the loans as they have made them in the past, because I think they have been wise and proper loans.

While I am on that subject, let me call the attention of the Senate to the fact that the R. F. C. already has now full authority—full authority I will say to the Senator from New York—to provide the $350,000,000 proposed under this bill to be loaned to localities. They can furnish it now without dotting an "i" or crossing a "t." In addition to that, they still have available funds—they have $1,400,000,000 that are unused.

Mr. WAGNER. Mr. Jones, in whom all of us have confidence—the Senator from Virginia is not alone in expressing confidence in Mr. Jones—has already stated to the committee that he needs at least for his present activities to maintain a balance of a billion dollars.

Mr. BYRD. The R. F. C. has $1,400,000,000 available, and there are only $350,000,000 provided for loans to localities in this bill. So that particular item could be taken care of without giving Mr. Jones the billion dollars which he says he ought to have.

Mr. WAGNER. I desire to ask the Senator one other question along the same line. Does the Senator also say that the Rural Electrification Administration has not had a favorable experience in its financing and operations?

Mr. BYRD. I approve of the rural electrification, but I see no need of appropriating funds for it 15 years in advance. I voted for the rural-electrification measure; I think it is one of the very best projects that have been inaugurated by the Federal Government.

Mr. WAGNER. I agree with the Senator, but the loans of the Rural Electrification Administration are not made by the Reconstruction Finance Corporation.

Mr. BYRD. I was speaking of the loans provided by this bill of $350,000,000 to localities. Likewise, there is ample authority in this bill, according to the letter which I have before me from the Reconstruction Finance Corporation, to make loans to all self-liquidating projects such as toll roads and bridges.

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

Mr. BYRD. I yield.

Mr. TAFT. I merely wish to suggest to the Senator that if he will read Mr. Jones' testimony I do not think he will find he said he had to have a billion dollars. He said he had had an excess of a billion dollars usually and he might like to continue to have it. But certainly on his first examination he made it very clear that he had available $1,400,000,000, which would not be used for any ordinary purposes of the R. F. C.

Mr. WAGNER. If the Senator from Virginia will yield further, I do not want to get into a question of veracity, for the record is here. I recall distinctly that the Senator from South Carolina [Mr. BYRNES] before the committee read a letter which he had received from Mr. Jones in which Mr. Jones stated that apparently the newspapers had misunderstood his testimony, and in which he asserted he needed for present purposes a balance of at least a billion dollars.

Mr. BYRD. Mr. President, I ask unanimous consent to insert in the RECORD at this point a letter which I have written to Mr. Jones and a copy of his reply with respect to the authority of that Corporation to issue obligations on behalf of the Government.

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

JUNE 27, 1939.

Hon. JESSE H. JONES,
Chairman, Reconstruction Finance Corporation,
Washington, D. C.

MY DEAR MR. JONES: Would you be kind enough to furnish me the following information with respect to the Reconstruction Finance Corporation and the Reconstruction Finance Corporation Mortgage Co.:

1. Total of stock and bonds outstanding as of latest available date.

2. Detailed statement of additional authority to issue obligations and the amounts thereof, and for other purposes.

3. The names of other corporations being financed by the Reconstruction Finance Corporation, and the amount of funds advanced to each.

4. From your unused authority to issue additional obligations, can you provide funds for the following purposes:

(A) For non-Federal public works: Projects of the self-financing type to be financed by loans at sufficiently low rates of interest to stimulate borrowing for this purpose. The type of project would be water works, sewage-disposal plants, bridges, hospitals, and other municipal projects.

(B) For express post roads: Self-liquidating toll roads, bridges, high-speed highways, and city bypasses.

(C) For railroad equipment: Authority to purchase all types of railroad equipment which its to be leased to railroads at a rate which will return the cost to the United States over a period of years. Carriers would have the option to buy the leased equipment.

(D) For rural electrification: Expansion of present rural electrification program to reach a maximum of one and one-quarter million rural families not now receiving electric service nor likely to receive such service in the near future.

(E) For farm-tenant program: Expansion of self-liquidating portion of the Farm Security Administration for tenant-farm purchases, rehabilitation program, loans for minor improvements and repairs, loans to resettlement cooperatives, and loans for water facilities.

(F) For foreign loans: Extension of short- and long-term loans to foreign governments for the purpose of promoting our foreign trade. The proceeds of these loans would be spent in the United States and would be used for development and reconstruction purposes in the foreign country.

It is important that I have this information at the earliest possible time, and I would greatly appreciate it if you would respond as promptly as possible.

Cordially yours.

RECONSTRUCTION FINANCE CORPORATION,
Washington, July 17, 1939.

Hon. HARRY F. BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: In reply to your letter of June 27, to Chairman Jones, I give you herewith the information requested concerning the Reconstruction Finance Corporation and the RFC Mortgage Co., as of June 30, 1939.

Answering your question No. 1:

(a) Capital stock outstanding:	
R. F. C.	$500,000,000.00
The RFC Mortgage Co.	25,000,000.00
(b) Bonds, notes, and similar obligations:	
R. F. C.	1,062,736,627.43
The RFC Mortgage Co. (held by R. F. C.)	32,093,680.13

Answering your question No. 2: Additional authority to issue obligations (after provision for commitments and other obligations):

(A) R. F. C.:	
(a) For general purposes	$1,361,404,036.00
(b) For specific purposes:	
(1) Purchase of preferred stock of insurance companies	48,252,921.00
(2) Purchase of preferred stock of mortgage loan companies	64,000,000.00
(3) Purchase of securities from P. W. A.	97,368,480.00
(4) Purchase of preferred stock of banks	(No statutory limitation)
(5) Advances to Federal Housing Administrator pursuant to provisions of title I of the National Housing Act	(No statutory limitation)
(B) The R. F. C. Mortgage Co.	(No statutory limitation)

Answering your question No. 3: Corporations financed by R. F. C. and amounts advanced to each:

(a) The RFC Mortgage Co.: The amount of capital stock and other obligations held by R. F. C. are shown above.

(b) Federal National Mortgage Association: The R. F. C. invested $11,000,000 in its capital stock and holds its obligations for $26,995,930.39.

(c) Export-Import Bank of Washington: The R. F. C. owns $45,000,000 of preferred stock.

(d) Disaster Loan Corporation: The R. F. C. has purchased $18,000,000 of a total of $40,000,000 capital stock authorized by law. This stock is assigned to the Treasury and an equivalent amount of R. F. C. notes are canceled.

(NOTE.—The R. F. C. is required by law to advance funds to certain Government agencies which are not corporations and are not included above.)

Answering your question No. 4:

The Reconstruction Finance Corporation's unused authority to issue additional obligations can provide funds, when the conditions of the Reconstruction Finance Corporation Act are complied with, for non-Federal public works of a self-liquidating nature. This could include toll roads, bridges, etc., if constructed by a public authority to whom a loan could be authorized.

The Corporation does not have authority for the direct purchase of railroad equipment, for the construction of rural electrification lines, to aid in the expansion of the farm-tenant program, nor for loans to foreign countries except for financing sales of the surpluses of agricultural products in foreign markets.

Sincerely yours,

G. R. COOKSEY, *Secretary.*

Mr. WAGNER. Mr. President, the Senator has been so generous that I hesitate to interrupt him again, but I desire to read a copy of a letter addressed to the Senator from South Carolina [Mr. BYRNES] to which I have just referred and which is as follows:

JULY 21, 1939.

Hon. JAMES F. BYRNES,
United States Senate, Washington, D. C.

DEAR SENATOR BYRNES: In reply to your inquiry this morning as to the exact amount of unused borrowing authority of R. F. C., beg to advise that as of June 30, 1939, this figure was $1,361,404,036.

We have always thought we should have available for all purposes at least a billion dollars in excess of commitments, so in considering S. 2759 I feel that your committee should not rely too heavily on our unused borrowing authority.

Sincerely yours,

JESSE H. JONES, *Administrator.*

Mr. BYRD. Even according to the letter of Mr. Jones there is still $400,000,000 that could be used to finance the projects which are now permissible under the law of the country.

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

Mr. BYRD. I yield to the Senator from Michigan.

Mr. VANDENBERG. I should like the Senator's specific interpretation of the following situation in the light of the comment he is just making:

Suppose the city of Detroit wants to build a municipal subway, say a $40,000,000 project: What can the city of Detroit do under the existing R. F. C. authority, or what additional advantage could it get under the pending bill?

Mr. BYRD. Mr. President, under the existing authority of the R. F. C. the bonds of the city of Detroit could be purchased by the R. F. C. They now have full authority to do that. The letter from Mr. Jones states that they have that authority; and not only that, even assuming that it is necessary to keep a billion dollars on hand—which I do not think is necessary, because he may ask for an additional authorization if desired, and I will vote today to increase that authorization—there is $400,000,000 more than he needs that could now be used to finance part of this bill.

Mr. VANDENBERG. That $400,000,000 could be used, for example, in connection with the Detroit project which I use as an example. Is that correct?

Mr. BYRD. The letter from the Secretary of the R. F. C. says this:

> The Reconstruction Finance Corporation's unused authority to issue additional obligations can provide funds, when the conditions of the Reconstruction Finance Corporation Act are complied with, for non-Federal public works of a self-liquidating character. This could include toll roads, bridges, etc., if constructed by a public authority to whom a loan could be authorized.

Likewise, the R. F. C. can buy the bonds and the notes of municipalities, States, and counties if they choose to do so.

We say a great deal here of Mr. Jones and our confidence in Mr. Jones. I want to make it clear that Mr. Jones has no authority whatever as to how the expenditures shall be made under the pending bill. All he is required to do, upon the direction of the President, is to provide the money to be given to these different organizations. The President says where the money is to be spent. This is another blank check that the Congress of the United States is requested to write, because under the language of the bill the President may designate every road that is to be built. He may designate every bridge that is to be built. He may designate every county, every city, and every State that is to obtain the low interest rates which it is proposed to give under the bill. Nothing may be done without the direct approval of the President, because the bill provides that the allocation of the funds cannot be made until he approves it.

It is simply another surrender by the Congress of the United States of their power to make appropriations.

Mr. President, to continue my argument as to the effect of the spending policy that this country has engaged in for the past few years, time and time again, as I have said, we have been told that prosperity would return; yet we have more than doubled the national debt, we have added deficit to deficit, and today we are farther away from a balanced Budget than we have ever been since the depression began. I say we are farther away because Federal spending has been entrenched in every nook and corner of America.

Mr. President, what has been accomplished by it? We have actually doubled the tax burden of the country since 1932, collecting more than twice as much as we then collected from the taxpayers, and still we are spending $2 for every dollar we take in. If we should balance the Budget at the present expenditure tomorrow, we should have to collect in taxes four times as much as we collected in 1932 and 1933.

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

Mr. BYRD. I yield.

Mr. PEPPER. I will say to the Senator from Virginia that I can well understand how one might not be in favor of appropriating Federal money directly for public works, or for certain purposes that others might believe to be good purposes; but I thought this lending bill was intended by the administration as an effort to get away from the appropriation of Federal money and to let private enterprise, which would be the beneficiaries of these loans, try to bring back prosperity in a legitimate and usual way. What objection has the Senator to that?

Mr. BYRD. If the Senator will permit me to continue I shall try to clear his mind. If this bill is intended to take the place of appropriations, why have not the appropriations been reduced? We have appropriated more money for the next fiscal year than ever before in the history of America in time of peace. If this $2,300,000,000 is intended to take the place of appropriations, some Senator should introduce a joint resolution to reduce the appropriations which have already been made.

Mr. PEPPER. Mr. President, I think the Congress has generally found that the administration of the P. W. A. has been an honest and an efficient administration; yet it has been something like a year after the last P. W. A. appropriation before anything like the maximum of the P. W. A. program has come into actuality. So I will ask the Senator from Virginia, if this lending bill went through Congress today and were signed by the President tomorrow, if he does not think it would be a good many months before the program could possibly get into effective operation?

Mr. BYRD. The Senator well knows that we are appropriating money for 12 months beginning on the 1st of this July. That money has been appropriated, and under this program the President estimates that $700,000,000 will be spent during the first year. If this bill is to take the place of direct appropriations, not a single dollar has been taken off. To the contrary, the records will show that the appropriations have been increased above those of last year, and that in the next fiscal year we shall spend more than ever before in the peacetime history of our country.

Mr. President, speaking of taxes, I desire to call the attention of the Senate to the fact that this country has never enjoyed a period of prosperity when we have collected in local, State, and National taxes more than 12 percent of the total income of the country. We have never had prosperity when that was done; yet today we are not only collecting from the people 20 percent of the national income in taxes, but we are actually spending 30 percent of our national income—I am speaking of local, State, and National taxes—and 10 percent is being passed on to future generations in the form of debt to be paid by our children and grandchildren in generations to come, and on that debt must be paid the interest which will accumulate from time to time. We are spending today in this country in local, State, and National expenditures, $20,000,000,000 annually. That is more than twice the value of all the products that come from the soil—more than twice the value of all the farm products, the products that come from the mines, the products that come from the forests, all the products that come from the natural resources of the country.

Mr. President, no one can deny that the spending theory has had a fair trial during the past 6 years. We have spent as no other nation in the history of the world has ever spent in times of peace. What do we find today? We have nearly as many unemployed as we had when the depression began. We find recovery in this country lagging behind the recovery of every other nation in the world, as determined by the League of Nations' bulletin which was issued not long ago. Based on 1929, the recovery in the United States is 72 percent, in Belgium 75 percent, in France 76 percent, in Canada (our neighbor) 90 percent, in the United Kingdom 115 percent, in Norway 127 percent, and in Denmark 135 percent.

Mr. President, has private business been stimulated by these expenditures? We always are told, when these expenditures come before the Congress, that here is a means to stimulate private business, because we all recognize that only the private-enterprise system of the country can furnish jobs for those who work. The Government cannot furnish jobs to all the workers. The private-enterprise system must do it. If we look at the new financing which is

being done, and which determines the expansion of business better than any other index that we have, we find that 75 percent of the new financial issues that are offered to the public for purchase come from the Government, and 25 percent from private industry, from corporations and individuals—just the reverse of the condition 5 years ago. At that time 20 percent came from the Government, and 80 percent came from private enterprise.

Mr. President, it is the hope of profits that inspires the average businessman to expand his business. He does not build a plant for the purpose of making a profit that year or next year; he builds a plant for the future, to make a profit in future years. It is because of the knowledge on the part of every businessman that the extravagances of today must be paid by higher taxes tomorrow that the average businessman is discouraged from going into business. Secretary Morgenthau expressed the matter very logically the other day when he said that the attitude of the average businessman in this country is, "What is the use?" What is the use of going into business if your business is going to be regimented by the Federal Government, if the Federal Government is going into competition with your private business, when it is private business that must pay the taxes to operate the Government, and then if taxes are to become so confiscatory, so high, as to discourage private enterprise?

Mr. President, coming down now to the pending bill——

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

Mr. BYRD. I yield.

Mr. LUCAS. Will the Senator tell me what part of this bill competes with private enterprise?

Mr. BYRD. Mr. President, I was speaking generally. I think any plan by which the Government goes into the purchase of securities is a competition with the banking industry of the country.

Mr. LUCAS. I am very much interested in that question. I am more or less pledged to the policy not to vote for any measure which I believe will compete with private enterprise, and if there is anything in the pending bill which the Senator from Virginia can specifically point out that does threaten competition with private enterprise, I, as one of the Senators from Illinois, am extremely anxious to know about it.

Mr. BYRD. Mr. President, I think that undoubtedly the clause in the bill, on page 4, which makes available the sum of $350,000,000 for engines, locomotives, tenders, freight and passenger cars, unquestionably competes with private enterprise, because many railroads today make their own railroad equipment.

Mr. LUCAS. Is there anything in the hearings which discloses how the railroad industry feels about that particular provision?

Mr. BYRD. I could not say; I am not a member of the committee.

Mr. WAGNER. Mr. President, will the Senator permit me to answer the question?

Mr. BYRD. Certainly.

Mr. WAGNER. The representative of the Railroad Association, Mr. Pelley, appeared before the Committee and stated that their association was in favor of the legislation. Is that a correct statement, may I ask some of the other members of the committee?

Mr. TAFT. There was offered in the committee, and appeared in one draft of the bill, a section providing that nothing undertaken under the bill should compete with private industry. That was stricken out because of numerous objections of Senators, who pointed to cases where they said there would be competition, and a particular project would be barred; and the provision is not now in the bill. One Senator pointed out that many bridges are owned privately in this country, and the Government could go in and build a bridge right alongside a private bridge and practically destroy the investment in the private bridge. Another instance was suggested by the Senator from Idaho [Mr. CLARK], who was afraid that there might be interference with a reclamation project where there was a power development in connection with the reclamation project. There were two or three other objections from Senators. I think it is fair to say that there are numerous cases. If the Senator can draw a provision that would meet the situation, I think he should try to do so, and I believe it would meet the general approval of the committee.

Mr. BYRD. I might say that the provision that there should be no interference with private enterprise was stricken from the bill in the committee.

Mr. TAFT. It was.

Mr. WAGNER. The reason for striking it was that every agency involved stated that the way the amendment was worded it would interfere with their activities. I do not think anyone would defend the limitation that a municipality could not build a bridge to accommodate travelers if that bridge would compete with a dilapidated old ferry, for instance, that was carrying people across the river. We did not intend to prevent that sort of competition by the proposed legislation. But it was very difficult to draft an amendment which would cover every kind of case where there might be legitimate competition.

I told the Senator from Colorado that I was going to try my hand at proposing something which would cover the cases we intend to cover and not prevent enterprises which are legitimate undertakings by a municipality or any other political subdivision.

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

Mr. BYRD. I yield.

Mr. ADAMS. I merely wanted to give an additional part of the history of the amendment under discussion. The amendment which was taken from the bill was one which I prepared following the language of the letter of the President to the Senator from South Carolina [Mr. BYRNES], upon which the bill was passed. A part of that letter read as follows:

> I have caused estimates to be made of the extent of the field for investment of funds in revenue-earning channels on a self-liquidating basis and in no way competitive with private enterprise. The estimates are, I believe, conservative. The types of projects I have in mind are listed below, together with the sums which, it is estimated, can be put to work to provide employment for men and machines in diverse lines of industry within the coming fiscal year. These projects are in addition to programs already submitted.

Then follows the list of projects, which included the Federal Works Agency, express post roads, railroad equipment, Department of Agriculture, farm-tenant program, and foreign loans. Those were all listed in the President's letter as noncompetitive, and there seemed to me to be a gap in the bill as it was drawn. I therefore proposed the amendment, with the idea of merely filling the gap in the bill so that it would conform with the President's letter.

Upon further discussion, and as stated by the Senator from New York, he and the sponsors of the bill said that perhaps they could prepare a more satisfactory amendment, and I withdrew my amendment. But I have been anxiously awaiting the presentation of an amendment which would meet the problem.

Mr. O'MAHONEY. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. O'MAHONEY. The question now under discussion has aroused much interest on my part, because I believe that it is of fundamental importance that the proposed legislation should make it positively clear that it is not the intention of Congress or of the administration to interfere with free private enterprise. It is my own judgment that that is the intention. I have reached that conclusion because in the message which the President sent to the Congress more than a year ago recommending the so-called monopoly study he explicitly stated that he was interested in preserving free private enterprise for profit. But the difficulty is that when we try to put a program of this kind into language, it is hard to avoid loopholes.

There is such a loophole in the provision governing the allocation for rural electrification; and I should like to have the attention of the Senator from New York to the suggestion I am about to make.

On page 4, line 24, we find this language:

To the Rural Electrification Administration: $500,000,000 for the purposes specified in the Rural Electrification Act.

The Rural Electrification Act contains a specific provision that the loans under that act shall be granted to cooperatives which are organized in areas not served by a central station. So, clearly under the Rural Electrification Act there is no danger of competition with existing private enterprise. But in the language of the pending bill that safeguard is not to be found. So it was my intention to suggest at the proper time that the sponsors of the bill should accept an amendment, inserting in line 25, after the word "in," the words "subject to the provisions of", so that it would read:

To the Rural Electrification Administration: $500,000,000 for the purposes specified in and subject to the provisions of the Rural Electrification Act.

I am sure that that would be in complete harmony with the purpose of the sponsors of the bill.

Mr. WAGNER. Mr. President, I hope the Senator will submit his amendment so that we may have a chance to study it. So far as I am concerned, I can say—and I am sure it is the sentiment of the entire committee—that we want to safeguard the legislation in such a way that there will not be competition with private industry in private activities. But the way the amendment of the Senator from Colorado was drafted, there were many who objected. For instance, a suggestion was made that if a public university secured a loan with which to build a dormitory, it might be contended by the proprietor of a boarding house in the neighborhood that the construction of the dormitory to house some of the students would be in competition with the boarding house. All types of technical questions would be raised as to competition, which would result in interminable litigation and possibly defeat the program.

I should say that where a ferry is giving inadequate service to the public, and the municipality or the State involved wants to build a bridge to accommodate the people, that should be permitted, although technically it might be in competition with the ferry. It is because of such undertakings, which it was feared might be prevented, that the amendment as proposed by the Senator from Colorado was regarded as too all-embracing. Some of us are attempting to use whatever little ingenuity we may have to draft an amendment which will carry out the objective and not interfere with desirable undertakings.

Mr. BARBOUR. Mr. President, will the Senator from Virginia yield to me to propound a question to the Senator from New York?

Mr. BYRD. I yield.

Mr. BARBOUR. In other bills in connection with relief and other governmental expenditures in connection with public works and all that sort of thing, there has been a protective amendment presented by the Senator from Colorado and myself in relation, roughly speaking, to the creation of mills and factories, and provide activities of all sorts, in order to prevent interference with existing private industries; in other words, to protect the actual wealth-creating activities of the citizen.

Mr. WAGNER. I know there has been that kind of provision.

Mr. BARBOUR. I think this is very vital, and we must not pass over it lightly. The same sort of protection must be provided in this bill, especially, I feel, in this particular bill, which, in fact, will not be self-liquidating at all when the final score is settled.

Mr. WAGNER. In the committee, I proposed an amendment which provided that there should be no competition with any existing manufacturing enterprise; but there were some who thought that was too narrow a provision. It is very difficult to agree on just what ought to be adopted.

I may say to the Senator from New Jersey, because I know he will appreciate it, that if there had been too broad an amendment in the law, we could not with Federal assistance have built the George Washington Bridge, because it could easily have been contended by those operating ferries across the Hudson River that the construction of that bridge would be in competition with the ferries, and a very useful enterprise, which had public support, would have been prevented; an enterprise, incidentally, which has helped New Jersey to come to New York, a much more desirable place. [Laughter.]

Mr. BARBOUR. It has helped a good many people in New York to come to New Jersey, too, the really more desirable place of the two. [Laughter.]

Mr. WAGNER. The Senator will appreciate our problem, and I think we will be able to work out something in that regard.

Mr. BARBOUR. All I wanted was to be absolutely sure that the distinguished Senator from New York appreciated this important safeguard in relation to the proposed legislation, just as it has been appreciated by all of us in connection with other legislation of this same kind. This bill is bad enough of itself but if it is to permit of interference with private industry and business it will indeed be completely devastating in its effects on the country.

Mr. WAGNER. Mr. President, I am sure the sponsor of the bill appreciates that also. May I further interrupt the Senator in order to answer a question which was asked by the senior Senator from Illinois [Mr. LUCAS] as to the attitude of the representatives of the railroads to the amendment as it is now written? I read from the testimony:

Senator BARKLEY. I have got to go to the floor of the Senate, and I wanted to ask Mr. Pelley a question. I have submitted to him the amendment that I have suggested, and I would like to ask him whether, if adopted, it would remove the objection that he expressed.

Mr. PELLEY. It does.

The CHAIRMAN. You are satisfied with it?

Mr. PELLEY. Yes.

That is the attitude of the railroads.

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

Mr. BYRD. I yield.

Mr. TAFT. Does the Senator see any reason why the railroads should refuse to take money at 1 percent from the Government when it might cost the Government 2 percent from the public?

Mr. WAGNER. The quotation I have just read was quite relevant to the present discussion. The Senator from Illinois inquired of the Senator from Virginia as to whether or not the provisions here would permit competition with the railroads, and I stated that the railroad representative favored the particular amendment. That was the question involved, and having answered that question, I prefer not to enter into an unrelated discussion.

Mr. BYRD. Mr. President, I should like to answer the inquiry of the Senator from Illinois [Mr. LUCAS]. I will say to the Senator from Illinois that he has raised a most interesting question, and this bill makes possible the competition of the Government with the private business of most of our citizens, for the reason that it permits the taking of excess land to be used for the purposes of land speculation, erection of houses by the Government, the erection of all kinds of facilities, and the rental or sale of such facilities to the public. The President of the United States, on April 27, 1939, in submitting the report on the proposed superhighways through the country, said this:

I call the special attention of the Congress to the discussion of the principle of "excess taking" of land for highways. I lay great emphasis on this because by adopting the principle of "excess taking" of land, the ultimate cost to the Government of a great national system of highways will be greatly reduced.

For instance, we all know that it is largely a matter of chance if a new highway is located through one man's land and misses another man's land a few miles away. Yet the man who, by good fortune, sells a narrow right-of-way for a new highway makes, in most cases, a handsome profit through the increase in value of all of the rest of his land. That represents an unearned increment of profit—a profit which comes to a mere handful of lucky citizens and which is denied to the vast majority.

Under the exercise of the principle of "excess taking" of land the Government, which puts up the cost of the highway, buys a wide strip on each side of the highway itself, uses it for the rental of

concessions and sells it off over a period of years to home builders and others who wish to live near a main artery of travel. Thus the Government gets the unearned increment and reimburses itself in large part for the building of the road.

That means that it is possible under the bill for the Federal Government to go into competition directly with private business to condemn excess land which is not needed for the construction of the road, to build all kinds of buildings, office buildings, concessions, or whatever else it may please to do, and to sell them in competition with citizens who have likewise built garages, homes, or whatever the case may be.

So, Mr. President, so far as competition with private enterprise is concerned, I think an investigation will show that in many instances the bill will bring that about.

Mr. LUCAS. Mr. President, will the Senator yield to me for an observation?

Mr. BYRD. I yield.

Mr. LUCAS. I am very happy that the Senator read that letter of the President in connection with the taking of excess lands for public highways. Am I correct in my understanding that the bill contemplates following the theory set forth in the letter just read?

Mr. BYRD. That is the message which he sent to the Congress on April 27, 1939, in which he transmitted the report of the Public Roads Department which had been investigating these superhighways.

Mr. LUCAS. Mr. President, I want to make this observation in connection with something that is being done in the Illinois Valley at the present time which squares with that policy so far as public highways are concerned. At this moment the Federal Government is building and constructing dams for navigation purposes on the Illinois and the Mississippi Rivers, and for the first time in the history of the construction of dams for navigation, instead of taking easements for flowage rights they are now condemning thousands upon thousands of acres of land, which, by the wildest stretch of the imagination, they cannot use for strictly navigation purposes. And in listening to the reading of the President's letter I presume that the theory of the Government in taking this land in fee simple title is for the very reason expressed in that letter from the President to the committee in connection with the condemnation of lands for public highways.

Insofar as the Senator from Illinois is concerned, he can see no justification for the taking, for instance, in the little county of Calhoun, in the State of Illinois, 31,000 acres of land for navigation purposes, when probably 1,000 acres would be sufficient. And in taking that land the Government is taking land which is paying taxes to the schools and the towns and the cities. The taking of this revenue which for a hundred years has aided in sustaining local government will have to be spread over the remaining real estate thereby increasing taxes on all lands in the county.

Mr. President, it seems to me that such a policy is fundamentally wrong, and I for one am against it. I want to keep all the lands that I possibly can in private ownership rather than having the Government continually condemning and taking lands for which it has no actual use.

In this navigation project I am also advised that these thousands of acres of land will ultimately be turned or transferred to another department of government for the purpose of making game and fish preserves and refuges out of it, thus destroying hunting clubs and private property rights which have been enjoyed by these owners for many years.

As I understand the Senator from Virginia, the Government expects, if this program goes through, to condemn more land than necessary for highway purposes, and then it would compete in business with private owners of real property along this highway. I seriously question the policy of the Federal Government acquiring lands for such purposes. I question the right to do so under the Constitution.

Mr. BYRD. I read to the Senator from Illinois the statement made by the President of the United States.

Mr. BARKLEY. Mr. President, I do not know anything about the particular project to which the Senator from Illinois has referred. I think that in undertaking to interpret the purpose of this bill, the language of the bill itself furnishes a safer guide than a letter, even from the President of the United States, expressing his ideas with respect to it. But there is in the President's letter and in the minds of the sponsors of this bill the possibility that the Government of the United States might reimburse itself for any expenditures incurred in the development of a highway system by taking advantage of increased values in property brought about by the expenditure of its own money. It is not desired to set up commercial institutions.

Mr. BYRD. What does the Senator mean by the spending of the Government's own money? The Government spends the taxpayers' money.

Mr. BARKLEY. Of course, we all understand that, but it is the Government's money when it is spent.

Mr. BYRD. The Senator is speaking of the Government as a private individual in competition with another private individual?

Mr. BARKLEY. No; I am not speaking of the Government as a private individual. The Government has no money except what it gets from its citizens, but when it gets it, it belongs to the Government, no matter how it gets it.

Mr. BYRD. It still belongs to the people of this free country.

Mr. BARKLEY. I am talking about the automatic increase in the value of adjacent property along the roadside brought about by the expenditure of money by the Government, whether it is the Government's money or the people's money.

Mr. BYRD. The people collectively own the land which the Government buys.

Mr. BARKLEY. Yes. Of course, the Government owns the Capitol here. It owns all the public buildings in Washington. It owns everything in which it has invested money, and under the theory that the people own the Government, the people own the property here. The Senator and I will not quarrel about that, nor will we be technical even. Theoretically, of course, what the Government owns the people own. But in this instance the theory behind the possibility of a recoupment and a reimbursement is that there is no wrong in the Government taking advantage of the increase in the value of the property which it has increased in value by its own expenditures, so, if possible, to reimburse the Government for the expenditures it makes.

Mr. LUCAS. Mr. President, will the Senator yield so I can ask a question?

Mr. BYRD. I yield.

Mr. LUCAS. Does the Senator from Kentucky know of any State in the Nation that has ever followed that philosophy?

Mr. BARKLEY. I am not certain that I do, but the fact that it has not been followed by States is no reason why it should not be done by the Federal Government. That feature is not absolutely essential to carrying out the program outlined in the bill, but it has been thought desirable to make it possible, where the Government engages in large expenditures which would automatically increase the value of a strip of property along the roadside, that the Government might purchase and take advantage of the automatic increase in the value of that property in order to recoup itself for the expenditure out of which the increase grew.

Mr. TYDINGS. If the Government bought the excess property along the highway and it increased in value, by the same token the States would lose additional revenue because the Government property would be exempt from State and local taxation.

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

Mr. BYRD. I yield.

Mr. ADAMS. I think the committee is entitled to some consideration for what it has done. Originally we had a bill introduced by the Senator from Kentucky. We are now considering a new bill, which does not show the amendments which were made to the original bill. The effort by the Sen-

ator from Kentucky was to have a clear print. In the original bill was subsection (g) on page 7, which provided:

(g) To acquire by purchase, but not by condemnation for investment purposes, any real property in the vicinity of any highway improvements or Federal-aid construction if, in the opinion of the Commissioner of Public Roads and the Corporation the price at which such real property may be purchased is such as to make it probable that the United States will, as a result of appreciation in land values resulting from any highway improvement or Federal-aid construction, be able to dispose of such property, within 20 years, at such a price as to result in a profit; and to sell any such real property at public sale after advertisement and competitive bidding and upon such other terms and conditions as the Commissioner of Public Roads and the Corporation may in their judgment deem in the public interest.

I am merely pointing out to the Senator that at least there was one remote effort included in the original bill to buy property for investment, which provision was eliminated by the committee.

Mr. BYRD. Mr. President, if the Senator from Colorado will permit me to interrupt him, the Senator from Kentucky [Mr. BARKLEY] today, in response to a question from me, made the statement that the bill still permitted and authorized the purchase of excess land. I am advised by the legislative drafting bureau that the present language of the bill provides for it by the phrase "or convenient for carrying out any of its functions hereunder."

Mr. ADAMS. I am merely trying to give some of the legislative history which does not appear in the bill before the Senate.

Mr. BYRD. I appreciate that; but I call attention to the fact that the Senator from Kentucky made the statement today that the bill permits the purchase of excess land. The Legislative Drafting Bureau also advises me that it does.

Mr. BARKLEY. Mr. President, I am not denying that the bill, even as redrafted, permits the purchase of adjacent property. It changes the broad location from the "vicinity" to adjacent property "necessary or convenient" to carry out the objects of the bill.

Mr. BYRD. It permits exactly what the President recommended in the letter which I have read to the Senate.

Mr. BARKLEY. Mr. President, if the Senator will permit me, in further response to the question propounded to me a moment ago by the Senator from Illinois [Mr. LUCAS], in the States of Delaware, Illinois, Indiana, Maryland, Nebraska, Oregon, and Virginia the right to purchase excess property adjacent to public improvements of this sort is authorized by constitutional provision; and the right is exercised.

Mr. BYRD. In connection with that whole matter, we may as well understand the question frankly. In response to a resolution adopted by the Senate the Public Roads Administration made a report, which is before us, with respect to the construction and operation of superhighways under a toll system. The Public Roads Administration stated that only one road in the United States, from Philadelphia to New Haven, would be self-liquidating, and that the losses which would result from a general system of six superhighways, three going east and west and three going north and south, would be $112,000,000 a year. The maintenance and reasonable amortization would be $184,000,000 a year, and the income over a period of 15 years would be $72,000,000 a year. The Public Roads Administration has stated that these highways would be only 40 percent self-liquidating.

Why is this proposal made by the President of the United States? It is made for the purpose of trying to justify the expenditure by taking the excess land and going into the real-estate business, building homes and garages, and endeavoring to sell them at a profit, in competition with all the citizens of the country.

Mr. RUSSELL and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER (Mr. CLARK of Idaho in the chair). Does the Senator from Virginia yield, and if so to whom?

Mr. BYRD. I yield to the Senator from Georgia.

Mr. RUSSELL. Do the figures submitted by the Public Roads Administration take into consideration, in the sale of lands in the great Federal subdivisions which it is proposed to build, the cost of paving the streets and improving properties to sell the land at a profit, or merely the income from the use of the roads?

Mr. BYRD. Merely the income from the use of the roads. The point I was trying to make clear was that although the Public Roads Administration stated frankly that such projects would not be self-liquidating, the proposal is made to take the excess land and use it as a profit-making venture to pay for the toll roads.

Mr. RUSSELL. If the Government suffered the same fate in opening up these great subdivisions and paving streets in a venture into the field of real-estate speculation, it occurs to me that the total losses might be much greater than those indicated by the Public Roads Administration, because some of the highways might not "pan out." If the Government should establish a subdivision, and it should look like a very profitable business venture, it is wholly possible that unless we should pass some law prohibiting it, a private individual might build a competing subdivision and highway, and thereby decrease the profits which would accrue to the Government.

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

Mr. BYRD. I yield.

Mr. TOBEY. The Senator from Virginia might also point out that the direct testimony of Mr. MacDonald, of the Public Roads Administration, was that in the matter of tolls only a very small amount could be recoverable.

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

Mr. BYRD. I yield to the Senator from Kentucky.

Mr. BARKLEY. If the Senator will permit, I should like to call attention at this point to some of the provisions of State laws and constitutions with respect to this matter.

In California, Massachusetts, New York, Pennsylvania, and Rhode Island the acquisition of land outside the boundaries of a highway is limited.

California authorizes the State or any of its cities or counties to condemn land in, about, along, and leading to public works within 150 feet of public works or improvements; provided that when parcels lie only partially within the 150 feet only such portions may be acquired as do not exceed 200 feet from the closest boundary.

Massachusetts provides that more land may be taken by the Commonwealth, county, or city than is needed for the actual construction, provided that no more land is to be taken than is needed for suitable building lots on both sides of the street.

New York authorizes the cities and counties to take more land than is needed for actual construction, provided that no more land shall be taken than is needed to form suitable building sites.

I read the provision of the New York Constitution:

The legislature may authorize cities and counties to take more land and property than is needed for actual construction in the laying out, widening, extending, or relocating of parks, public places, highways, or streets: *Provided, however,* That the additional land and property so authorized to be taken shall be no more than sufficient for suitable building sites abutting on such park, public place, highway, or street. After so much of the land and property has been appropriated for such park, public place, highway, or street as is needed therefor, the remainder may be sold or leased.

So, in several of the States, including California, Massachusetts, Pennsylvania, Rhode Island, Ohio, Wisconsin, Michigan, and other States, there is a provision that not only the States but the cities and counties may take more land than is necessary on either side of the highway or road for the identical purposes contemplated in the possible purchase of such land under the terms of the bill.

Mr. ADAMS. Mr. President, may I make an inquiry of the Senator from Kentucky?

Mr. BYRD. I yield.

Mr. ADAMS. Did the Senator submit today a brief on the validity of such a provision?

Mr. BARKLEY. I did. I submitted a brief on the validity of excess condemnation.

Mr. ADAMS. Am I correct in my recollection that the general counsel for one of the Government departments said

to us that such a provision was of doubtful constitutionality, and that the question had not been decided?

Mr. BARKLEY. No. The brief which I have submitted, which was prepared by the General Counsel of the Public Works Administration, holds that the Government may not only condemn land for the actual right-of-way but may condemn adjacent land necessary and convenient for the carrying out of its purposes; and it may even condemn, by right of paramount eminent domain, property which is owned and operated by States, counties, and cities.

Mr. ADAMS. Is it not a fact that that question went to the Supreme Court of the United States, and that the Court did not decide it, so that the matter was practically left as an undecided question so far as the Supreme Court of the United States is concerned?

Mr. BARKLEY. I do not think that inference is to be drawn.

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

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

Mr. LUCAS. I should like to ask one more question of the Senator from Kentucky in view of the fact that he has referred to various constitutional provisions giving States and cities the right to acquire additional rights-of-way. Have any of the States ever exercised the authority vested in them under their constitutions?

Mr. BARKLEY. I think so. I cannot give the particular parcels or locations.

Mr. LUCAS. Is the State of Illinois one of the States which has such wide constitutional power?

Mr. BARKLEY. Yes. There are constitutional provisions in eight States, and statutory provisions in seven others, including Delaware, Illinois, Indiana, Maryland, Nebraska, Oregon, and Virginia.

Mr. BYRD. Does the Senator from Kentucky know of any State which has gone into the business which the President recommends shall be done in this case?

Mr. BARKLEY. I cannot tell the Senator the extent to which the States authorized to do so have actually exercised the power; but the fact that the constitutions and the legislatures have conferred upon the States and the municipal authorities and subdivisions the right and the authority to do it certainly argues in favor of the validity of such a program.

Mr. BYRD. How many States have given such authority? What is the number?

Mr. BARKLEY. Altogether, by constitutional and legislative provisions, 15 States have done so.

Mr. BYRD. There are still 33 States which have not. The mere fact that the authority is given does not assume that the States are going into the business of building garages and other things, as the President proposes to do in his letter to Congress.

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

Mr. BYRD. I yield.

Mr. LUCAS. I wish to make a further observation. Assuming that we have the power under our State constitution, as explained by the Senator from Kentucky, I want to say that we have never exercised that power so far as I know. I think we, perhaps, have as good a highway system as any State in the Union; and we have never exercised the power of condemning land which is not necessary strictly for highway purposes.

Mr. BARKLEY. I will say to the Senator that I happen to know that in the State of New York this power has been exercised and is now being exercised. In the State of New York at least one or two highways exist on the property adjacent to which the State of New York is now operating inns and other public places for the purpose of helping to reimburse the State for the expenditure involved.

Mr. BYRD. New York developed the sides of the road and attempted thereby to make a profit in order to pay for the road.

Mr. BARKLEY. In one or two cases; yes.

Mr. BYRD. So the State has actually gone into business?

Mr. BARKLEY. It has, yes; if that may be called business.

Mr. BYRD. I should like the Senator, if he will, to furnish me a little further detail about that.

Mr. BARKLEY. I suppose it is not in order here to furnish the experience of any other country but in the building of a superhighway from London to the sea, in England, the entire tremendous cost of that construction was paid for by the use of adjacent property along the highway, which was increased in value by the construction of the highway in the effort to reimburse the Government for the outlay necessary to build the road.

Mr. BYRD. Mr. President, in regard to this system of toll roads, we, of course, understand that if we once embark on it $50,000,000 will be merely a beginning of the expenditure, because the report of the Department of Public Roads says that to build three highways north and south and three east and west the cost would be $3,000,000,000, at an average rate of approximately $200,000 a mile, and that does not include the cost of the condemnation of the excess land. I agree with the Senator from Georgia that, instead of making a profit out of it, the Federal Government would probably incur a loss because of the high cost incurred in the condemnation of land along the road.

Mr. BARKLEY. That theory can only be based upon the idea that the building of an improved highway decreases the value of adjacent property instead of increasing it.

Mr. BYRD. I happen to know something about the road-building business, and I totally disagree with the Senator. Just so soon as a road is located in a community the value of the adjacent property increases, for it is bound to be known where the road is to go before condemnation proceedings can be started.

I wish to call attention to this scheme of public roads. I did not think that it would be seriously proposed to embark upon a system of toll roads in this country, in view of the fact that the Public Roads Administration stated, freely and frankly, that such roads could only pay 40 percent of the cost as self-liquidating projects. The cost varies from $1,158,400 a mile in the section from Jersey City, N. J., to New Haven, Conn., to a minimum of $63,450 a mile from Rupert, Idaho, to Bingham Canyon, Utah. Then the Public Roads Administration estimated that the toll would be an average of a cent and a half per mile per motor vehicle, which is equivalent to the cost of the gasoline. A cent and a half per mile, with an average of 10 miles to the gallon, means the toll on the road would be as much as would be the cost of the gasoline. Furthermore, those who use the roads would then have to pay the present gasoline taxes, which average 6 cents a gallon, and pay all the other numerous taxes that apply to motorists, who are today the most heavily taxed of all our citizens.

Toll roads may be established; they may operate for a short time; but the public resentment would be such that very shortly the demand would come upon Congress—and Congress would have to accede to it—to take off the tolls. Then the entire burden would fall upon the Federal Government to maintain and operate the roads.

Mr. President, I am going to take up but little more of the time of the Senate, but I wish to call attention to what I regard as an absolutely indefensible provision of the pending bill. This measure establishes a new precedent that has never before been established by any of the laws enacted by the Federal Congress. It provides that the interest rate shall be fixed by the sale to the public at market price of the obligations under a tax-free provision and pass this low interest along to the railroads in loans. These bonds are to be tax-exempt. The distinguished patron of the bill, the Senator from Kentucky does not agree with the President of the United States, who has said on two occasions that he hopes that the Congress will make these bonds taxable—and they should be taxable. The point I want to make is——

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

Mr. BYRD. Let me conclude this thought. The point I want to make is that it is proposed to make loans to private

industry at the cost to the Federal Government of selling to the public tax-free bonds and to give to the railroads of the country the advantage of the low interest rate by reason of the Government being able to sell the bonds cheaper because of the tax-free provision. This is being done for the first time; never before in the history of this country has such a principle been established by legislation. It is true that the R. F. C. can make loans to railroads, but the R. F. C. fixes the interest rate. It is not bound by the provisions of this bill, which provides that the interest rate shall be fixed in accordance with the sales to be made to the public of these tax-free securities.

At the proper time I intend to offer an amendment to the bill to provide that these bonds, if and when issued, shall be subject to taxes as are other obligations of the counties, cities, and States.

I wish to read to the Senate what the President said in a press conference reported by Turner Catledge in the New York Times of June 24, 1939:

The President discussed the proposal—

That is this proposal—

in some detail at his press conference this morning. He expressed the hope then that the securities floated by the various Federal agencies to make up the loan fund would not bear tax-exempt features. He reiterated his previous recommendation that income from all future issues of public bonds bear their share of taxes.

And he was reported in a press conference of yesterday as confirming that statement.

These bonds are to be issued for 40 years.

Mr. BARKLEY. Mr. President, I said earlier in the afternoon that I was not present at the press conference and that I did not know whether the President was correctly quoted, but that I did not believe the President meant to say that these bonds on the question of tax exemption ought to be on a different basis than other bonds issued by the R. F. C. I have since confirmed that statement, and I can say to the Senator that the implication carried in the quotation that the President wanted these bonds issued on a different basis from that of other bonds issued by the Reconstruction Finance Corporation was not what he had in mind.

Mr. BYRD. The President could not have had in mind anything else but the pending bill, because that was what was discussed at the press conference, and on two occasions——

Mr. BARKLEY. There is nothing in this bill that puts these bonds on any different basis than bonds heretofore issued by the Reconstruction Finance Corporation.

Mr. BYRD. I differ with the Senator. He certainly is not correct, because the bill says the interest rate is fixed as follows:

For the purposes of this section the yield on any obligation shall be based on market prices and on any callable obligation selling above par shall be computed to its earliest callable date, and said date shall be deemed to be the maturity thereof.

Mr. BARKLEY. That has nothing to do with tax exemption.

Mr. BYRD. Certainly not; but it seems to be difficult to make the Senator understand that if there is, tax-exemption bonds will sell at a lower interest rate.

Mr. BARKLEY. There is nothing in this bill that even by implication provides for the taxation of the income from these bonds differently from any other outstanding bonds of the Reconstruction Finance Corporation, which, along with all other bonds, are subject to taxation so far as surtaxes are concerned, and not otherwise.

Mr. BYRD. The difference is that under the present R. F. C. legislation the R. F. C. fixes the interest rate, while under this proposed legislation it is to be fixed by this bill, and the R. F. C. is compelled to charge only the amount that it must pay on selling tax-free bonds.

Mr. BARKLEY. That does not make the income from these bonds taxable any more than income from other bonds issued by the Reconstruction Finance Corporation, no matter what the rate is and no matter how it is fixed.

Mr. BYRD. I am going to make myself clear on this matter. I will repeat what I have said.

Mr. BARKLEY. I understand the Senator, but I do not think he understands the bill.

Mr. BYRD. I think that I understand the bill as well as the Senator from Kentucky understands it.

Under the provisions of this bill the interest rate is fixed not as a matter of decision by the R. F. C., not as a free matter on the part of the R. F. C., but it is fixed by the terms of the bill. The bill says that no greater interest rate shall be charged than the R. F. C. must pay on selling its bonds to the public with the tax-free provision.

I contend—and nobody can deny it—that by reason of that provision these bonds will be sold at a lower rate, and then, by reason of that, the railroads will obtain money at a lower rate of interest than they would obtain it if these bonds were taxable. I do not think anyone can question that. So the result is that the United States Government will be using its power to sell tax-exempt securities and giving the benefit of the resultant lower interest to private industries, the railroads, in the event that they borrow the money by reason of the provision in regard to equipment.

Mr. BARKLEY. Let me ask the Senator does he think because there is a ceiling put on the rate of interest to be charged for the loans to the various agencies that that lifts from these bonds the tax-exempt privilege which other bonds enjoy?

Mr. BYRD. I never said that.

Mr. BARKLEY. I am asking the Senator.

Mr. BYRD. I said nothing whatever about a ceiling. What I am talking about is that the interest rate will be fixed in accordance with the interest rate paid by the R. F. C. when they issue the securities.

Mr. BARKLEY. There is no dispute about that; but does the Senator consider that provision to mean that these bonds will be tax-exempt or taxable?

Mr. BYRD. These bonds, exactly as other bonds that have been issued will be tax-exempt. I propose to make them subject to taxation.

Mr. BARKLEY. Mr. President——

Mr. BYRD. I do not think the Senator has listened to me.

Mr. BARKLEY. I have listened except when I have been interrupted by others.

Mr. BYRD. I do not charge the Senator with any discourtesy, but I am really very anxious to get him to understand my point of view. The bill provides that $350,000,000 is made available to railroads for the purchase of equipment. The bill further provides that the interest rate on the $350,000,000 is to be fixed at the lowest rate at which bonds are sold by the R. F. C. in order to make the loans.

Mr. BARKLEY. Of course that provision applies to all the bonds issued for all these purposes, not simply to loaning money to railroads for the purpose of providing equipment.

Mr. BYRD. I understand; but I am speaking of private business. The question of helping the municipalities by low interest rates is a different one; but this is a question of private business. My contention is that by reason of that provision the interest rate to the railroads for private business will be lower than would be possible were the bonds taxable. I do not think anybody can deny that statement; and in that event private business is getting the advantage of the power of the Federal Government to issue tax-free obligations at low interest rates.

Mr. BARKLEY. The Senator, then, objects because the rate of interest charged the railroads for this particular type of equipment may be lower than the rate at which they could obtain money from private lending agencies, if they could obtain it at all?

Mr. BYRD. I object to the Federal Government issuing tax-free bonds and thereby obtaining a low interest rate which, under the provisions of this bill, must be passed on to private industry.

Mr. BARKLEY. The Reconstruction Finance Corporation has been doing exactly the same thing—issuing its bonds to obtain money to loan to private industry all over the country.

Mr. BYRD. But the Senator from Kentucky knows that the R. F. C. have been charging 4 percent for loans to railroads.

Mr. BARKLEY. Yes; I realize that.

Mr. BYRD. Under this bill the railroads perhaps will not be charged over one-half of 1 percent.

Mr. BARKLEY. That does not make any difference so far as the principle of tax exemption is concerned.

Mr. BYRD. It makes a great deal of difference. Perhaps the Senator from Kentucky cannot see it. It makes a great deal of difference that when we use the power of the Federal Government to sell tax-free securities, and thereby get a low interest rate, we pass that low interest rate on to private industry.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 6687. An act to authorize the levy of State, Territory, and District of Columbia taxes upon, with respect to, or measured by sales, purchases, or use of tangible personal property or upon sellers, purchasers, or users of such property measured by sales, purchases, or use thereof occurring in the United States national parks, military and other reservations or sites over which the United States Government may have jurisdiction; and

H. R. 7263. An act to permit the importation free of duty of certain literature for distribution at the Golden Gate International Exposition of 1939.

ADDITIONAL HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred to the Committee on Finance:

H. R. 6687. An act to authorize the levy of State, Territory, and District of Columbia taxes upon, with respect to, or measured by sales, purchases, or use of tangible personal property or upon sellers, purchasers, or users of such property measured by sales, purchases, or use thereof occurring in United States national parks, military and other reservations or sites over which the United States Government may have jurisdiction; and

H. R. 7263. An act to permit the importation free of duty of certain literature for distribution at the Golden Gate International Exposition of 1939.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES

The Senate resumed the consideration of the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The bill is before the Senate and open to amendment.

Mr. TOWNSEND obtained the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

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

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

Mr. TOWNSEND. Mr. President, with respect to the spending-lending bill now before the Senate, I should like to take the time to show that the "must" legislation of the past, and this bill in particular, constitute an encroachment on the powers of the legislative branch of the Executive and a virtual abdication of both Houses of Congress. But I realize that if we all took time to tell all of the self-evident truths to the proponents of this bill and to the country, we should never get through.

MUST LEGISLATION

Every Member of this body should welcome the opportunity to discuss frankly and fully the spending-lending bill which has so recently been thrust upon the Senate and which we are ordered to pass before we may adjourn. I, for one, do.

It has been the practice since the first annual message of Washington, and properly so, for the Executive to advise the Congress on the state of the Union, and then and there or thereafter by special message to make recommendations respecting legislation necessary to meet our country's needs. No one could reasonably question the propriety and necessity of such procedure.

But for seven consecutive sessions the Congress has been told what is must legislation—what must pass before it may adjourn—and little or nothing else could thereafter receive the consideration of Congress. We are now faced with a bill calling for a program of expenditure of some $2,390,000,000 hastily conceived by the Executive, introduced on July 10 just as we are about to adjourn, and revised without adequate hearings, and we are told to pass it before adjournment.

My concept of our functions under the Constitution and our responsibilities under our oath of office and the functions of the Executive rebels at such procedure.

Historically, of the three branches of our Government, the legislative branch may be considered first because it was placed first in order, both in the work of the Constitutional Convention and in the Constitution itself. But, more important, the Members of the House are the direct representatives of the people and the Members of the Senate are the representatives of the States for whom they legislate and from whom they derived their power to legislate. The Executive is given the power to execute the will of the people and of the States as expressed by the Congress. Both branches are important, but their functions differ; and I consider our functions, and ours alone, to be that of legislating, that of determining on what, when, and how we shall legislate, with our responsibility therefor limited to the electorate.

Of responsibility let me say a few words. We have solemnly sworn to support and defend the Constitution of the United States and to bear true faith and allegiance to it. That oath required this body to legislate, and to do so to the best of its ability within the framework of the Constitution.

By law we have provided punishment for those who violate their oaths before tribunals or persons authorized to administer oaths. We have provided no such punishment for ourselves. The least, then, we can do is conscientiously to observe that oath.

This requires this body to assume its functions and exercise them as legislators, and the full exercise of those powers demands full hearings and deliberation.

The question of encroachment on the powers so carefully separated is not new, for Washington in his Farewell Address gave it consideration when he said:

> It is important, likewise, that the habits of thinking in a free country should inspire caution in those intrusted with its administration to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism. A just estimate of that love of power and proneness to abuse it which predominates in the human heart is sufficient to satisfy us of the truth of this position. The necessity of re-

ciprocal checks in the exercise of political power, by dividing and distributing it into different depositories, and constituting each the guardian of the public weal against invasions by the others, has been evinced by experiments ancient and modern, some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them. If in the opinion of the people the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by amendment in the way the Constitution designates. But let there be no change by usurpation; for though this in one instance may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield.

For the benefit of those who have forgotten the concept which Andrew Jackson had of his duties and those of the Congress, let me quote from his first inaugural address:

As the instrument of the Federal Constitution it will devolve on me for a stated period to execute the laws of the United States, to superintend their foreign and their confederate relations, to manage their revenue, to command their forces and, by communications to the legislature, to watch over and to promote their interests generally. And the principles of action by which I shall endeavor to accomplish this circle of duties it is now proper for me briefly to explain.

In administering the laws of Congress I shall keep steadily in view the limitations as well as the extent of the Executive power, trusting thereby to discharge the functions of my office without transcending its authority.

Then again, in a special message, Jackson said:

The Constitution, which his oath of office obliges him to support, declares that the Executive "shall take care that the laws be faithfully executed," and in providing that he shall from time to time give to Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient, imposes the additional obligation of such more efficient provision for executing the laws as may from time to time be found requisite.

The same instrument confers on Congress the power not merely to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare, but "to make all laws which shall be necessary and proper and all other powers vested by the Constitution in the Government of the United States or in any department or officer thereof," and also to provide for calling forth the militia for executing the laws of the Union. In all cases similar to the present the duties of the Government become the measure of its powers, and whenever it fails to exercise a power necessary and proper to the discharge of the duty prescribed by the Constitution it violates the public trusts not less than it would in transcending its proper limits.

These statements with relation to our duties, our obligations under the oath, are clear and unambiguous. They are nonpartisan. They will accord with the concept of any Senator who will stop to think on this subject—prior to adjournment.

I will go one step further in this partial review of historic documents necessitated by the action of this body during the last six sessions. I will quote from Abraham Lincoln who had occasion to say:

No one who has sworn to support the Constitution can conscientiously vote for what he understands to be an unconstitutional measure, however expedient he may think it.

Bearing in mind these statements, let us consider just a few things we have done and what we are being asked to do.

We were a party to the National Industrial Recovery Act, which no one in his wildest dreams conceived was within Federal power. The Supreme Court supported the true concept of its unconstitutionality in unequivocal language. This law was passed without deliberation—as must legislation.

We were a party to the Agricultural Adjustment Act, also later declared unconstitutional, under which for the first time we learned a new lesson in economics, namely, that "To create wealth you need but destroy wealth." This was must legislation.

As part of this must-rush program, we created C. W. A. and P. W. A., all without deliberation.

The economics were simple, and we had been told to do it, which was simpler. C. W. A. would start quick impermanent projects moving, to be followed by the big P. W. A. projects which would give impetus to the heavy goods industries, the two providing employment and money to spend on manufactured goods and agricultural products. The A. A. A. would give the farmer money to spend for manufactured goods in consideration of crop destruction, and N. R. A. would provide funds for the products of the land.

It was all so simple that from 1933 to June 30, 1936, these and related programs, hastily conceived and passed as must legislation—many just before adjournment—caused an increase in the national debt from twenty-one billions to thirty-four billions. With this had come a slight pick-up.

Then in 1937, when the Government slowed up in priming the pump, a recession ensued and we bounced back to a fresh start.

So we spent more billions, and by June 30, 1939, the national debt had increased to forty and one-half billions.

In the meantime this body had become conscious of the fact that it had not been legislating in the true sense, had not shouldered its responsibilities or performed the obligations according to the oath taken. It began to exercise its legislative functions. One of the contributing factors to the slight business pick-up during the first months of 1939 was the fact that the Senate was again performing its duties. It had given some encouragement, some hope, to business. There shortly followed a declaration that this "business boom" had been killed. Why? Because the Senate had dared to take over its constitutional functions and legislate or refuse to legislate.

This brings us to date and to the specific matter before us—to the bill which we are asked to pass just as we are about to adjourn—without allowing the opponents of it to be heard, so that we may have both sides of the question before us; without real deliberation—as "must" legislation.

It is important legislation if only by reason of the amount of money involved. It seems doubly important when one considers the principles involved. If indeed important, careful study is required; and no study has been given to it. It is another dream child, with all experience cast to the winds. A document so hastily conceived and hastily to be passed, to gratify the emotions of the new school of economic thought, our constant guide for 6 long years, can never be constructive legislation. For my definition of constructive legislation I am willing to borrow the words of Woodrow Wilson when he said:

Constructive legislation, when successful, is always the embodiment of convincing experience and of the mature public opinion which finally springs out of that experience.

But we have none of that in this bill, unless it be that our experience is completely contrary to it. And if public opinion were to be given an opportunity for expression, it is my strong conviction that that public opinion would decry the adoption of the principles embodied in this bill.

The doubt in the public mind as to the wisdom of seeking prosperity through Government spending is shown in a Nation-wide poll conducted recently by the organization of experts which makes the polls of Fortune magazine. As reported in the New York Times of July 24, 1939, 58 percent of those polled think Government spending must be reduced if prosperity is to be restored.

Some replied that Government spending should be left where it is. Others replied that they do not know.

Only 6 percent of those polled are in favor of increased Government spending as a means of bringing about prosperity.

The public, however, was not given an opportunity to be heard on the pending bill.

Thus far my criticism has been general, but nonetheless strictly with reference to the bill and specifically with reference to the procedure being followed to effect its passage.

Let us look at this bill for one moment—for we are to be allowed but a moment to deliberate on it—to see what the bill purports to do and what it actually means. Let us look, too, at existing law and at the testimony of persons friendly to the bill, for they alone were permitted to appear and be heard. From this Senators will be forced to conclude that the bill is absolutely unnecessary.

As evidence of the opposition to this bill, I have a telegram from Mr. Amos Pinchot, which I now ask the clerk to read.

The PRESIDING OFFICER. Without objection, the telegram will be read.

The Chief Clerk read the telegram, as follows:

MILFORD, PA., *July 24, 1939.*

Hon. JOHN G. TOWNSEND,
United States Senate, Washington, D. C.:

Please forgive late reply to your wire July 14 suggesting my appearing before committee re bill to provide two and a half more billions for administration's new lending program. This bill does not require that money should be used for self-liquidating projects. The self-liquidating claim is, of course, window dressing to hide the fact that bill is scheme to borrow more than the statute permits.

Every cent of this vast sum which the President now asks Congress to provide him with can be, and most of it probably will be, used for non-self-liquidating projects devised for their political vote-getting effect in the 1940 campaign.

The bill will not, as the President asserts, increase the buying power of the public. Nor, I fear, was it seriously meant to do so. But it will considerably increase the buying power of a certain group of politicians who are willing to mortgage the future of the country and imperil the Government's solvency in order to enlarge their chances of remaining in office despite their failure of the measures they have taken to promote recovery.

The present bill is merely the latest of the lending-spending bills that have done so little to help America out of the depression. And there is no reason to believe that the proposed excursion toward Federal bankruptcy will have an effect differing from a previous one. Today, after 6 years of reckless borrowing and spending, 4,000,000 young people, many of them graduates of high schools or colleges, are looking for work and cannot find it. The employment problem seems as far from solution as when Mr. Roosevelt first elected President.

Mr. Roosevelt's borrowing and spending scheme and hostility administration that is seemingly bent on abolishing private enterprise and setting up a Socialist nonprofit system in its place, America's recovery in production and employment has been tragically retarded. Even the poorest people on relief are now paying $13 in unseen taxes for every hundred dollars they receive from the Government. And it is estimated that 26,000,000 men, women, and children are being supported by Government charity.

Under the Roosevelt borrowing and spending scheme every class has suffered, but the poor most of all. For, as Mr. Roosevelt repeatedly stated in those franker days before he had been persuaded that his prolonged occupancy of the White House was indispensable to the salvation of his countrymen, the taxes necessitated by heavy spending are—I quote Mr. Roosevelt—"paid in the sweat of every man that labors, and if those taxes are excessive, they are reflected in idle factories and tax-sold farms and hungry people tramping the streets and seeking jobs in vain."

What has this great spending program done for American labor? From 1929–38 the total wage of American labor has shrunk 18½ percent, despite the rise in our population and the vast need and scarcity of goods, services, and construction, which is not being filled because Mr. Roosevelt's war on business has made almost every form of economic activity exceedingly hazardous as well as unprofitable.

In the same period 1929–38, the total wage of British labor, England having firmly rejected the lending-spending theory of recovery, increased by 20 percent. And this was not due to her rearmament activity, because in those years the armament industry averaged less than 6 percent of the total of British production.

I sincerely hope that the bill before you will receive the fullest consideration, the consideration it certainly merits. Current polls, taken by, I suppose, agencies that are interested in getting the truth, disclose that at length the American people are coming to understand that the way back to good times, opportunity, and steady jobs does not lie over the path of fantastic Government spending and huge taxes, which hold industry and employment back and raise the cost of living by making production more expensive.

One understands, of course, that there are many groups in this country which urge the passage of the bill on the general theory that Mr. Roosevelt is going to be Santa Claus in any event, and that they had better get theirs before the collapse arrives. But I think it is safe to conclude that the people in these groups form a minority that is already dwindling because of the widespread realization that the direct benefits which people can gain from the Government are very slight compared with those that will be derived as soon as private enterprise is allowed to get under way.

There is little doubt that, under a sensible Government policy with fiscal economy combined with helpfulness to business, a rapid and wholesome recovery would immediately begin the defeat of this bill, will, I think, do a great deal to bring such a recovery about.

AMOS PINCHOT.

Mr. TOWNSEND. Mr. President, the bill as originally introduced gave the R. F. C. the power to make loans for five purposes. The purposes are: (1) Public roads and highways; (2) public works; (3) railroad equipment; (4) rural electrification; and (5) certain agricultural purposes.

The R. F. C. already has the unquestioned power under existing law to make loans for the building of public roads and highways and for public works of the character covered by this bill, as provided in title III of the act of July 21, 1932, and the act of June 19, 1934. The only power the Corporation does not already have is the power to lend money for the building of gasoline stations and hot-dog stands, or for land speculation to help finance the projects, and I am decidedly opposed to the granting of such powers.

Perhaps it may be thought such power does not exist in the pending bill, but let me call attention to the hearings on the subject of anticipated profits to supplement tolls. I quote from page 12:

Senator TOBEY. Of course, you are putting the Government into the land business as speculation; and the potential profit is the cause of the speculation.

Senator ADAMS. We shall be able to regulate the kind of hot-dog stands put up.

Senator BARKLEY. In other words, it might turn out that the traffic was not as heavy over it as contemplated, and therefore any profits that might be made out of concessions or even out of purchases and the increase of the value of the land along the sides of the roadway would be a method of assisting in repaying the Government for the expenditures involved in constructing the highway.

So, too, does the R. F. C. already have power to make loans to the railroads to buy new equipment. Again I quote, from page 79:

Senator TAFT. Can you not loan now on some kinds of equipment trusts?

Mr. JONES. We do every day.

Senator TAFT. I do not understand the reason for this additional power in here.

Senator TOWNSEND. There is no additional power except that you can purchase old equipment.

Mr. JONES. It is an easier way to do it, under this bill.

The fact is that the railroads either do not need all this new equipment, or feel it is uneconomic to buy it now.

The question of whether the railroads need or want new equipment was answered clearly enough in the hearings. From pages 102 and 103, following a question to Mr. Jesse Jones by the Senator from Maryland [Mr. RADCLIFFE] as to why the railroads were not now using the R. F. C. to finance new equipment purchases, I quote:

Mr. JONES. They do not feel that they need the equipment badly enough.

Senator RADCLIFFE. The railroads do not need it?

Mr. JONES. They do not think so.

Senator RADCLIFFE. Why is it, if private capital is able to do it, private capital does not do it?

Senator TAFT. Did you not state that it was because the railroads did not want to buy the equipment? They are afraid to assume additional fixed charges. There is no evidence that they have been turned down by private capital.

Senator RADCLIFFE. Mr. Jones stated that in some cases they preferred to do it that way. I was just wondering why there should be this inertness of private capital.

Mr. JONES. We are really talking about a character of loan and investment that in many cases is on the border line between conservative lending and less conservative. We will say that this falls in with the less conservative.

Senator RADCLIFFE. In the twilight zone?

Mr. JONES. At least; yes.

Senator TAFT. But you stated, did you not, that practically all the large railroads could borrow private capital today at from 2- to 3-percent interest? That was your statement, as I remember it, earlier in the day.

Mr. JONES. That is correct.

According to testimony of Mr. Eastman, of the I. C. C., on July 1, 1939, there were "stored, in good order, 2,999 locomotives and 200,010 freight cars in good order."

Mr. Pelley and Mr. Eastman testified that with the present equipment they could take care of a 25-percent increase in freight if it were offered.

The R. F. C. does not have the power to make loans to buy and scrap old equipment, but this is one purpose of the bill to which I strongly object. It is just another case of destroying wealth to create wealth. What is the real distinction between plowing up cotton and killing pigs to create wealth and destroying usable railroad equipment to make room for the new?

We are urged to adopt this program with the idea of increasing our national income and our national wealth. On the surface it sounds like good business to scrap old railroad cars, locomotives, and shop equipment, so as to make way for new cars, new locomotives, and new shop equipment. But evidently the railroads themselves do not cling to the old equipment for the sake of sentiment. If they are using old rolling stock, it is because business prospects do not warrant scrapping it and substituting new rolling stock.

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

Mr. TOWNSEND. I yield.

Mr. LUNDEEN. I have been reading in the newspapers recently that there is an upsurge of prosperity in the country, or something akin to it. How does that comport with the fact that the railroads are bankrupt? As I understand, the railroads of the United States are bankrupt, many are in receivership, or many are on the verge of bankruptcy. Yet we read in the financial columns of the press that there is some return of prosperity. I wonder if that suggestion might not be politically inspired?

Mr. TOWNSEND. I am not so sure but that it might be.

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

Mr. TOWNSEND. I yield.

Mr. KING. Did accredited representatives of the railroads appear before the committee and urge that they be granted loans to enable them to discard old equipment, which is serviceable and useful, and go into debt to purchase new equipment?

Mr. TOWNSEND. I thought they made a very feeble request along that line.

Mr. KING. Is it the opinion of the Senator that any testimony which was adduced warranted the Government lending to the railroads hundreds of millions of dollars for the purchase of new equipment?

Mr. TOWNSEND. Positively not, because it was shown that even roads in receivership could borrow money at 1¾ percent from the public, from the banks.

Mr. KING. What excuse can be urged, in the light of that fact, namely, that money may be borrowed from private sources at 1¾ per cent by the railroads, for our extending the credit of the Government to them, at perhaps a little lower rate of interest, when they do not need it, when they have sufficient equipment now with which to discharge their obligations as common carriers?

Mr. TOWNSEND. In other words, the Government is being urged to do something that is not good business.

Mr. KING. Is it not a fact that the pending bill merely authorizes, without justification, large expenditures of the public money, which will call for increases in taxation, or the issuing of more bonds, even though we have practically reached the bond limit?

Mr. TOWNSEND. The Senator is correct.

Mr. KING. I may say in passing, if the Senator will pardon me, that it seems to me that of all the fantastic, unreal measures which have been brought before Congress at this session, none exceeds this in its folly and in its unwisdom, if not in its hypocrisy.

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

Mr. TOWNSEND. I yield.

Mr. DAVIS. Did the Senator say that the rate of interest charged by Reconstruction Finance Corporation is about 3 percent?

Mr. TOWNSEND. The Reconstruction Finance Corporation has full authority to lend at any rate of interest they decide to charge under the present law. They have been lending money at 3 percent; they have loaned some money at as low a rate as 2 percent.

Mr. DAVIS. As I understand, from statements made a moment ago, the railroads can borrow money at 1¾ percent, even though they are in the hands of receivers.

Mr. TOWNSEND. Railroads in the hands of receivers, and even some in bankruptcy, have borrowed money at as low a rate as 1¾ percent, and some at 2 percent.

Mr. DAVIS. Then, it does not seem to me that the Government is warranted in going into the railroad business, as it is proposed they should.

Mr. TOWNSEND. That is exactly my thought. In other words, the Government is being urged to do something that is not good business. The Government is urged to step in and take risks which the railroads regard as too great. In avoiding undue risks, the railroads are protecting the interests of their bondholders and their stockholders. If the Government now steps in and lends the railroads new equipment, will the Government be watchful of the interests of the taxpayer? The taxpayer, after all, is the Government's stockholder.

And what will become of the scrap? We must recover on it to help make the program self-liquidating. We will sell it to Japan to help her wage her undeclared war against China. That is exactly what we are doing.

Mr. DAVIS. Mr. President, during the past 5 years we have sold so much scrap that if it had been fabricated from the ore to the ultimate product we could have given work to 250,000 men in the steel industry of the United States, 40 hours a week for 52 weeks, without destroying the equipmen of the railroads to make more scrap.

Mr. TOWNSEND. Mr. President, as for rural electrification, on May 20, 1936, we gave the R. F. C. the power to make loans for that purpose; but I am advised that in our haste we failed to give the Rural Electrification Administration the power to borrow.

At page 216 of the hearings, Mr. Jones said:

> We have no authority to make those farm loans. We have authority to lend to the R. E. A., but they do not have the authority to borrow from us.

This can be taken care of by a very simple amendment. There is nothing complicated about clarifying existing law so that R. E. A. can borrow at the same time as R. F. C. lends.

That leaves but the matter of the power to make loans to agriculture for farm and water facilities and for farm-tenant loans. If the R. F. C. does not have that power now, a very simple amendment would give it the power.

Thus, by two simple amendments, supplemental powers can be given the R. F. C. and the R. E. A., which would result in establishing all the powers provided in the present bill, except the power to make loans for going into the "hot dog" stand business and the junk business.

If what concerns this body is the adding of these few additional powers to the already numerous and broad powers of R. F. C. I shall be prepared at the proper time to introduce a substitute bill which does just that, but no more.

The logical question which arises at this point is, "Where will the R. F. C. get the money?" If R. F. C. has not sufficient funds, then what could be simpler than an amendment giving R. F. C. more money. But that is not the case, for R. F. C. has the funds.

I quote from page 88 of the hearings:

> Senator BARKLEY. Under your authority under the Glass-Steagall Act you mean you have a billion dollars, or is the billion dollars you refer to the over-all authority of the R. F. C.?
>
> Mr. JONES. It is the over-all.
>
> Senator BARKLEY. For everything?
>
> Mr. JONES. Yes; something over a billion, probably a billion and a quarter.

And again from pages 215 and 216 of the hearings I quote:

> Senator BARKLEY. How close have you ever come to having your loans absorb your entire capital?
>
> Mr. JONES. Not very close.
>
> Senator BARKLEY. Is the present condition an average condition or above or below?
>
> Mr. JONES. I do not think we have ever been without at least a billion dollars of available credit.
>
> Senator BYRNES. Why haven't you?
>
> Mr. JONES. Because you have given us a pretty liberal allowance.
>
> Senator BYRNES. Is it necessary or not?
>
> Senator TOWNSEND. You took care of all the obligations that you thought were good, didn't you?
>
> Mr. JONES. Oh, yes.
>
> Senator TOWNSEND. Yes.

Mr. JONES. I think we could carry a substantial amount of the requirement under this bill, under the present borrowing authority of the R. F. C.

I may say here that the R. F. C. has $1,500,000,000, and in reply to an inquiry I made of Mr. Jones, he said that in the past 6 months he has spent about $600,000,000 and had collected as much as he spent. So in the 6 months his $1,400,000,000 has not changed; and he told me the prospects for the next 6 months were about the same, so we may expect that the $1,400,000,000 will be intact during the next 6 months. I said, "This program anticipates spending $700,000,000 a year. How much of that could you take care of?" Mr. Jones said, "I could take care of the $700,000,000 for the year."

Probably the feature of this bill which is the most to be condemned is the pretense that the projects are or can be self-liquidating.

Either these projects will be self-liquidating or they will not be. To the extent that they are not self-liquidating they will increase the national debt, actual or contingent.

The Senator from Colorado [Mr. ADAMS] expressed a view which we all must share when he said to the Secretary of the Treasury:

I am unable to see why, if the Government, in actual fact, loans its money, we should say that the important thing about it is that it has not increased the Government debt (hearings, p. 123).

Despite the advertising which was given to this program as being "self-liquidating," despite the theory that these expenditures are "investments" or "recoverable expenditures," the fact remains that this is just another great spending program which will increase the public debt and, in the end, will increase taxes, because the "loans" will not be recoverable.

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

Mr. TOWNSEND. I yield.

Mr. LUCAS. Does the Senator contend that there is any part of this program that is self-liquidating.

Mr. TOWNSEND. I have not been able to find it.

Mr. LUCAS. Am I to understand that it is the Senator's opinion that there is no part of the program now before the Senate of the United States for consideration which is self-liquidating in any sense whatsoever?

Mr. TOWNSEND. I would not say in no sense, but I think there is very grave doubt as to whether it will be self-liquidating. For instance, we will take the highway proposal. One of the best projects that anyone can find is between Pittsburgh and Altoona or Harrisburg, which is being built at the present time. A grant of 45 percent has been made on that project, and the thought is that even with the grant that project will not be self-liquidating.

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

Mr. TOWNSEND. I yield.

Mr. VANDENBERG. On the particular point which the Senator is now discussing, I desire to make an observation in his time. There is one point in the bill where there is a modicum of candor and frankness which really I think it is quite amazing to discover in the midst of so much hypocrisy. On page 14, in section 12, the bill frankly requires an annual inventory of "recoverable expenditures," and section 12 authorizes to be appropriated annually, "out of any money in the Treasury not otherwise appropriated, a sum equal to the amount needed to enable the Secretary of the Treasury to make such payment"—such payment being the losses on the alleged 100 percent self-liquidating investments. So the bill itself frankly concedes that the stuff is not going to be worth what they say it is.

Mr. TOWNSEND. The Senator is absolutely correct.

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

Mr. TOWNSEND. I yield.

Mr. GURNEY. On page 5, I notice a provision for an appropriation to the Department of Agriculture for loans to farmers. Is it thought possible that these loans which are to be made to farmers to start them up in the farming business may be self-liquidating? Can the farmers be expected to pay back these loans, when it is not possible for them to sell their products even at one-half the cost of production? So may we not conclude that the loans to farmers are not self-liquidating when the farmers cannot operate their farms at a profit?

Mr. TOWNSEND. I think the Senator's observation is sound.

Mr. GURNEY. We could arrive at that conclusion at least under the present farm program, when now, for instance, the farmers are able to get only 35 cents a bushel for corn.

Mr. TOWNSEND. I thank the Senator.

Mr. VANDENBERG. Mr. President, may I ask one further question of the Senator?

Mr. TOWNSEND. I yield.

Mr. VANDENBERG. Is it not a fact that the act under which the R. F. C. operates puts an obligation upon the management of the R. F. C. to loan its money on such a basis as to make it recoverable?

Mr. TOWNSEND. That is true.

Mr. VANDENBERG. And is there any such obligation upon anybody in any word or phrase of the pending bill?

Mr. TOWNSEND. If there is, I have not been able to find it.

Mr. VANDENBERG. I have just been reading it and trying to locate some such assignment of obligation, and I fail to find it. And in the absence of such an obligation I think Senators will find the complete reason why it is impossible to proceed with this program under the R. F. C. and why it is desired to have some other and infinitely looser instrumentality with which to operate. Is there any justification for that observation?

Mr. TOWNSEND. Undoubtedly there is.

The increase in the public debt will be no less real because it is the debt of Government agencies "outside the Budget," rather than the direct debt of the Treasury.

Let us examine the question of recoverable R. F. C. loans first from the angle of our past experience.

Let me read from the minutes of the hearings my questions to Mr. Jesse Jones, and his replies. Do not look for this testimony in the revised print, for you will not find it there. But look in the unrevised first print of the July 20 hearings, starting on page 245.

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

Mr. TOWNSEND. I yield.

Mr. WHITE. Does the Senator mean to say that the hearings before us are not a true and accurate report of the testimony taken before the committee?

Mr. TOWNSEND. That is correct, and I can show it from the testimony which was printed in the first section.

Mr. VANDENBERG. The printed hearings are self-liquidating. [Laughter.]

Mr. TOWNSEND. I read:

Senator TOWNSEND. Did not the survey that the Commerce Department made and which was placed in the record of the Mead hearings show that you had made loans to all who were in any way eligible?

Let me say that this survey was made at the request or suggestion of the Commerce Department. It had received a good many complaints that the R. F. C. was not making loans to the little borrower. That Department made a survey, and if Senators will look in the record they will find the results of the survey placed in the record, which show conclusively that the R. F. C. had made loans to every little borrower that could give any security whatever or show any prospect of paying the debt.

I read Mr. Jones' answer:

Mr. JONES. We think we have. We are not infallible. We make plenty of mistakes and plenty of bad loans. We will have a very substantial percentage of loss on our business loans.

Senator GLASS. A practical answer to Senator BARKLEY's question—

The Senator from Kentucky [Mr. BARKLEY] had evidently asked a question.

Senator GLASS. A practical answer to Senator BARKLEY's question is already in the record in the report of these experts from the Department of Commerce who examined the rejected loan applications.

That is, the rejected loans of the Reconstruction Finance Corporation. Mr. Jones said:

That is a very good answer; yes.

Senator ADAMS. The liberality of the policy is going to show up in the losses you take?

Mr. JONES. We are going to have plenty of losses.

Senator ADAMS. Is there any estimate as to the percentage of losses that you are going to show on those business loans? Would it run as high as 10 to 20 percent?

Mr. JONES. I am ashamed to tell you what I think it will be. It will be plenty.

The record has been changed to read, "It will be plenty." The fact that he said, "I am ashamed to tell you what I think it will be" has been deleted from the record.

The chairman, the able Senator from New York [Mr. WAGNER] said to Mr. Jones:

When you testified before the committee on the Mead bill you also classified the loans to business by amounts.

Mr. JONES. Yes, sir.

The CHAIRMAN. Have you any recollection—of course, the figures are in the record of the other hearings—have you a recollection about that? I remember there was a large percentage of them that were quite small.

Mr. JONES. Forty-nine percent since March 1938. That is for loans of $5,000 and less.

Senator BANKHEAD. You mean, number or volume?

Mr. JONES. In number of loans. Probably seventy-odd percent have been for $25,000 and less, and the average has been $55,000, or maybe $50,000 this year. We will not lose a lot of money on the $5,000, $10,000, and $20,000 loans in the aggregate. Our losses come from loans to textile companies and coal mines, furniture factories, and businesses of that kind.

Senator TAFT. And glass works?

Mr. JONES. I do not remember that. It is those cases where we lend $100,000 to $500,000 to $1,000,000, when the fellow can't go any further and we can't afford to give him any more money. We have got an almost total loss, because a "busted" textile mill or coal mine that will not operate has very little value to it. I did not intend to touch that question. I think we have foreclosed or have in course of foreclosure something over $12,000,000 where we have made industrial loans, and on those we will have a very heavy loss, because, as I say, you can't get very much out of a "busted" industry. If anybody makes loans on an any more liberal basis than we are making them now, they will be grants; they will not be loans.

That is Mr. Jones' testimony.

Senator BARKLEY. On the operations of the R. F. C. as a whole it has not sustained a loss, has it?

Mr. JONES. No.

Senator BARKLEY. It has made a profit?

Mr. JONES. We will have a very substantial profit.

Senator BARKLEY. You will have to offset profits on some other type of loans in order to recoup for those losses on these particular loans?

Mr. JONES. That is correct.

Senator BARKLEY. From what source did you get your profit that enables you to chalk up a total profit notwithstanding these business losses?

Mr. JONES. We have had an override of approximately 1½ percent in interest over what we paid for money.

Senator ADAMS. If this bill goes through it practically compels you to lend at the cost of your money?

Here is a very important point:

Mr. JONES. There will be no override.

Senator ADAMS. There is nothing to recoup your losses?

Mr. JONES. No, sir. Out of that 1½ percent we have paid our operating expenses, which have been less than 1 percent. So we have accumulated reserves now of about $260,000,000 to cover our losses; and our losses I do not think will exceed half that. The losses will come largely from the things I am talking about.

Senator BARKLEY. That does have a direct bearing upon the wisdom of attempting to do what this immediate amendment is proposed to do?

Mr. JONES. It has a bearing, Senator, on the wisdom of doing what we are doing in making generous, liberal loans to business where employment is involved.

Senator BARKLEY. Under the circumstances, I do not know whether you would want to express an opinion as to the effect or the wisdom of adopting this immediate amendment. What is your reaction to that, if you want to express it?

Here is a very important answer:

Mr. JONES. I assume the effect would be something like what was stated in the paper yesterday, and I concurred in the statement—something like the Roper little-business men's meeting. It will lead a lot of people to believe that they are going to get money with or without security, and it will mean that they will rush the banks and they will rush the R. F. C. and we will try a little bit harder to make the loans and the banks will, I hope, and the R. F. C. will. That is about what it will mean. It will stir up and advertise the fact that the money is available to business, little or big.

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

Mr. TOWNSEND. I yield.

Mr. LUCAS. What amendment is the Senator discussing? Mr. Jones, the head of the Reconstruction Finance Corporation, testified about a certain amendment which would cause him to do the many things the Senator is talking about; and I am just wondering what amendment was under discussion.

Mr. TOWNSEND. I think we were discussing the bill itself, and the Senator from Kentucky [Mr. BARKLEY] asked him about an amendment.

Mr. LUCAS. I thought there was some particular amendment to which Mr. Jones was referring, which would cause him to do the many things he said he would be compelled to do if the bill passed.

Mr. TOWNSEND. It was the Mead amendment, under which the Government would guarantee the loans.

Senator BANKHEAD. Secured or unsecured.

Senator BARKLEY. It will operate as a fire under you that will make them more difficult to resist?

We were speaking of the amendment of the Senator from New York [Mr. MEAD].

Mr. JONES. It will do that.

Senator ADAMS. And it will cause disappointment through the country.

Mr. JONES. Just like the people that came in after Mr. Roper's meeting expecting to get money without any right to expect it.

Senator BYRNES. The only way you would avoid disappointments would be to make bad loans?

Mr. JONES. To make worse loans than we are making.

Senator BYRNES. And you have been making losses on those?

Mr. JONES. Yes; plenty of them.

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

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

Mr. TOWNSEND. I yield.

Mr. LUCAS. Am I to understand that the Mead amendment is part of the bill at the present time?

Mr. TOWNSEND. It is not. I shall speak of it later.

Take the case of the rural-electrification projects: Our present experience with this type of Government activity is still too limited to serve as assurance that the hundreds of millions of loans this bill envisages will be repaid.

The financial risk involved in the R. E. A. projects is clear from the testimony of Mr. John M. Carmody, when he told the committee about the R. E. A.'s experience. Mr. Carmody testified:

I was conscious of the fact that only the thin territory was left, and I knew it would be only by the hardest kind of hard work in the immediate future that all of them would pay out. More of them will pay out than anybody had hoped for in the beginning.

In other words, we can hardly classify this feature of the present bill as self-liquidating, except in part.

The self-liquidating toll roads are another very doubtful form of "investment." The country may need better highways. Their construction may add to our wealth. However, I cannot envisage the public long enduring a throwback to the toll idea which we have so long struggled to eradicate.

In submitting to the President the report on Toll Roads and Free Roads, Secretary Wallace stated that the report—

Indicates conclusively that financing of the full costs of such highways by direct-toll collection is not possible.

I venture to predict that if such toll roads are constructed, it will not be a very long while before the public will insist on abolition of the tolls and the shouldering of the responsibility by the Government, so that what starts out as an "investment" will end as a budgetary outlay.

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

Mr. TOWNSEND. I gladly yield.

Mr. WAGNER. I have heard over and over again that even though we should provide a method of financing the highways by a toll system, very soon a movement would be on foot to abolish the tolls and to have free roads, just as the Senator predicts.

I have been making some inquiries, and I have been unable to find any case in which the public is operating a road

through a political subdivision, without profit, and in which toll is collected only for the purpose of liquidating the debt, in which the public does not accept the tolls. I have never heard of a movement to abolish tolls under such circumstances. In thinking of my own State, movements have been made to abolish tolls in instances in which the road was a privately owned road, and the toll was exacted not merely to liquidate the debt but for a profit to a private company. In the State of New York we have done away with private toll roads or private bridges. I think there are only one or two such instances left in the entire State. However, we have roads on which toll is paid, and we have any number of bridges on which toll is exacted to liquidate the debt; and I have never heard of any kind of movement on behalf of any organization to do away with such tolls. I think there is a distinction. The movement to abolish tolls comes in the case of privately owned facilities and not publicly owned facilities.

Mr. TOWNSEND. Does not the able Senator from New York agree with me that human nature has always been about the same, and that for a long time there has been a great effort to abolish all toll roads over the United States?

Mr. WAGNER. That may be true; but are not the toll roads referred to roads which are operated by private companies?

Mr. TOWNSEND. They may have been.

Mr. WAGNER. That has been so.

Mr. TOWNSEND. But it was the cost against which the public rebelled, I think.

Mr. WAGNER. Is there not in this bill an injunction that the loan shall not be made unless preliminary estimates are made which insure the recovery of the expenditure, either by tolls or by some other system? Unless the estimates show that the project will be self-liquidating, or some other method is provided for repaying the debt, the loan shall not be made. I do not mean that the bill provides the details, but it enjoins the agency from making a loan unless there is that assurance that the loan will be repaid.

Mr. TOWNSEND. That is a matter in the judgment of the Corporation.

Mr. WAGNER. Exactly. We must leave it to somebody, however.

Mr. TOWNSEND. When they shall have placed tolls on these roads and the public shall have been riding on the roads from 1 to 5 years, I predict that every Representative and Senator will be faced with the problem of doing away with the tolls on the roads.

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

Mr. TOWNSEND. I yield to the Senator from Michigan.

Mr. VANDENBERG. I find nowhere in the pending bill any language which even asserts the obligation to which the Senator from New York refers, whereas in the R. F. C. legislation a definite and specific obligation is asserted, resting upon the management of the R. F. C. to see to it that all of its loans are completely recoverable. I find in this bill no language of that sort.

Mr. WAGNER. I do not recall the particular provision; but I think the Senator will agree with me that there is in the bill a provision that unless there is reasonable assurance that a loan will be repaid it shall not be made.

Mr. VANDENBERG. I wish the Senator would find it.

Mr. TOWNSEND. I could not recall it at the time the Senator asked me the question.

Mr. WAGNER. I will find it. I am sure it is in the bill. It is section 17, on page 17:

> No project shall be constructed, nor any loan made directly or indirectly to construct any project, unless, through its operations or from reasonable assurances or agreements, it is determined by the agencies making the expenditure or loan that the amount expended, or the loan, with interest, will be repaid within 40 years.

The maximum is 40 years. That section is on page 17.

Mr. LUCAS. Mr. President——

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

Mr. LUCAS. I was interested in the statement made by the Senator from New York with respect to toll roads now being operated in his State, and also with respect to toll bridges. I can understand how a toll bridge would be self-liquidating——

Mr. TOWNSEND. Yes; so can I.

Mr. LUCAS. But I should like to have the Senator from New York explain just a little more in detail how the toll roads in New York are operating from the standpoint of being a financial success.

Mr. WAGNER. Mr. President, will the Senator from Delaware yield so that I may give an instance of such operation which I have received?

Mr. TOWNSEND. I gladly yield.

Mr. WAGNER. The Senator honored us with a visit to New York and took the West Side Highway up the west side of the city. You may go through the entire city on that highway without paying any tolls, but when you get to a point that we call Spuyten Duyvil, which is the northern boundary of New York City, going to the upper section of the State, you pay a 10-cent toll to proceed. That road has been in operation for about 2 years, and the estimates of revenue have been exceeded three and one-half times.

Mr. LUCAS. Who owns the road?

Mr. WAGNER. It is operated by the city of New York. I do not remember what the particular corporation is called through which the city operates it, but it is a corporation created by the authority of the legislature which is operating this particular enterprise. I may say incidentally that the credit of the city is not pledged for the repayment of the bonds which have been issued to construct the road. They are to be redeemed out of the income from the tolls, and they have been sold to the public. I think they are 20-year or 25-year or 30-year bonds.

Mr. TOWNSEND. The Senator is speaking largely of bridges and tunnels, is he not?

Mr. WAGNER. I am now speaking of what we call the West Side Highway. Has the Senator been up through the West Side Highway?

Mr. TOWNSEND. Yes; I have. It is a beautiful highway.

Mr. WAGNER. The Senator may remember that you come to a point where you pay a 10-cent toll going from New York City out into Westchester County. That road has been in operation for only 2 years, and the estimates as to the amount of revenue have been exceeded three and one-half times, so that at the present rate the sinking fund provided will be sufficient to liquidate the entire debt in about 10 years instead of 30 years.

Mr. TOWNSEND. I think a thickly populated section like that is the only section of the country where it is possible to do that.

Mr. WAGNER. I agree with the Senator that it is necessary to choose the section with care. Unless a road is in a very attractive section, where there is a good deal of travel, you cannot liquidate the debt out of tolls. So I take it that under this legislation places will be chosen where that is feasible.

Mr. TOWNSEND. Is there not a bridge connected with that road and part of it?

Mr. WAGNER. No. There is a viaduct for part of the way, but it does not go over any water. I am sure some of the Senators here must have gone over that road. It begins down at the Battery and goes right past White Plains, and almost up to Albany now.

Let me say that all of our new bridges are toll bridges now, and they are more than paying their way. They have been exceedingly successful. There is not even any suggestion that the tolls on those particular bridges ought to be abolished. On the contrary, the public recognizes that as a way of paying for a project without using the taxing power. Every one of them has been successful.

Mr. HOLMAN. Mr. President——

Mr. TOWNSEND. I yield to my colleague from Oregon.

Mr. HOLMAN. In Oregon we built a toll bridge over the Columbia River, at Vancouver. It operated very successfully, and was paid for completely out of the tolls. Encouraged by that fact, three other bridges were built, at distances

approximately 50 miles from the first bridge. Not one of them has been a financial success, and anybody that undertook to underwrite their finances would have to liquidate the debt.

Mr. TOWNSEND. I thank the Senator.

The Bureau of Public Roads survey just alluded to shows that only a small part of existing traffic can be attracted by a toll system of highways. A survey indicated that the majority of family cars are owned by families of moderate means. A superhighway toll charge of 1 cent a mile would double the cost of operating a small car. Such an increase in cost would be such a material burden that only one-third of the cars which use a free road would use the toll road.

Mr. WAGNER. Mr. President, does it disturb the Senator to be interrupted?

Mr. TOWNSEND. Not at all.

Mr. WAGNER. I have some cases on that very point. I suppose the experiences in other sections may be different.

When the Triborough Bridge was proposed, and the Triborough Bridge Authority tried to secure funds with which to carry on the project, they were unable to sell the bonds to the public, because there is a bridge crossing Fifty-ninth Street into Queens County which is free, and it was felt that since that was a free bridge certainly a toll bridge going over into the same territory—namely, into Queens County—would not pay. Consequently the public would not risk its funds to invest in that project. The R. F. C. made the loan, however, and the project was built, and I suppose the Senator knows what the experience has been. The new bridge charges a 25-cent toll, whereas the Queensborough Bridge is an absolutely free bridge; yet the tolls today are exceeding all expectations, although the free bridge is still operating. The revenue is away beyond the estimates.

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

Mr. TOWNSEND. I yield to the Senator from Maine.

Mr. WHITE. Is there not an element of compulsion for the use of the toll bridges in and out of New York City? Literally millions of people from the territory adjacent to Manhattan pour into Manhattan every morning, and they have to pour out again every night. It is not a matter of choice; it is almost a matter of necessity. These people live in the surrounding territory; they do business in New York; and there are really no alternatives, so far as I know the situation.

Mr. WAGNER. There certainly is an alternative between the Triborough Bridge and the Queensborough Bridge, because both of them go into the same county, and there is nothing to compel people to use one as against the other.

Mr. WHITE. If the Senator from Delaware will further yield, I think there is something to compel people to use the bridge. Those two bridges are not far apart, but there is a volume of traffic moving at peak hours which neither bridge of itself will adequately carry. Is not that true?

Mr. WAGNER. Be that as it may, the fact is, however, that by means of the tolls that bridge—which is a marvelous engineering achievement, by the way—is paying its own way without using any of the taxing power, and that is what we are talking about here.

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

Mr. TOWNSEND. I yield.

Mr. ADAMS. Is there any section of the country which is comparable to the section just referred to in the population tributary to it and in the wealth of the communities? Is that an illustration of something that might happen somewhere else?

Mr. WAGNER. I can only illustrate with cases with which I am personally familiar.

Mr. ADAMS. Of course, the Senator will admit that he comes from the Empire State, which overtops all.

Mr. WAGNER. Yes; I admit it, and am very proud of it. I understand, however, that the San Francisco bridge is a toll bridge, and that bridge has already twice, I understand, reduced its toll because the traffic across the bridge is more than ample to liquidate the debt.

Mr. ADAMS. Is that true of both bridges?

Mr. WAGNER. So I am informed, Mr. President.

Mr. TOWNSEND. There are a few densely populated sections in the United States where toll bridges may pay and do pay.

Mr. WAGNER. I am told by the Senator from California [Mr. DOWNEY] that both bridges in San Francisco Bay are successfully operating.

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

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

Mr. LUCAS. I should like to ask the Senator from New York if there is anything in this bill which would prohibit the Federal Government from establishing in the city of New York a highway similar to the one that he has portrayed as being such a success in the city of New York and which is being maintained and operated by the city of New York.

Mr. BARKLEY. Mr. President——

Mr. TOWNSEND. I yield to the Senator from Kentucky.

Mr. BARKLEY. I suppose one of the answers is that under the bill, and under an amendment which we have been working on since yesterday, which I think we have perfected, and which I propose to offer as a substitute for the first three subsections of section 5, the Federal Government cannot go into a State for the purpose of building a bridge, a viaduct, a tunnel, or any of these facilities, without the cooperation and consent of the highway authorities of the State or municipality; and under the amendment which will be offered it cannot construct or improve a highway without first obtaining a contract from the State or local subdivision agreeing to take over the highway when completed, maintain it, operate it, and return, in a period not to exceed 40 years, the amount invested, with interest, and when that has been repaid, title vests in the State or locality which has entered into the contract for the construction or repair of the facility.

Mr. LUCAS. I am very happy to hear the Senator say that such an amendment will be offered, because it seems to me that as the bill is now written there would be constant conflict with State authority.

Mr. BARKLEY. No; even under the language of the bill I do not think that would be possible, because it requires that this must be done with the cooperation and consent of the States and the municipalities and counties through which the road would run. But that will be cleared up, and there will be no question about it.

Mr. TOWNSEND. Mr. President, the proposal to make the roads projects self-liquidating is very likely to mislead the public. Because the levying of tolls is certain not to produce enough revenue, it is suggested that the Government buy up land alongside the projected roads and, after the roads are completed and land values have been thereby improved, the Government should sell those parcels of land at a profit. This is tantamount to putting the Government into another line of business, the real-estate business. The Government is to buy land at one price and sell it at another. This involves a risk, of course, and puts the Government in the position of speculating.

I agree with the Senator from Arizona [Mr. HAYDEN] when he says:

> I think you will find the Senate objecting to Uncle Sam going into the real-estate business.

Moreover, the plan is to have the Government improve these extra takings of land, to demolish old structures which may be on them, and build new structures in their place.

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

Mr. TOWNSEND. I yield.

Mr. BARKLEY. In the amendment that is to be offered to the road section it will be provided that such property as may be purchased adjacent to any contemplated road is also to be taken over, maintained, and operated by the State, just as the road itself, in cases where, by purchase or otherwise, adjacent property is taken over, so that the Government of the United States will not be in the real-estate business for any length of time under that provision.

Mr. TOWNSEND. "For any length of time"; but the Government will be in the real-estate business.

Mr. BARKLEY. During the construction of the road.

Mr. TOWNSEND. Yes.

Mr. BARKLEY. That would not be very long.

Mr. TOWNSEND. Mr. President, the Government is to have the power to build garages, apartment houses, or whatever else it thinks profitable business. This involves another step away from private, competitive economy in the direction of state capitalism.

On page 7 of the bill, lines 17 and 18, the authorization is given for "improving such real property"—that is, such property as the Government may buy with the idea of earning money to pay for the highways—"in any way authorized by this act."

Does this mean that the Government may build any sort of structure it wishes alongside the Federal highways it undertakes, and call it improvement? With reference to such activities, the Senator from Ohio [Mr. TAFT] had something to say, and the answer to his remarks was anything but reassuring. The following is from page 67 of the printed hearings:

Senator TAFT. It seems to me to be complete government socialism, if we are going to authorize a department of the Government to build garages, apartment houses, or any other building they want. You are going to put the Government into general competition.

Senator BARKLEY. When the Government first put money into highways that activity was called socialism.

Another interesting passage relative to Government-built garages is worth quoting, because it shows what a viewpoint is developing here as to what constitutes Government competition. The witness was the Federal Works Administrator. I quote from page 71 of the hearings:

Senator ADAMS. As I recollect from reading the President's letter, one of the specifications of his program was that the fund should be loaned in such a way as not to compete with existing enterprises.

Mr. CARMODY. That is right. I mentioned public garages here specifically, because I think that if a series of public garages were to be built, that would not interfere with private garages. It might even stimulate the use of private garages to a greater extent than they are now used.

Senator TAFT. I think that is nonsense. If a man builds a garage next to mine, he has killed it. I have seen it happen in Cincinnati. It may come back in 10 years; but to say that to build a public garage alongside of a private garage helps to stimulate business is pure nonsense.

Mr. CARMODY. It is not necessary to build it alongside. You know from your experience in Cincinnati, and certainly from your experience since you have come to Washington, that it is nonsense to have streets occupied by automobiles day and night, 365 days in a year. That is where the nonsense lies.

Senator TAFT. And the way to stop it is to prohibit parking. Garages will be built fast enough if you do that.

Mr. CARMODY. Under this arrangement the real purpose of this bill is to get money spent for construction, and it makes no difference.

Senator TAFT. I am only questioning that one thing—your statement that the Government, by going into the public-garage business, helps people who have private garages.

When the Government starts laying out these self-liquidating highway projects, will it be permitted to select only those routes deemed by it essential and economically promising? Or will the Government agencies be subject to demands from different parts of the country for Federal roads which their local citizens desire? Experience with post roads leads me to wonder about this aspect of the program, particularly from a self-liquidating standpoint.

Suppose a long-range program of projects is embarked upon, with an annual check by Congress, and suppose Congress should decide later on to drop some of the projects. We may be left with something on our hands that cannot be stopped all at once. A comprehensive system of superhighways, for example, cannot well be undertaken and planned on a year-to-year basis. Yet, if we are going to have such a comprehensive system, should Congress take time to study thoroughly a plan for highways which will directly affect the next generation and those to follow?

Mr. HOLMAN. Mr. President——

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

Mr. TOWNSEND. I yield.

Mr. HOLMAN. Somewhere I have read in the writings of the great Democrat, Thomas Jefferson, that that country is best governed which is least governed. Would the Senator consider the pending bill in line with that thought?

Mr. TOWNSEND. I most assuredly would not.

Mr. President, what applies to roads applies to many other projects. In June when the P. W. A. appeared before the Senate Appropriations Committee, Mr. H. A. Gray, Assistant Administrator, was asked whether he thought "private capital could be induced to buy bonds guaranteed by the Government to undertake self-liquidating projects?" To this Mr. Gray testified as follows:

[Work Relief and Public Works Appropriation Act of 1939: Hearings before the Committee on Appropriations, United States Senate, 76th Cong., 1st sess., on H. J. Res. 326.]

I think your self-liquidating projects, as we see them now, are comparatively small in amount to have any construction program based on them. They vary, of course. Sometimes some of these things are feasible with a grant. It all depends. It depends upon the project.

One system I heard of is that the Government would guarantee half of the debt charges. Well, that would amount to some 10 or 12 percent grant, depending upon what the coupon rate of the bonds is. If the coupon rate of the bonds is one-half of 1 percent, that would not result in as much of a grant as if you take 4 percent. A plan like that could be applied and could bring a little business here and there after considerable time. Some such an arrangement could stimulate a little business, but I do not believe it is as practical as a lasting arrangement. How are you going to make a recapture? Take, for instance, a lien on the water mains under a city street, or sewers. You cannot recover those in case your contract is not paid out. You have not got a recoverable asset.

Of course, schools are absolutely out.

In other words, the P. W. A. does not exactly regard its projects as self-liquidating. I am inclined to share the views expressed by the Senator from Wyoming [Mr. O'MAHONEY] when he stated:

From what I have seen and heard about it, it does not seem to me that there is any very practical plan which has been suggested. As Senator ADAMS says, it is largely for the purpose of stimulating Government loans, and my own conviction after many months of study is that Government loans are not going to restore functioning of the economic machine. You have got to find the way to promote real activity by the people and their own organizations.

With the railroads in their present financial condition, is it seriously contended that the proposed loans will be 100 percent self-liquidating?

In connection with the pump-priming objective of this bill, the loans to farmers present a different problem, and a very complex one. Part of the proposal involves a considerable outlay for the purpose of enabling tenant farmers to become landowners. The proposal takes it for granted that "once a landowner always a landowner." I have no objection to helping the underprivileged farmer better his conditions. I would like to see all of the farmers become independent and remain independent. But I certainly do not see how this sort of resettlement project is going to add to employment.

The Secretary of Agriculture testified—hearings, page 19—that 42 percent of all American farmers are tenants. If we are going to eliminate farm tenancy, I am wondering whether this bill gets to the root of the matter, and I am wondering whether that is not a proper matter for the Committee on Agriculture and Forestry to pass upon, rather than the Banking and Currency Committee.

This suggests another important consideration, namely, the inadequacy of the hearings which this fundamentally important measure has had. The original bill, S. 2759, was introduced in the Senate on July 10. Hearings were held on July 12, 13, 14, 18, 19, 20, 21, and 22. Witnesses included the Secretary of the Treasury, the Secretary of Agriculture, Mr. Jesse Jones, and many other Government officials. But not one opponent of the bill was heard. Not a single outsider was called before the committee to analyze the measure and its economic effects. Over the week end the bill was radically amended. Are we in such a dire emergency that we should now hurriedly enact, without mature study and deliberation, a measure conceived in haste and dedi-

cated to the proposition that only the "brain trust" can run the business of the country?

We are told that this bill is the result of long and careful thought in the Government departments. If that is so, why was the proposal of some time ago to lend $500,000,000 to Latin-American countries so readily dropped?

And while we are on this subject of the Export-Import Bank—the present bill seeks to increase the lending power of the Export-Import Bank from its present figure of $100,000,000 to $200,000,000. I would like to remind the Senate that only this year, in 1939, the lending power of that institution was set at $100,000,000, at a time when the amount of the bank's commitments was about $46,000,000.

The provision of the bill calling for a $200,000,000 limit to the Export-Import Bank's commitments instead of $100,000,000 as fixed earlier this year, is not justified by the testimony which Mr. Jesse Jones, himself, gave last February. Here is what the hearings show:

Mr. JONES. I have one more suggestion to make before you dismiss us.

The CHAIRMAN. Let us have it.

Mr. JONES. This is in connection with the extension of the powers of the Export-Import Bank, and I offer for your consideration, as an answer to the question that may be in the minds of a lot of people about the Export-Import Bank, this amendment: *"Provided further,* That the Export-Import Bank shall not have outstanding at any one time loans in excess of $125,000,000."

We have about $25,000,000 out now. We have about $20,000,000 or $25,000,000 more in commitments. I do not think we would ever need more than $125,000,000. I would like to have you put that in the act. (To continue the functions of Commodity Credit Corporation, the Export-Import Bank, of Washington, and Reconstruction Finance Corporation. Hearings before the Committee on Banking and Currency, House of Representatives, 76th Cong., 1st sess., on H. R. 4011 (H. R. 3429) and H. R. 4012 (H. R. 3383), February 7, 8, and 9, 1939, p. 95.)

Mr. DAVIS. Mr. President——

The PRESIDING OFFICER (Mr. HUGHES in the chair). Does the Senator from Delaware yield to the Senator from Pennsylvania?

Mr. TOWNSEND. I yield.

Mr. DAVIS. I understand that $200,000,000 is carried in the pending bill to be set aside for the Export-Import Bank.

Mr. TOWNSEND. Yes.

If it was testified only this year, and prior to the loans to Brazil and Paraguay, that the Export-Import Bank would never need more than $125,000,000, then why this sudden increase now? Why this doubling of its lending power? Are the private banks so poor that they cannot find capital for financing international trade?

The proposal to double the lending power of the Export-Import Bank is explained chiefly as a desirable means of upholding American export trade against Fascist nations' competition in Latin America. It should be remembered that some Latin American countries have a pretty poor financial record. Hundreds of millions of dollars of Latin American bonds held by Americans have been in default for years—see pages 221–222 of the hearings. Those bonds represented American wealth poured into foreign countries in the reckless 1920's. They were poured in at private, rather than Government, risk, it is true. But it is time to ask ourselves what this trade race in Latin America is all about.

The first question to consider is our large national net creditor position. Because we have been the world's banker, the outside world owes us billions more than we owe foreigners. Yet we are being urged for the second time this session to increase the lending authority of the Export-Import Bank so that still more American goods can be moved abroad on credit.

I like to see goods moving. I welcome the sound of factory machines. I am pleased to see goods taken to the docks and loaded on our subsidized vessels.

But this sight I enjoy only if there is something coming the other way, too; something besides silver and I O U's. How are our foreign debtors ever going to pay off their existing debts if we subsidize more exports and still more foreign debts? The Export-Import Bank seems to me to be misnamed. It ought to be called just the Export Bank, for it seems to have been devoting its energies during the years of its existence to exports almost exclusively, if not exclusively. I have looked through its various annual reports in vain for any mention of the word "imports" outside the bank's title.

Not only do most Latin American countries owe us large sums of money, as do also many non-Latin American countries, but some of them have been seizing our investments to boot, without prompt or adequate compensation. Mexico is the outstanding case. But there is also Bolivia's recent action, and there have been disturbing signs elsewhere. Yet we are being asked to give the Export-Import Bank another big blank check to send more American millions of real wealth down to those countries, before they make good what they have borrowed or taken from us.

It matters not whether the Export-Import Bank is financing merely private trade and private American exporters, rather than the expropriating governments directly. When the Export-Import Bank helps lay goods down in Mexico or Bolivia, it is helping those nations just as much as if a loan were made to their governments. And if we thus assist a given American export firm to get an order which it might not otherwise get, by the same token we are injuring some other American businessman or investor who has suffered from past foreign defaults or expropriations and is waiting patiently for the transfer problem to clear up so that he may be repaid. Of what good is it to create a new debt to be paid off, when there is a large portfolio of old debts still awaiting payment?

What may we expect other foreign countries to think if we seek to throw credits around in Latin America without first receiving liquidation of the old debts? Apart from the fact that we will put ourselves in the light of being fools, we may expect our debtors everywhere in the world to conclude that they can indefinitely get away without paying. Imagine a manufacturer and money lender in a neighborhood where everyone is already in his debt, and where some of his neighbors have not merely fallen down on their payments, but actually have seized property belonging to him. And then imagine that same money lender scurrying around hat in hand, pushing doorbells to get his debtors to borrow still more from him, or to buy some new gadget of his on credit. What kind of a businessman will his indebted good neighbors take him to be? The chances are that still more of his properties will be seized by his good neighbors, the while he is pushing out more credit.

If we seem to condone default and confiscation in one quarter, we may expect our debtors anywhere to assume that we have money to burn.

The idea that we have to do something about the supposed Fascist trade threat in Latin America is disseminated in Washington in an alarming manner. We seem to want to keep the door open to our salesmen in China, but shut to Europeans and Japanese in Latin America. Many Washington officials seem to regard it as a calamity if we do not monopolize the import trade of Latin American countries. Here again trade does not seem to mean to them an exchange of goods, but rather just selling. When we lend money or extend credit to Latin Americans or others, just how do we contemplate being repaid? In Argentine beef? In silver? In Mexican oil? Let us get it straight at the outset.

We talk as if the Germans were running our goods out of Latin America. Well, here are some interesting facts about Latin American trade. In 1913 Germany supplied as large a share of the imports of Latin America as in 1937. In 1913 the United States supplied 25 percent of Latin America's imports, and in 1937, 34 percent.

It is true that the Fascist countries and others buy Latin American surplus commodities which we cannot take. And it is true that in exchange those same countries sell their products in Latin America. But we can easily become overalarmed at the competitive Fascist trade threat. We do not hear much about Belgium, yet that country in 1937 sold in Latin America almost 40 percent more than did Japan and almost 50 percent more than did Italy.

In 1938 we sold over one-third more goods in Latin America than did Germany, Italy, and Japan together. The following figures are from the Commerce Department's Commerce Reports for April 15, 1939, page 358:

Exports to Latin America in 1938 by:

Germany	$249,083,000
Italy	43,004,000
Japan	27,848,000
Total, three countries	319,935,000
United States	494,870,000

In 1913 we supplied one-fourth of Latin America's imports. In 1937 we supplied one-third of that area's imports.

In 1938 we sold Latin America as much goods as Germany, the United Kingdom, Italy, and Japan combined.

Does that look like we need the Government to defend our private trade interests by extending credits?

United States investments in Latin America exceed in amount those in any other section of the globe. They constitute almost two-fifths of our investments abroad. Three Latin American countries alone account for about one-fifth of all the foreign bonded indebtedness to private American investors.

There is no other group of foreign debtors in which the ratio of defaults to total indebtedness is so high as in the case of Latin America. The Commerce Department has reported that in 1937, 55 percent of European bonds were in default as to interest, while in South America the ratio of defaults was 68 percent and in Central America 66 percent. Compare with these figures the ratio in Canada, 2.6 percent, and in Asia, less than 4 percent.

An illuminating, or perhaps not so illuminating, bit of testimony on how this loan authorization works out abroad is revealed in my questioning of Mr. Jones relative to Mexico. I read from page 101 of the unrevised hearings:

Senator TOWNSEND. Have you made loans to Mexico?

Mr. JONES. We have made some loans on railroad equipment to go to Mexico.

Senator ADAMS. Was there not one in Cuba, too?

Senator TOWNSEND. Don't you think it is about time we stopped making loans to Mexico, when they confiscate our property down there?

Mr. JONES. I am here to testify on this bill.

Senator TOWNSEND. I am asking you that question.

Mr. JONES. I think I had better telephone Cordell Hull before I answer that.

The CHAIRMAN. We will get into the Silver Purchase Act pretty soon. We might as well stop right here.

Senator TOWNSEND. I think we ought to get into it.

The CHAIRMAN. On another occasion.

The principle of the bill is that Government initiative is necessary if the country's development is to proceed. However, this theory is dead wrong. It is a further step in the direction of socialism, and away from private initiative. The more we make business dependent on Government activity, the less self-dependent does business become. The more the Government dominates the economic life of the country, the less venturesome does private business become. If this plan succeeds in creating work in one quarter, it is more than likely to lessen employment in other quarters.

The tremendous pump-priming experiment to date has proved abortive. The country has ample capital, idle and awaiting use. We are being told that this scheme will put some of it to work; but I am afraid that Government in business makes private capital timid rather than venturesome.

We have been pump priming since 1933 in this country, yet we are still far from the recovery goal we all want to achieve. Pump priming within or outside the Federal Budget has not cured the depression. Dubious loans or "recoverable expenditures" will not bring us to the goal.

At this point, Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks a short analysis on "pump priming" by Dr. Melchoir Palyi, of the University of Chicago.

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

[From the Government's "Pump-Priming Program" (published by the Economists' National Committee on Monetary Policy), pp. 25–26]

THE SPENDING THEORY

(By Dr. Melchoir Palyi, University of Chicago)

The original idea of "pump priming" was to start the wheels moving or the ball rolling or the motor turning. There is no longer talk about this; the prevailing idea is merely to overcome what is regarded as an emergency from the economic and social point of view, and to safeguard the interests of the administration from the political point of view.

To gage the effects, of course, one ought to know the volume of spending. But, so far only an upper limit is made known and even that is an elastic one. We know with no degree of precision how much will be spent and within what time. Moreover, the effect of whatever spending during whatever period will be different according to national and international conditions which happen to prevail.

The money cranks whose ranks included nationally prominent politicians and internationally famous professors have argued during the depression that a crisis would last forever—in spite of all historical experience to the contrary—unless it is stopped and reversed by strong monetary measures. Everything from moratoria and low-interest rates to devaluation, direct money printing, indirect inflation through selling of Government bonds to banks and spending the proceeds, has been tried—an experiment in money management on a grandios scale. What can we learn from the experiments thus far made?

(1) A mounting national debt with a growing burden of servicing it, and an unstable set-up of Government finance are the first visible consequences.

(2) So far, our spending has been an entirely planless one, that is, it has not been managed in accordance with any rational standards by which to measure the usefulness and efficiency of the ventures which it finances. Money spent in such a way as to inhibit private enterprise obviously does not add to the total volume of current production. Ours is, therefore, a planned monetary economy without planning, or a piecemeal system of interference which eliminates possibly as many opportunities of enterprising as it creates.

(3) "Pump priming" tends further to depress interest rates. But cheap money, sustained over a long period, has lost whatever psychologically stimulating effect it might have had, and actually tends to become a symptom of depression in permanence.

(4) "Pump priming" puts more money in circulation, increasing the cash reserves of the banks. Consequently, the banks are induced, if not pressed, to buy bonds at present exorbitantly high prices and will have to liquidate when bond prices fall, thus creating a potential banking crisis.

(5) The enormous volume of money in circulation has already made reasonable monetary management impossible. New "pump priming" further accentuates this feature of managed money, namely, that under its rule the managers are entirely helpless against inflationary trends as well as the onslaught of new depressions, because all rational methods of monetary control become unworkable under conditions of oversupply of funds.

So far, the negative aspects; what about the positive ones?

One result of continued large-scale "pump priming" is obvious, namely, the corrupting effect exerted on public psychology. It is a school, educating the American people to rely on Government subsidies rather than on their own wits and industry.

Moreover, the political effect is likely to be very positive, too. Billions in the hands of the Government to be spent freely and virtually without control means as many dollars at its disposal to buy votes and to perpetuate thereby the regime of the ruling party. However, the essence of a totalitarian State is nothing but the continued rule of one party, thereby eliminating opposition and change of policy. Whether the continuation of power is acquired by machine guns or by smoother methods of "bribery" makes little difference for the ultimate political and moral effect.

Is it at least possible to justify all these negative and positive effects by reference to the alleged purpose, namely, to overcome the present depression?

This depression is, in a sense, the price which the country has to pay for gradually adjusting its economic system from a government mentally subsidized to an entrepreneurial structure, from public control to private business. If "pump priming" succeeds in eliminating more than certain difficulties connected with that adjustment, if it postpones the process as a whole, the price will have to be paid later, and it will then not be any cheaper.

Lastly, it is even doubtful whether this dubious result will be achieved. The philosophy which looks upon the businessman as an automat in which one throws in subsidies at the top and draws out investments at the bottom, is the one prevailing at present in Fascist countries. In a nontotalitarian economy the businessman and the investor are still permitted to do some thinking; they are likely to think in terms of experience, and to act upon such thought rather than to obey like automats. If so, it will take more than "pump priming" to overcome the depression.

Mr. TOWNSEND. The American Institute for Economic Research in its April 18, 1938, bulletin, in discussing the support of the Nation's economic life by spending, said:

The history of all great inflationary progressions during the past 200 years indicates that the first collapse, after the effects of the

initial dose of inflation wear off, is the only practicable stopping place short of complete disaster. Even if more pump priming forces another boom, it is certain that the clamor for inflation will be far stronger during the collapse which follows. If we cannot resist the plea for "just another little drink" at this time, there is very little chance that we shall do so when the next opportunity to refuse arrives. Therefore we believe that the United States is today in the most dangerous position that it has been since the Civil War.

The idea of Government-guaranteed loans as a business stimulant sounds fine. We now have Government-guaranteed deposits. The new plan is just another Federal step into the banking field. The Government surely cannot guarantee the loans made by bankers without somehow supervising the banks during the extension of the loans to private borrowers. Carried to its logical conclusion, this means that the bankers merely act as the Government's agents in the matter. If we are to have Government-guaranteed loans, we shall do away with the need for deposit insurance. Already the Nation's banks are loaded up with Government bonds, in which they have invested a large part of their own capital and their depositors' money. If the remaining capital and the remaining deposits in the banks should be put into loans guaranteed by the Federal Government, we should finally end up with a socialized banking system.

Moreover, when the Government buys railroad equipment or other equipment and sells it on trust, with the right to recover it if payments are not kept up, the Government is in business, a new business. That can be done if the railroads are Government owned; but in this country we do not regard railroad ownership as a proper Government function.

As for the Government going into business, I shudder at the idea of the Government going into the wholesale junk business; but that seems to me what will be one result of the purchase of old railroad equipment. Mr. Eastman, of the I. C. C., told us he would not like to see us get permanently into that business. However, if we start it, I do not see how we can avoid doing more and more of it, and staying in the railroad scrap-iron business. Moreover, the precedent in this field will serve as an incentive to other industries to persuade the Government to give them "new lamps for old."

Take the case of the manufacture of typewriters, an important American industry, employing thousands of skilled workers. I can imagine the appealing argument running something like this: "There are many millions of outmoded typewriters in use. The people who use them can borrow from their banks to buy new typewriters. That they do not do so is because they are short-sighted. They think they do not need new machines. They think they can manage with their old machines. But they are not wise. Their short-sightedness simply keeps typewriter manufacturers idle. Let the Government step in and rent these nice new typewriters. Let the Government step in and buy their old typewriters and sell them as scrap iron to the Japanese to make munitions. Thereby we shall make millions of man-hours of work in America."

Or take the case of chicken coops: I am a chicken farmer. I know there are many old-fashioned, antiquated chicken coops in use throughout the country. Why not delegate the Department of Agriculture to buy and retail the latest, modern, air-conditioned chicken coops, and buy up all the old ones that have seen generations of egg laying?

In the hearings on the bill it was abundantly proved that at a commercial bank, or through the Federal Reserve System, or the R. F. C., any businessman with good credit, or even fair credit, can get all the financing he needs. Assertions that the reverse is true are unfounded.

Is this erroneous assertion merely an effort on the part of the little group of "serious thinkers" who lead the legislative planning in this administration further to advance invisibly the arm of the Government? Is the present proposal merely part of a plan, under the pressure of a Federal Government debt of unprecedented size, to draft the deposits of the people? Is it a device to manipulate the peoples' savings to further this topsy-turvy orgy of spending?

If this be true, it is the most serious threat which has arisen to the economic liberty of some 56,000,000 American depositors. I feel it is my duty to issue a solemn warning to the owners of the Nation's savings that if they do not resist further Government encroachments on their savings they may soon discover that they have lost their economic freedom.

Government guaranty of bank loans is unwise. I am pleased that the Banking and Currency Committee of the Senate had the good sense to eliminate this dangerous principle from the bill. However, I feel sure that efforts will again be made in this direction. Because I believe that the guaranty of bank loans would mean in the end the management of the banks by the Government, I feel it my duty to go on record as irrevocably opposed to this socialistic and un-American doctrine. I believe it is my duty to warn not only the bankers but the businessmen and the bank depositors of the country to be on their guard against this threat.

That I am justified in my fears for the future is amply supported by the statement of Adolph Berle, Assistant Secretary of State, who has taken part in our economic planning. He is reported to have said:

> Briefly, the Government will have to enter into the direct financing of activities now supposed to be private; and a continuance of that direct financing must mean inevitably that the Government will control and own those activities. * * * Over a period of years the Government gradually will come to own most of the productive plants of the United States. (Hearings, p. 254.)

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

Mr. TOWNSEND. I yield.

Mr. GEORGE. May I ask the Senator who made that statement?

Mr. TOWNSEND. Mr. Adolph Berle, Assistant Secretary of State.

In closing I wish again to remind you, Mr. President, by calling attention to a few figures, of the lack of thought and consideration which has been given the bill.

The original bill—Senate bill 2759—called for authorizing an appropriation of $2,560,000,000, to which were to be added unexpended balances of $239,000,000, a total of $2,799,000,000. Ten days later, after we had heard only proponents of the bill, a new bill—Senate bill 2864—requested $2,390,000,000, less unobligated balances of $140,000,000, which are to be returned to the Treasury. This represents a mere difference of $450,000,000, after adding ninety millions for reclamation projects, or five hundred and forty millions less with respect to the original projects. If the whole plan was so thoroughly studied and well worked out, why this tremendous reduction in the amount of money requested?

As I have said, the total provided for by the bill, including amounts previously appropriated, is $2,390,000,000; yet the administration has testified that it cannot put out more than $770,000,000 in this fiscal year. Hearings, page 142.

During the hearings, Mr. Jesse Jones, of the R. F. C., said—page 106:

> Congress and the President and whoever are relying upon it will be disappointed if they expect us to get half a billion dollars out in a year's time.

Why should we now rush through a far-reaching program which will last not only into the next session of Congress but well into the next administration?

Let me remind you finally, Mr. President, that the unmoral thing about the bill is that the lending and the spending will be to the glory of this administration, and the disgrace of the collections which will not be made will be that of a succeeding administration. I say that, no matter which party may win in the next election.

Mr. President, I ask to have printed in the RECORD at this point as a part of my remarks an article from the New York World-Telegram of Friday, July 21, 1939, by Hugh S. Johnson, entitled "Economic Nonsense."

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

[From the New York World-Telegram of July 21, 1939]

ECONOMIC NONSENSE

(By Hugh S. Johnson)

Here are a few gems from the press reports of the testimony of Secretary Morgenthau urging the Steagall bill to give the President

a new blank check of $3,000,000,000 on the Public Treasury to spend for "self-liquidating" projects.

Mentioning huge sums of idle money in the banks and low interest rates, he said: "In times like the present it therefore becomes the Government's function to act as a catalytic agent to bring together investors who are willing to lend their savings at rates of interest low enough and borrowers who are able and willing to employ funds for productive purposes. A low rate of interest if effectively utilized constitutes one of the most potent weapons our economic system has developed for stimulating business activity—the Government—creates the additional incentive for lenders to lend and for the borrowers to borrow by giving the stamp of approval and administrative assistance to useful and paying enterprises which otherwise would not be undertaken at this time."

It would be difficult to compress more incoherent nonsense in so short a statement. If low interest rates are the "weapon" or "catalytic agent" to bring lenders and borrowers together to stimulate business activity we ought to be able to start a bounding boom tomorrow by simply reducing interest rates to zero. They have been gradually approaching that magic point for a long time. They have been low beyond recent records for years. But they haven't "stimulated business activity"; they have helped to paralyze it. They haven't acted as a catalytic agent but as a cataleptic agent.

Interest rates are the wage of capital. It is as silly to say that starvation interest rates stimulate money to work as it would be to say that starvation labor rates stimulate men to work. We will have no "stimulated business activity" until both men and money go to work, and men can't go back to work until money goes back to work.

People lend their money freely for two reasons—a reasonable hope of reward and what they regard as reasonable security. If there were now any real and genuine "self-liquidating" projects which offered both these incentives there would be no excuse whatever for the Government to use this camouflage for a new drunken-sailor spending debauch to the detriment of credit of the country and increased tax and debt grinding the face of "every man who labors." Let the Government provide those two influences—reasonable security for invested capital at a reasonable rate of return—and there would be no difficulty about stimulating business activity. There would be an unprecedented business boom.

The whole idea of this administration is just the reverse of that. It provides insecurity of investment and, as Secretary Morgenthau has just shown, insufficiency of return. It condemns "savings." Mr. Eccles' testimony favoring the same bill suggests more taxing of the income which produces savings to force savings to work. We don't force savings to work under our system. We persuade them. This administration plumps for low interest rates and "production for use and not for profit." It dilutes the very gas that makes our economic engine go and then wrings its hands in wonderment because that motor is stalled.

With this kind of destructive and revolutionary economic philosophy of the Steagall bill, so clearly and shockingly admitted, the strategy of its presentation seems all the more questionable. It was deliberately held back until the approach of summer and the pressure for adjournment made careful study and debate impossible. Advantage of that is being taken now to bum's rush it to enactment before either Congress or the country can be made aware of what is being put over.

If Congress permits that and does not postpone this consideration until next session, it will be at least some argument for extremists both within and without this administration who say that our democracy in its present form doesn't work.

Mr. TOWNSEND. Mr. President, I ask that there be printed in the RECORD at this point in my remarks an editorial from the New York Times of July 24, 1939, entitled "Spending Masquerades."

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

[From the New York Times of July 24, 1939]

SPENDING MASQUERADES

The President's $3,060,000,000 lending-spending proposal, whittled down to $2,660,000,000 when it was introduced in the form of bills (with the $500,000,000 item of proposed loans to foreign governments dropped like a hot cake), has been whittled down again slightly by the Senate Banking and Currency Committee, and emerges as a bill authorizing loans up to $2,490,000,000. This now bears the committee's recommendation and is scheduled to be rushed to the floor today as a start for the stampede toward adjournment. The implication is that there is no time to debate this bill thoroughly and that the matter is not important enough seriously to detain Congressmen in a warm Washington.

It may be just as well to remind ourselves that $2,490,000,000 is still rather a large amount. It is, for example, more than three times the entire annual expenditures of the Federal Government in the fiscal year before we entered the war. It is nearly half of our entire Government revenues in the fiscal year just closed. It is an amount that conceivably might be worth saving.

If it were not for its up-to-date vocabulary, the new measure would bear every resemblance to a glorified pork-barrel bill. But the expenditures contemplated under it are not called expenditures but loans and investments. There is no longer any pretense that the bulk of these loans will be self-liquidating, which is a gain from the standpoint of candor and clarity. On the other hand, there is no real requirement in the bill that loans shall be self-liquidating, so the opportunities for unsound loans are large. These loans are still to be outside the Budget, though a contingent debt, when a loan turns out to be a bad one, becomes as real as any other. This bill is being rushed to passage at the very moment when Jesse H. Jones, the Federal Loan Administrator, is telling the Senate Banking Committee that the Reconstruction Finance Corporation made "plenty of bad loans" and is "going to have plenty of losses," and that he is even ashamed to tell to how high a percentage the losses will run.

We are simply deluding ourselves, Senator BYRD has insisted, if we believe the statements that this new spending scheme will neither increase the Federal debt nor increase the Federal tax burden. It is a simple statement of fact that "if the Government borrows money and makes loans for untried and impractical projects that are not likely to be repaid, the burden will eventually fall on the taxpayer." Senator BYRD may not be correct in implying that the whole scheme is devised to evade the present statutory debt limit; but that would certainly be one of its effects. He is correct in calling it a "spending scheme masquerading as a lending scheme." He is correct in declaring that creating Government corporations to make loans "outside the Budget" does not evade Government debt but merely conceals it.

Mr. TOWNSEND. Mr. President, I ask that there be printed in the RECORD at this point in connection with my remarks an editorial entitled "Another Surrender," by Hugh S. Johnson, from the New York World-Telegram.

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

[From the New York World-Telegram]

ANOTHER SURRENDER

(By Hugh S. Johnson)

The attitude of administration leaders in Congress is: "We can't take time thoroughly to study and debate this bill. This session is drawing to a close and it is getting hotter." If ever a bill needed debating this is it. It is a revolutionary change in accounting and financial policy of the Government, involving billions and still further removing Congress from control of colossal Federal handouts. It is full of obscurities and jokers and grants financial power more broadly than any law yet proposed.

For example, the only limitation over Secretary Wallace's power over $600,000,000 is that the money shall be lent for "rural security projects." What are "rural security projects?" The nearest the bill comes to saying is that they are "facilities" for those who obtain or who have in the past obtained the major portion of their income from war operations.

One argument for the bill is that the R. F. C. has in the past proved a prudent lender. Its loans have liquidated with little loss. But the R. F. C. will have no power over these loans. Most of them will be under the direction of those great financiers, Carmody and Wallace. The former was reported in the Washington Merry-Go-Round as having already and to his face challenged Jesse Jones (who is now out of R. F. C.) as an anti-New Dealer. The security for Mr. Wallace's past loans is notoriously inadequate. If Congress doesn't check this legislation with some sort of "spendthrift trust" Uncle Sam's pocketbook is in for the biggest cleaning yet.

Mr. O'MAHONEY. Mr. President, earlier in the day, while the Senator from Virginia was speaking, the question arose as to the general desirability of having the bill so drafted as to make it clear that loans could be made so as not to involve the Government in competition with private enterprise. This is a matter which has been engaging my attention for some time, because I am confident, from everything that has happened before the Temporary National Economic Committee, that it is the purpose of the members of the committee, both congressional members and executive department members, to recommend to Congress such policies as will tend to protect the system of private property. I recognize the difficulty involved in drafting the language in such form as not to cripple the purposes.

Several Members of the Senate after the colloquy suggested, and, indeed, the Senator from New York suggested, that I attempt to put the language into definite form.

Mr. BARKLEY. Mr. President, I was not present at the time of the colloquy, because I had been on my feet a long time, and had stepped out for lunch. In the committee there was a provision written, which was at first adopted, and under the language of that provision it was feared that a university, for instance, could not build a dormitory without the possibility of it competing with a private boarding house; that under the terms of the amendment it would not be possible to build a highway bridge, whether toll or free, which would compete with a ferry, and there were other possibilities of interpretation. The committee finally eliminated the language, with the understanding that we would attempt

to draft a provision which would do what we desired to do, and at the same time not make it impossible for the measure to function because of some strained construction of the prohibition contained in the language of the original amendment. We are working on that matter, and, of course, we are glad to have the cooperation of the Senator from Wyoming, with his great ability.

Mr. O'MAHONEY. I shall ask that the two amendments I have prepared be read, so that they may appear in the RECORD tomorrow and be before all the Members of the Senate. If the amendments are not adequate to serve the purpose, perhaps some modification will be effected. Personally, I have sufficient confidence in this language to believe that it will be effective and will serve the purpose everyone seems to agree should be effectuated.

I pointed out, with respect to the rural-electrification program, that the Rural Electrification Act as it is now written so defines the work of that agency that it does not enter any field which is now adequately served. The pending bill, however, is open to an interpretation which might permit an extension of the work of the R. E. A. not now authorized. I have consulted officials of the R. E. A., and I am very happy to say that the language which I am now suggesting seems to be satisfactory to them. But I do not desire to commit anyone to the language. The second amendment which I am offering—and this will appear first—has to do with the loans by the Public Works Administration.

I send the amendments to the desk and ask that they be read.

The PRESIDING OFFICER. The clerk will state the amendments.

The CHIEF CLERK. On page 4, line 17, it is proposed to change the semicolon to a colon and to add, *"Provided,* That in order that a competitive system of private enterprise for profit shall be maintained and encouraged, loans under this subsection shall be so administered as not to promote any undertaking in a field now adequately supplied by existing competitive private enterprise or by existing noncompetitive private enterprise at reasonable rates or prices unless in the latter case a reasonable offer is made to acquire the facilities of such noncompetitive enterprise and such offer has not been accepted, and a finding to that effect has been made after public hearing by the Public Works Administrator."

On page 5, line 1, it is proposed to strike out the words "as provided in" and to insert in lieu thereof the words "and pursuant to and subject to the provisions of."

Mr. BARKLEY. Mr. President, I may say to the Senator that I had already contemplated offering the latter amendment, to strike out the words "as provided in" and to insert "and pursuant to and subject to the provisions of," so that there would be no misinterpretation that all the expenditures under the rural-electrification program would be made under all the provisions of the R. E. A. Act, which includes a limitation with respect to competitive enterprise.

Mr. O'MAHONEY. Of course I am very glad to hear that, because that settles the question so far as that is concerned.

Mr. THOMAS of Oklahoma. Mr. President, the title of the pending bill is "To provide for the financing of a program of recoverable expenditures, and for other purposes."

In connection with this subject matter, the New York Times of Monday, July 24, carried a news story from London, in the nature of special correspondence to the New York Times. The first headline is as follows:

Britain takes risk on heavy exports.

The next headline is:

Guarantee unit of trade board backs credits abroad of $151,000,000.

The next headline is:

Has a $15,000,000 reserve.

The last headline is as follows:

Liabilities now at $200,000,000 and can legally go as high as $375,000,000.

I desire to read a few paragraphs from the news story:

LONDON, July 14.—The Export Credits Guarantee Department of the Board of Trade during the first half of this year guaranteed to British exporters the payment for roughly $151,800,000 worth of British goods sold abroad on credit. This figure alone is a measure of the assistance which the department is giving to the British export trade.

Further in the article I read this paragraph:

The amount of British foreign trade involved in the department's credit guarantees from the financial year 1933–34 to 1937–38 reached the impressive total of roughly $605,800,000. During that period the annual sum increased from about $38,500,000 in 1933–34 to roughly $250,000,000 in 1938–39.

I read another paragraph:

Yet, despite the commercial risks involved in the guarantees which have so far been given, the Export Credits Guarantee Department has built up a reserve fund of roughly $15,000,000.

I read another paragraph:

The business of the department is divided into four classes: the guaranteeing to British exporters of the solvency of foreign buyers; the guaranteeing to exporters of the transfer of payments for goods sold, designed to protect exporters from the menace of frozen debts; guaranties given in connection with the export of goods on medium term credits (up to 10 years), and guaranties on transactions with foreign governments, mainly on medium term credits.

Mr. President, if a department of this character can be installed and placed in operation in Great Britain and have the effect of increasing exports from that country to other countries, it seems to me that a similar plan might be considered favorably in connection with this bill; so at this time I ask unanimous consent to offer the entire news story as a part of my remarks.

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

The article is as follows:

[From the New York Times of July 24, 1939]

BRITAIN TAKES RISK ON HEAVY EXPORTS—GUARANTEED UNIT OF TRADE BOARD BACKS CREDITS ABROAD OF $151,000,000—HAS A $15,000,000 RESERVE—LIABILITIES NOW AT $200,000,000 AND CAN LEGALLY GO AS HIGH AS $375,000,000

LONDON, July 14.—The export credits guarantee department of the board of trade during the first half of this year guaranteed to British exporters the payment for roughly $151,800,000 worth of British goods sold abroad on credit. This figure alone is a measure of the assistance which the department is giving to the British export trade. The sum mentioned, however, is not the total value of the export orders concerned during that period. There is abundant evidence that the department facilitated many transactions which were not covered by its guarantees.

Though no comparative figures are available from the banks regarding the amount of credit or loans they provide to British exporters in connection with the sale of goods abroad, it is safe to say that the export credits guarantee department is now by far the greatest provider of credit for that purpose in Great Britain today.

SHARP RISE SINCE 1933

The amount of British foreign trade involved in the department's credit guarantees from the financial year 1933–34 to 1937–38 reached the impressive total of roughly $605,800,000. During that period the annual sum increased from about $38,500,000 in 1933–34 to roughly $250,000,000 in 1938–39.

Without the guarantees supplied by the department it is certain that a large proportion of this business would never have been done by the British exporters concerned. The private banks would not have furnished the necessary guarantees on the ground that the risks involved were too great and the exporters would not have handled the business unaided.

Yet, despite the commercial risks involved in the guarantees which have so far been given, the export credits guarantee department has built up a reserve fund of roughly $15,000,000. The sum is the net amount of the department's income from premium and interest charges, after meeting claims to date and the administrative costs of the department. Against this reserve the department's liabilities are probably in the neighborhood of $200,000,000. It has authority under the law of 1939 to undertake commercial liabilities up to $375,000,000.

The business of the department is divided into four classes: The guaranteeing to British exporters of the solvency of foreign buyers; the guaranteeing to exporters of the transfer of payments for goods sold, designed to protect exporters from the menace of frozen debts; guaranties given in connection with the export of goods on medium-term credits (up to 10 years), and guaranties on transactions with foreign governments, mainly on medium-term credits.

BIG SHORT-TERM BUSINESS

A considerable amount of the department's business is that of short-term credit insurance for British exporters on moderate-sized sales abroad of all kinds of goods to be paid for within 6 months at the most. The premium charged by the department for this class of business rarely exceeds 1 percent and is usually much lower. In this and all other classes of business, incidentally,

the department's guaranty does not begin to operate until the foreign purchaser has received and accepted the goods of the British exporter.

The department's medium-term business consists of transactions ranging from export orders of $500 up to those of several million dollars, on credit periods as long as 10 years. Each application has special features of its own, requiring individual treatment, and this class of business does not provide an insurable mass. Here the department is doing business closely related to that formerly handled by issuing houses, while its short-term business approximates that done by acceptance houses.

It is in this medium-term business that the department takes greater risks and therefore charges higher interest and premium rates. Some foreign governments have arranged credits at an interest rate of 5½ percent. It is from the charges for this medium-term business that the department's reserve fund has been mainly built up.

The department's headquarters is in the city of London, where it can keep in close daily contact with the banking and business world and with its advisory council composed of prominent bankers and other experts on commercial affairs. In addition, the department has a branch office each in Manchester, Bradford, Birmingham, Glasgow, Belfast, Sheffield, and Newcastle. It keeps in close touch also with the more important chambers of commerce throughout the country.

Aside from the direct benefit to British exporters from the guaranty services of the department, they also receive an indirect but almost equally important one. The exporter who wishes to borrow money from his bank for business reasons can and does easily raise such loans on the strength of his foreign orders which have been guaranteed by the department.

This commercial sphere of the department's business, with its $375,000,000 limit, is quite distinct from the recent extension of its activities into the field of political credits, with a limit so far of $300,000,000. The latter credits are not granted on the basis of normal commercial practice.

Mr. THOMAS of Oklahoma. Also I ask permission, out of order, to submit an amendment to be a new section to the bill, proposing to create, under the jurisdiction of the Federal Loan Administrator, a bureau to be known as the Export Credit Insurance Corporation. I ask that the amendment be printed in the RECORD in full as a part of my remarks, and that it be printed in the usual form and lie upon the table.

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

The amendment intended to be proposed by Mr. THOMAS of Oklahoma is as follows:

At the end of the bill insert the following new section:

"SEC. 21. (a) There is hereby established a corporation to be known as the Export Credit Insurance Corporation (herein referred to as the 'Corporation') which shall have succession for a period of 5 years from the date of enactment of this act and shall have a paid-up capital of $500,000,000 to be subscribed for by the Reconstruction Finance Corporation and paid for out of its funds. The management of the Corporation shall be vested in the Federal Loan Administrator.

"(b) The purpose of the Corporation shall be to promote the exportation of American agricultural and industrial commodities, and for such purpose the Corporation is hereby authorized and empowered, upon such terms and conditions as the Federal Loan Administrator may prescribe, to insure banks, trust companies, and other financial institutions, and domestic exporters, which such Administrator finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit made by them for the purpose of financing the exportation from the United States and its Territories and possessions of domestic agricultural and industrial commodities by domestic exporters. The total insurance liability of the Corporation which may be outstanding at any time shall not exceed in the aggregate the amount of the paid-in capital of the Corporation, and at least 50 percent of the insurance granted by the Corporation under this section shall be for domestic agricultural commodities. No insurance shall be granted under this section to any such financial institution or exporter with respect to any agricultural or industrial commodity in excess of the actual cost of such commodity to the exporter.

"(c) The Federal Loan Administrator is authorized to make such rules and regulations as may be necessary to carry out the provisions of this section and shall fix a premium charge for the insurance granted under this section, but in the case of any obligation representing any loan or advance of credit such premium charge shall not exceed an amount equivalent to — percent per annum of the net proceeds of such loan or advance of credit for the term of such obligation. Such premium charge shall be payable in advance by the financial institution or exporter, as the case may be, and shall be paid at such time and in such manner as the Administrator may prescribe. The moneys derived from such premium charges shall be deposited in a special account in the Treasury of the United States and shall be available for defraying the operating expenses of the Corporation under this section.

"(d) All expenses incurred in connection with the operation of the Corporation shall be paid out of the funds of the Corporation under such rules and regulations as the Administrator may prescribe."

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Downey	Lodge	Sheppard
Andrews	Ellender	Lucas	Shipstead
Austin	Frazier	Lundeen	Smathers
Bailey	George	McCarran	Stewart
Bankhead	Gerry	McKellar	Taft
Barbour	Gillette	McNary	Thomas, Okla.
Barkley	Green	Mead	Thomas, Utah
Bilbo	Guffey	Miller	Tobey
Bone	Gurney	Minton	Townsend
Brown	Hale	Murray	Truman
Bulow	Harrison	Neely	Tydings
Burke	Hatch	Norris	Vandenberg
Byrd	Hayden	Nye	Van Nuys
Byrnes	Hill	O'Mahoney	Wagner
Capper	Holman	Pepper	Walsh
Chavez	Hughes	Pittman	Wheeler
Clark, Idaho	Johnson, Calif.	Radcliffe	White
Connally	Johnson, Colo.	Reed	
Danaher	La Follette	Schwartz	
Davis	Lee	Schwellenbach	

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

Mr. TAFT. Mr. President, I wish to speak against the passage of the pending bill, and particularly against the whole theory on which the bill is based.

We have long been familiar with the spending illusion of the present administration, the theory which has dominated every activity of the Government and every department of the Government during the past 4 or 5 years, the theory that a nation can spend itself into prosperity. We have long heard the pump-priming argument, which appears again in the majority report today, and we have seen its results. The water has gone down the pump, and nothing has come back.

I shall discuss later the economic arguments for spending and against spending, but I can point out here that it is contrary to every principle of thrift and industry and good sense under which the American people have grown up from childhood, and which has been accepted by every administration since the founding of the Nation, Republican or Democratic, until the present administration.

Now, however, we have a new principle, that of government lending, and lending seems to me to be only a variation of the theory of spending, particularly as set forth in the pending bill. It is said to be different and to have certain advantages.

In the first place, it is said it does not increase the national debt. Of course, there can be no doubt that it increases the national debt. Any private corporation which guarantees the bonds of a fully owned subsidiary must show that debt on its balance sheet, under any efficient system of accounting about which anyone ever heard. The only basis for saying this policy does not increase the national debt is that the Treasury does not keep its books in the way any private corporation keeps its books, and the fact that the $45,000,000,000 limit, so-called, is only a statutory limit, applying to just a few specific kinds of government debts. So, of course, it does increase the national debt.

But it is said it is different from spending because we are to get all the money back during the next 40 years. I think that if we examine the pending bill we will see that we are not likely to get all the money back during the next 40 years.

In the first place, there is the road program. There is a provision that the Federal Government shall set up toll roads and charge tolls.

I understand that the senior Senator from Kentucky [Mr. BARKLEY] will propose an amendment, under which the Federal Government could build only bridges and tunnels for which tolls would be charged; but, in my judgment, it would

not be 2 years before someone would be here with a bill to eliminate the tolls, particularly if the practice comes into general use throughout the United States.

There is no question that toll roads are exceedingly unpopular in the United States. Probably every motorist thinks he is entitled to the free use of the roads. He resents the necessity of paying a toll. And the United States, in its usual liberal method, unless we happen to change the whole policy, in my opinion, will take the tolls off within 2 or 3 or 4 years.

Two items in the bill may fairly be called sound lending—the P. W. A. loans to municipalities and the R. F. C. loans to railroads. But these sections of the bill are wholly unnecessary. Municipalities can borrow freely from the public today if they wish to do so. The public will buy municipal bonds, the R. F. C. will buy municipal bonds, and can buy municipal bonds under its present authority. It seems to me, therefore, there is no use whatever in the particular section referring to that, and I shall later offer an amendment to strike it out.

The railroad section, I think, also provides a perfectly safe security, except that there is still language in the section which raises some doubt in my mind as to whether the Government cannot build railroad equipment and lease it to a road without necessarily a final and binding agreement that they will buy the equipment, or pay sufficient rental to pay it off. But, in general, railroad equipment trusts are good security. Again, there is no real reason for lending money on railroad equipment trusts. Railroads can sell equipment trusts to the public today at a low rate of interest.

There is no difficulty about it. Mr. Eastman testified before the committee that two bankrupt roads were able to borrow money for railroad equipment at 2¾ percent, and the Western Maryland Railroad, which I think is in the hands of a receiver, at least it is a weak road, was able to borrow money at 1.75 percent within the last 2 months.

There is no necessity for any such Government power, because it is possible to finance equipment trusts by selling them to the public. They are good security. In fact, the lack of necessity of Government interposition characterizes the whole program. Insofar as it is a sound program, what is provided under it can be done now, and will be done, either by the public or by the R. F. C. Insofar as what is proposed cannot be done by the R. F. C. and the public, it is because the loans are loans which are not going to be repaid.

The R. E. A. is an excellent project. Everyone would like to see electric service extended to the farm sections of the United States. Yet there is not the slightest evidence that 1 cent of the money advanced for those projects will be paid back. We examined the R. E. A., and they say there is no default, but, as I understand, there is no payment on principal or interest to be made for something like 3 years.

I was very much interested in the report of the R. E. A. from the Ohio Tax Commission. The Pioneer Rural Electric Cooperative, Inc., is one of the largest of these cooperatives in Ohio. These loans, it will be understood, are made by the R. E. A. to these farmers' cooperatives. To this particular company the R. E. A. has loaned $1,300,000. It operates in one of the best sections of Ohio, a good agricultural community, probably as good as may be found anywhere else they operate. The brief I hold in my hand was filed with the tax commission by the R. E. A. itself, and by the Government, and their statement is as to the year 1937, in arguing for exemption from taxation:

> The taxpayer has not at any time earned enough even to pay its operating expenses, exclusive of the debt service and exclusive of essential reserves. The only source of repayment of the indebtedness which brought this taxable property into being is the net revenues after payment of all operating expenses. The United States, therefore, is vitally interested in the maintenance of the taxpayer's property as a going concern.

They then proceed to point out the fact that what is chiefly relevant to this proceeding is the present earning power of the property. In 1937 the gross operating revenues were $88,111.83, and the operating expenses, including taxes but exclusive of interest and exclusive of any reserves for depreciation and future maintenance, were $88,084.35, almost the same. Interest was $26,000. Reserves for depreciation and maintenance amounted to $50,000. It appeared, therefore, that the first full year of operation showed a deficit of $76,000, equal to 87 percent of its gross revenue.

The rest of it is rather interesting.

> This lack of earning power is due wholly to the "thin" character of this rural business. The property has been efficiently managed. The gross earnings are as large and the operating expenses are as low as reasonably possible. The rates at which electric energy is sold to the members of the corporation are as high as the traffic will bear, and comparable to the rates charged by power and light companies in adjacent territory. A comparison of these rates is set forth in exhibit C hereto attached. It is reasonable to assume that higher rates would result in restricting the development of new business and prolong the period of operating deficits. To have avoided a deficit for the year 1937 would have required a gross revenue 87 percent greater than that actually received. It is obvious that no such result could be obtained by any increase in rates, and further discussion of this matter would seem unnecessary.

The R. E. A. is a great propaganda institution. It issues the most beautiful books and the most beautiful pictures showing the great advantages of electrification and the manner in which it relieves the farmer and his wife. But they have yet failed to publish the operating statement of one single cooperative to whom they have loaned money.

A few days ago in the committee I asked them to furnish statements as to the cooperatives which have operated, and they said, "Oh, yes," but I have not seen the statements, and I do not believe we will ever get them, because I think they would show that this particular project is one which will not pay.

This illustrates the fact that that kind of thing is spending and not lending. It is spending for no doubt a very worthy purpose. Up to the present time it has always been included in the Budget. It has been counted as a regular expenditure of the Government. The whole purpose of the bill, so far as the R. E. A. is concerned, it seems to me, is to lift the R. E. A. expenditures out of the ordinary expenditures of the Government and thereby decrease the apparent deficit of the Government and give them $500,000,000 which they can spend if they choose at any moment for the purposes of extending R. E. A. loans, very few of which will finally be paid. The chances are that as they fail on their loans the Government will gradually have to take over the plants, until it accumulates a great system of electric operations.

I am not so familiar with the farm lending, and yet it seems obvious to me again that no matter how well and carefully such loans are made, no matter how beneficial the purpose, a very large percentage of those loans is not going to be paid.

When one goes back and studies farm mortgages and how they have come out in the last 10 or 15 years; when one considers that they were made on a 60-percent basis, and that these loans are to be made on a 100-percent basis; when one considers that the rehabilitation loans are to be made to the poorest farmers, of course, certainly it seems reasonable to believe that only a very small number of those loans will be paid. So I say this is not really a lending program. It is really a spending program.

Mr. President, the argument that lending is better than spending because the money will be paid back is not a sound argument. On the other hand, there are certain very definite disadvantages in a lending policy as compared to a spending policy. It takes away entirely the control of the Appropriations Committee, and takes away from Congress the question of deciding every year, as we always have decided, what money the Government shall spend that year and what money it shall not spend.

I am inclined to think that the entire process is unconstitutional. The Constitution very clearly says that no money shall be paid out of the Treasury except in consequence of an appropriation, and that a report shall be made of all public moneys. An attempt seems to be made to beat the devil around the bush by having the R. F. C. borrow the money on bonds guaranteed, principal and interest, 100 percent by the Federal Government, and then have the R. F. C. pay that money out to the Rural Electrification Administration, and then say that that is not paid out of the Treasury;

whereas if the Government issues its own bonds, then the money comes to the Treasury directly without going to the R. F. C., and then presumably that particular money can only get out by appropriation.

Certainly that is a mere technicality. Even if it is constitutional it certainly is contrary to the policy which those who framed it laid down when they put that provision in the Constitution. This measure in effect simply removes the R. E. A. from our jurisdiction probably for the next 10 years, for I do not think they can actually spend more than about $50,000,000 a year in real outlay. There was appropriated last year by the Congress for the R. E. A. $140,000,000, and they finally admitted, after considerable cross-examination, that they have actually spent during the 12 months $45,000,000. So that this legislation in effect removes them from our jurisdiction for the next 10 years.

The proposed legislation has the distinct disadvantage of fooling people, because the people take Government figures as gospel, and think that this proposed legislation will not increase the debt. It is not like private lending. Government lending is not influenced ordinarily by business reasons. We may find one Jesse Jones in a government, who is a real banker, administering a real bank from the point of view of a business basis, but the ordinary Government official is simply not influenced by such considerations. The ordinary Government official is interested in his particular activity. He is interested in getting the money out. Mr. Carmody, I should say, would exercise no such restraint as Mr. Jones has done, and he will have the power of lending a considerable amount of this money. A Government official is always affected by various considerations which do not affect a private citizen. The latter cannot help but be affected by humanitarian considerations, whereas a Government official is affected by political considerations. We may be certain that that lending cannot be done in the same way as private lending.

Government lending supports the inefficient against the efficient. A man who has to go to the Government and finally does go in order to keep in business is subsidized by the Government to carry on, often affording a very destructive competition against those who have made a success of their business, and have been able to keep going. It is just as impossible for the Government to go in the lending business and not to create competition for existing industries as it is for the Government to borrow money without really incurring a debt.

The general policy of lending leads unquestionably finally to the Government getting into all business in the United States. It has gone a long way. It started in an emergency, and in an emergency we will do many things which we do not do at other times. But as it gradually extends it undoubtedly leads finally to a complete domination, if you please, of different industries by the Government. It does not take very much Government interference in an industry before the Government dominates that industry. Everyone in the industry is afraid to go ahead because he does not know what the Government may do. He knows that the Government is not restrained by any influence of balancing the Budget, or putting out money only when the borrowers are good business risks, and he is bound to be dominated by the Government interest in that particular industry.

Mr. President, this whole lending theory seems to have originated, at least this time, in the appearance before the Temporary National Economic Committee by Mr. Currie, Professor Hansen, Mr. Berle, and some others, and it seems to me that the S. E. C. itself was anxious to present its theory and to advance it. But Mr. Berle stated very clearly how far he would go under the theory that was advanced. He said:

> Briefly, the Government will have to enter into the direct financing of activities now supposed to be private; and a continuance of that direct financing must mean, inevitably, that the Government will control and own those activities * * *. Over a period of years the Government gradually will come to own most of the productive lands of the United States.

Mr. Berle advocated this Government lending on the same theory set out in the majority report. There is no doubt in my mind that the continued extension of Government lending leads inevitably to a totalitarian state in which the Government directs the commerce and industry and agriculture.

Mr. President, at this point I should like to call the attention of the Senate to the majority report. I may say that it seems to me to be an excellent Republican campaign document. I do not know whether Senators care to read it, but it sets out the tremendous failure the New Deal administration has been. I read:

> Certain changes have taken place since the twenties—

The twenties are represented as the ideal that we all try to go back to—

> Certain changes have taken place since the twenties which have contributed greatly to the existence of idle capital, unemployment, and excess capacity. The profitable outlets for capital have diminished, while the proportion of the national income saved is no less. States and municipalities have decreased their expenditures so that the tax revenues of State and municipal governments have exceeded their expenditures—

I rather question that, but they have reduced their long-term public debt—

> Instead of providing an outlet for savings of a billion dollars a year, as they did in the twenties, they have actually added to the funds available for investment. Foreign loans, which in the twenties absorbed an average of a half billion dollars a year, have virtually ceased, nor is there any prospect of their being renewed in the near future. Capital outlays by churches, universities, clubs, and other nonprofitable organizations, which used to take up a half billion more of capital, have been cut in half. The automobile industry is no longer in a stage of rapid expansion. There is still a surplus of commercial structures, the construction of which in the twenties used up a billion dollars a year, and even residential construction, notwithstanding the essential aid from the Government, is far below the level of the twenties.
>
> Many factors which then helped to produce a consumer demand for goods that was sufficient to consume the products of industry are not now as effective.

In those days the consumers were all right, according to this report. They had all the money needed to buy the goods that were produced in the United States.

> The rate of population growth prevailing in the 1920's has been cut in half; installment purchasing is not increasing as it was in the twenties, and there does not seem to be any near prospect of a repetition of the luxury-buying spree of the late 1920's.
>
> * * * * * * *
>
> The country is faced with the prospect of continued high unemployment, unless the Government helps to promote an outlet for idle funds.

And all this after the Government has promoted an outlet for private funds to the extent of spending in 6 years about $48,000,000,000, of which about $20,000,000,000 is borrowed money. In spite of all that spending we have the condition pictured by the writer of the majority report, a condition far below the prosperous condition of the 1920's, and apparently less beneficial even to the consumer and the poor man, as well as to the rich man.

The report even goes back to the old pump-priming theory:

> More than that, these projects will in turn stimulate other investments and other expenditures. The carrying out of the provisions contained in this bill will still further increase the demand for capital on the part of private industry and thus still further increase the aggregate return to both workers and savers.

Mr. President, it is the same old theory. The theory advanced in this bill, the theory behind the bill, the theory behind the lending and spending is that through Government spending we can produce prosperity, we can produce in some way a greater activity, a greater production of goods.

Mr. President, at one time there was perhaps some reason to think that there might be something in that theory. Today I do not see any possibility of thinking so. If we cannot produce prosperity by borrowing and spending $20,000,000,000, how on earth can we do it by borrowing another $200,000,000 or $700,000,000, which we may borrow under this bill during the next year? Even if we were committed to this spending theory, we certainly are doing our best by it in the present state of the Budget for the fiscal year 1940.

The President requested expenditures of $9,200,000,000, with a deficit of $3,300,000,000. So far as I have been able to compute, the actual expenditures which will be incurred during 1940 under the appropriations we have made will be almost $700,000,000 more than the President recommended, without increased revenue. And if the old-age pension legislation goes through it will be considerably more than that. So that we will actualy have a deficit of $4,000,000,000. Even a spender ought to be satisfied with a deficit of $4,000,000,000 if he thinks spending is going to do any good.

I was very much interested in one of the documents presented to the T. N. E. C., prepared by the Securities and Exchange Commission, entitled "Charts and Tables Prepared for and Presented to the T. N. E. C., Beginning May 16, 1939." On the third page from the last they present what they call a double budget for the United States for the fiscal years 1931 to 1938. They rewrite the Budget of the United States for those 7 years into two budgets. One is the operating budget. Even the operating budget has a deficit averaging between one and two billion dollars a year. And then there is the investment budget. The interesting thing about the investment budget is that there is included in it a few so-called self-liquidating works, namely, the T. V. A. and the reclamation projects, which total altogether for the 7 years about $370,000,000.

The big items of Government investments are public highways, Tennessee Valley navigation and flood control, rivers and harbors, flood-control works, public buildings, and grants to public bodies. Even the grants to cities and States which have been made under P. W. A. are counted as investments.

The total is $5,309,000,000. Then a certain percentage of the relief money is added, on the theory that the C. C. C. and the W. P. A. may perhaps have produced some public works. The whole thing is totaled up to approximately $10,000,000,000.

As a matter of fact, those things are not investments. They may be public works; but an investment is something which brings in a return on the money invested in it. So far as the Government is concerned, the things to which I have referred are not investments. It may be that the people receive some benefit from them. The difference between Government investment and private investment is that the taxpayer has to pay the charge on Government investments. Government investments such as highways or public buildings not only do not return any money but they usually cost the Government more to operate them after they have been built than before.

There is also this great difference between public investments and private investments: A private investment not only puts men to work building the plant and putting together the machinery and other things that go into the plant, but after the plant is built it puts thousands and hundreds of thousands of men to work for the rest of their lives. So far as a Government investment is concerned, of course, all it does is to give a few jobs to a few people. The salaries of those employees are paid, not out of the products of the project but out of the pockets of the taxpayers. So as to matter of fact such a project is not an investment. It is spending, and we might as well recognize it. It is something we never can sell. The Government cannot sell its plant. I have seen many efforts to appraise public buildings, and they all mean nothing, because there is no way to sell them. Nobody wants to buy them. They are facilities which we like to have. We all like nice things. We like dams, public parks, and public highways. We want to have them if we can possibly have them. However, they represent spending; and we cannot have them all at once. We cannot have them unless somehow we provide a means for paying for them. Up to date this administration has completely failed to provide the means for paying for such improvements.

If it were possible even to offer bonds which would be surely retired, I do not think the program would be so completely objectionable. In Ohio we have a law that municipalities may borrow for public works, but they must issue bonds which do not extend beyond the life of the improvement, and which are paid off serially out of taxes until the improvement is paid for.

The trouble with the Federal Government is that all the provisions with respect to sinking funds and retirement do not mean anything, and we know they do not mean anything. We go on appropriating and piling up the debt. We cannot establish a system which will be binding on the Federal Government, because we are the Federal Government, and we can change the system at any minute. Municipalities are all subject to State law, and they must go through with their obligations.

So I say the whole theory which came out of the investigation, that such a program is investment and not spending, is an absolutely unsound theory, an absolutely unsound analysis of what investment is. It is merely a cover-up for the spending of public money, money that will have to be paid off out of taxes, just exactly the way current expenses must be paid out of taxes.

The two-budget system has been tried in other countries. It is, and always has been, a prelude to complete, final collapse of Government finances; and if we adopt such a system, we shall travel even faster toward that goal. We could not travel very much faster than we are now going.

It seems extraordinary that the Senate should still rely on the spending-lending policy to bring about prosperity. We have repeatedly seen it brought forward. It was brought forward in three or four of these great projects similar to this spend-lend bill. It was repeatedly brought forward as a panacea for our troubles. It never has worked, and it never will work. Public works as a method of relief have been tried. They were tried in England and completely given up. Hard-headed Englishmen realized that it is not profitable to produce relief by public works. It costs too much. Apparently it costs about twice as much to keep a man on P. W. A. as it does to keep him on W. P. A. The problem cannot be solved in that way. It is too big.

If we should start out to give people all the jobs they ought to have with P. W. A., we should find our expenditures so tremendous that nobody would stand for them. If Government deficits could have produced prosperity and cured unemployment, certainly we should be prosperous today.

The result of all the spending policy is graphically set forth in the majority report, which I read. I pointed out that the country has many millions of unemployed and that in no respect does its condition equal that of the 1920's.

It is often suggested that the prosperity of the 1920's was based upon an unsound foundation which finally resulted in the depression of 1929. Undoubtedly that was so. Undoubtedly there was a credit expansion, and there was an extension of credit to foreign governments which could not go on because it was not sound. We were making loans which were not sound. I agree with the Senator from California [Mr. DOWNEY] that we reached the point where we were saving too much money, and where that money was rushed into hotels, office buildings, and all kinds of buildings which we did not need and with which we have hardly yet caught up. There may have been an unsound basis to that condition; and yet the condition from 1920 to 1930 was prosperous. Certainly its foundation was at least as sound as the foundation today. A prosperity or a semiprosperity built upon $4,000,000,000 a year of Government deficits is just about as unsound a policy as could be pursued. We cannot go on spending that amount of money.

The great disadvantage of the so-called prosperity based on Government deficits is that we have 10,000,000 people unemployed; and in the 1920's, no matter what the foundation of the prosperity was, we had practically no unemployed.

I wish to review the bill and to say something about the amendments which I propose to offer to it.

In the first place, the bill provides $500,000,000 for roads and highway improvements, and authorizes making loans to municipalities for highway improvements.

So far as loans to municipalities are concerned, they can be made today. So far as loans to municipalities are concerned, the municipalities can sell their own bonds in the open market.

In the second place, the bill provides for the maintenance and operation of highway improvements. In the committee we objected very strenuously to the Government's right to maintain and operate improvements, because it seems to me clear that if the Government once starts a system of Federal highways in the United States, it is never going to stop. We cannot build Federal highways in one State unless we are prepared to build them in other States. It cannot be done.

The majority leader now says that he will offer an amendment, or has offered an amendment, providing that the Federal Government may build only bridges and tunnels. I have not the same objection to that amendment, because the whole system of highways cannot be based on the bridges and tunnels. However, we still have in that amendment the right of the Federal Government to buy rights-of-way and build highways, provided it first obtains a contract with the State or municipality to take over the highway and pay for it in 40 years. I think that except for debt limitations, a municipality could sell its bonds to build any such highway. The chief objection I have to the amendment offered by the Senator from Kentucky is that it seems to me to provide for the excess condemnation of land on both sides of the road, which I think was eliminated by the committee in the present bill. I shall offer an amendment to the majority leader's amendment, striking out that feature.

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

Mr. TAFT. Surely.

Mr. BARKLEY. The contract which is required as a prerequisite to this activity also must include the agreement to take over the excess property, whatever it is, which has been purchased or taken by the Federal Government, and the improvements.

Mr. TAFT. Yes; but the amendment of the Senator from Kentucky does not change subsection d. If there is a power of excess condemnation given in the amendment which replaces subsection c, subsection d provides that the Federal Government shall have power.

> To expend moneys for the purpose for which any real property has been purchased, or possession thereof has been taken during the course of condemnation proceedings and in advance of final judgment thereon, in demolishing existing structures thereon, in improving such real property in any way authorized by this act, or in constructing any highway improvement thereon, notwithstanding the provisions of section 355 of the Revised Statutes.

It seems to me that if we provide for excess condemnation, or the right to acquire land which is not needed for the highway, but which is adjacent to the highway, as is provided in the amendment offered by the Senator from Kentucky, we then confer upon the United States Government the right to improve the property, building apartment houses, garages, or anything else it chooses. I do not think the Government ought to go into that business.

When the bill was first presented to the committee it contained, to my mind, extensive powers to the Government to go into almost any business and build almost any kind of a project. The committee has done an excellent job in cutting down those powers. The only place where the power seems to me to be still grossly excessive is in the highway section, in connection with the power of excess condemnation.

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

Mr. TAFT. Surely.

Mr. WHITE. I do not know whether or not the Senator has discussed the question; but section 6, giving the consent of Congress to the construction of bridges over navigable streams, interests me. The section provides that the consent of Congress "shall be deemed to have been obtained and affirmatively authorized by virtue of this act."

Always heretofore when a bridge has been constructed across a navigable stream, the consent of Congress has been required in each specific instance, and the bridges have had to be built in conformity with plans and specifications subject to the approval of the engineers of the War Department. Apparently we are now to do away with the requirement as to specific consent and give blanket consent running for all time in the future.

What I particularly want to know is whether the authority of the Board of Engineers of the War Department is done away with under this provision, or whether it continues; and whether, if it does continue, it is exclusive in the War Department, or whether it is a joint authority with respect to plans and specifications.

Mr. TAFT. I do not think I have read the act. The act referred to, an act to regulate the construction of bridges over navigable waters, provides that bridges over navigable waters within the boundaries of a State may be built, upon approval by the Secretary of War, without the consent of Congress. I think his right of veto is absolute. The effect of this provision is to extend the act to regulate the construction of bridges over intrastate navigable waters to interstate navigable waters; and if the bill is passed, as I understand—the Senator from Kentucky [Mr. BARKLEY] can correct me if I am mistaken—bridges over interstate waters, such as the Ohio and the Mississippi Rivers, may be built without further consent of Congress, upon the approval of the Secretary of War; but he has an absolute veto, I think, on such construction. Is that correct?

Mr. BARKLEY. The Senator is correct. The Senator from Ohio and the Senator from Maine will recall that in 1899 Congress made an effort to get away from the more or less routine passage of bridge bills by providing, as the Senator from Ohio has said, that bridges over navigable streams within a State which do not form boundaries between States may be built without a special act of Congress, subject to the approval and veto of the Secretary of War through the Chief of Engineers. This provision carries that law into the construction of bridges across navigable streams which are boundaries between States; and I will frankly say that it is very largely designed to bring about speed and promptness in the construction of bridges which are parts of highway systems.

As the Senator knows, the passage of bridge bills through Congress is largely a routine matter. I have felt for years that Congress ought to enact a general bridge law under which, subject to the approval of the Chief of Engineers and the Secretary of War, bridges might be built, because the interest of Congress and the Federal Government very largely is in protecting the navigation of rivers from obstruction, and this bill does that with respect to these bridges.

Mr. WHITE. This bill, then, revolutionizes a century-old practice with respect to these interstate bridges?

Mr. BARKLEY. It joins the act of 1899, which was the first revolution in a practice that had existed for a century or so. This bill takes in a different type of stream, because it happens to be a boundary between States. I will say to the Senator that Mr. MacDonald stated that there are some projects which are ready to go ahead under this program, particularly out in Iowa, where there are two or three bridges ready for construction which otherwise would have to wait until Congress could meet again next year and pass a law authorizing the State highway departments of Illinois and Iowa to construct the bridges over the river.

I think the interests of the Government from the standpoint of navigation are adequately protected by giving the Secretary of War veto power over the construction of bridges, which means, of course, as a matter of fact, the Chief of Engineers.

Mr. WHITE. Does the Secretary of War retain, with respect to any of these bridges, power to determine the specifications, the clearance above the water, and all that?

Mr. BARKLEY. Yes; he does.

Mr. WHITE. And that is not an authority which is in the Bureau of Public Roads?

Mr. BARKLEY. No. It is still subject to the requirements of the Secretary of War; and, of course, his duty is to see to it that a structure is erected which will not interfere with navigation.

Mr. TAFT. As to the use of this money for highways, Mr. MacDonald, as I remember his testimony, testified that he had about 17 projects which might cost $100,000,000 on a toll basis. I think, however, it is very interesting to refer to Mr. MacDonald's report on toll highways to show how impractical the idea is, except in the most restricted districts.

Mr. MacDonald was required by the Highway Act of last year to make a report on the feasibility of a system of transcontinental toll roads. The report is printed as House Document No. 272. His final conclusion on toll roads and free roads, after analyzing the number of persons who could be expected to go on those roads, estimating a possible toll of 1 cent per mile—and a toll of 1 cent per mile, incidentally, would discourage many persons from traveling on toll roads as against the other roads—was that even at that rate there was no possibility of a toll road being actually self-supporting. I am sorry I cannot find the place in his report to which I refer; but the conclusion is that after 40 years a system of transcontinental highways would be only 40-percent self-liquidating. Any toll road which is really self-liquidating could be financed, of course, by the R. F. C.; so the pending bill is not particularly necessary from that standpoint. In fact, the R. F. C. has financed some toll roads. It financed a toll road in Pennsylvania from Pittsburgh to Harrisburg, and Mr. Jones testified that in his opinion that loan would be self-liquidating; but the only reason why it is self-liquidating, if it is—which I somewhat doubt—is that there was first a 45-percent grant, so the loan had to be self-liquidating for only 55 percent of the total amount.

I do not see anything that could not be done by the R. F. C., so far as loans for highways are concerned, except the provision of the bill which permits the Federal Government to buy rights-of-way and lease those rights-of-way to the States under the amendment of the Senator from Kentucky.

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

Mr. TAFT. I yield to the Senator from Pennsylvania.

Mr. DAVIS. The Senator has mentioned the road from Irwin, Pa., to Harrisburg. The bonds for the construction of that road and the construction of the new all-year-round highway were sold, I think, for between 92 and 93 cents on the dollar. There was a discount on them, and the bonds had a reasonable rate of interest.

Mr. TAFT. Are those the bonds which the R. F. C. bought?

Mr. DAVIS. They are; and the R. F. C. disposed of them, as I understand.

Mr. TAFT. I am obliged to the Senator.

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

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Connecticut?

Mr. TAFT. Certainly.

Mr. DANAHER. Mr. Jones testified that his Corporation was carrying 58 percent of the cost of that particular project. Let that fact be noted.

Mr. DAVIS. The project itself is receiving the usual grant from the Government.

Mr. TAFT. It is a 45-percent grant on the P. W. A. basis.

Mr. DAVIS. And the total cost of it is being advanced by the Government. Between the grant and the Reconstruction Finance Corporation taking the bonds, the entire amount is furnished by the Government.

Mr. TAFT. I am obliged to the Senator for that information.

There was a question earlier in the day as to whether the R. F. C. had the money to make these various improvements when they are sound. Of course, if they are not sound, the R. F. C. will not make them. My contention is that the main reason for the pending bill is to permit a series of unsound loans which do not have to be passed by the Federal Loan Administrator, Mr. Jones.

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

Mr. TAFT. Yes; I am delighted to yield.

Mr. BARKLEY. The Federal Loan Administrator, of course, is the Administrator of all these lending agencies, including the Reconstruction Finance Corporation, of which he has been the head, but of which he is not now the immediate head, because he could not hold both the position of Chairman of the Reconstruction Finance Corporation and the position of Federal Loan Administrator. But the Reconstruction Finance Corporation, which is under the general jurisdiction of the Administrator of the Federal Loan Administration, will have to pass upon these projects, in a way, by determining whether it will issue its bonds; and unless it thinks they are feasible and sound it is not required to, and no doubt will not, issue its bonds in order to provide the money for them.

Mr. TAFT. Why does the Senator say "no doubt"?

Mr. BARKLEY. Because I think the new Administrator of the Reconstruction Finance Corporation is just as meticulous and careful as Mr. Jones has been regarding the method in which the Reconstruction Finance Corporation carries on its operations.

Mr. TAFT. But under this bill the Reconstruction Finance Corporation will loan only to railroads. They have nothing to say about loans for roads. Those are determined by the Federal Loan Administrator. They have nothing to say about the P. W. A. That is determined by Mr. Carmody, who is a free spender.

Mr. BARKLEY. They have veto power over the issue of bonds necessary to get the money for any of these agencies to expend for the purposes set out in the bill.

Mr. TAFT. Yes; but they do not veto every project. The natural thing will be to turn over $100,000,000 at a time, and then let the Administration go ahead and do it. That is the way it would actually be done.

Mr. BARKLEY. They will not issue bonds in order to obtain the money for every separate project; but, presumably, a number of projects aggregating an amount, we will say, of $100,000,000 will be brought before the Reconstruction Finance Corporation, with the request that they provide the money necessary to carry them out; and in determining whether or not they shall do that, of course, the Reconstruction Finance Corporation will have the right, and it will be their duty, to investigate the feasibility and soundness of each one of the projects separately in order to determine whether to issue the bonds for the whole amount or for any part of it.

Mr. TAFT. I am advised by those who have studied the reorganization plan that Mr. Jones really has no authority whatever any more—that he has, so to speak, been boosted upstairs to a position where he may coordinate, and do everything but control. Certainly under this bill the R. F. C., the P. W. A. Administrator, the Federal Road Administrator, and the Secretary of Agriculture may do exactly as they please, regardless of what Mr. Jones may think or may say. For that reason, incidentally, I am going later to offer an amendment providing that the Federal Loan Administrator shall pass on the self-liquidating character of all of these loans, except the farm loans, which are so numerous and of such small amounts that I do not think he should have to do it.

As to the question of what is available under the present R. F. C. lending power, I call attention to page 215 of the hearings, in which we cross-examined Mr. Jones as to what he had, and he stated that he had about $1,400,000,000 of additional lending power. He further stated that during the past 6 months he had not had to pay out any more than he took in, and that, so far as he could see, his receipts during the next 6 months were going to be as large as the loans which he would have to make, so that he had $1,400,000,000 with no immediate requirement for any part of it in sight.

We asked Mr. Jones the question as to how much he had. He said:

> I have no way of knowing how fast these other agencies will spend the money—like the agricultural agency, for farms, and like the Rural Electrification.
>
> Senator TOBEY. Of course, Rural Electrification is going to spend $500,000,000.
>
> Senator TAFT. Secretary Morgenthau said he expected they would spend $770,000,000 in the next few months, and you have $1,250,000,000 available.
>
> Senator BARKLEY——

Trying to protect the matter:

> Senator BARKLEY. How close have you ever come to having your loans absorb your entire capital?
>
> Mr. JONES. Not very close.
>
> Senator BARKLEY. Is the present condition an average condition or above or below?
>
> Mr. JONES. I do not think we have ever been without at least a billion dollars of available credit.
>
> Senator BYRNES. Why haven't you?

He does not come back and say, "We think we should always have that reserve." What he says is:

Because you have given us a pretty liberal allowance.
Senator BYRNES. Is it necessary or not?
Senator TOWNSEND. You took care of all the obligations that you thought were good, didn't you?
Mr. JONES. Oh, yes.
Senator TOWNSEND. Yes.
Mr. JONES. I think we could carry a substantial amount of the requirements under this bill, under the present borrowing authority of the R. F. C.

When you are talking about a two and a half billion dollar bill it certainly means something like a billion dollars.

Senator TOWNSEND. Then you do not want this bill?
Mr. JONES. I did not say that. I have said that I favor the bill.
Senator TOBEY. Can you carry $770,000,000 next year?
Mr. JONES. I expect we could carry $770,000,000 in the next 12 months—certainly until you come back. But we are not authorized to do most of the things contemplated by the proposed bill.

Of course, it is true that they are not authorized to lend the R. E. A. today, nor are they authorized to make these farm loans which fall in a somewhat different category, but so far as self-liquidating loans are concerned, as far as the P. W. A. loans to municipalities are concerned, and as far as equipment trusts and loans to railroads are concerned, the R. F. C. can make all of them, and the total amount of those three items is not more than the present reserves of the R. F. C.

I wish to raise one question about the equipment-trust provision. It authorizes the corporation—

Through public bidding or private negotiations to make contracts for, or to aid in financing by loan, lease, or otherwise, the purchase or construction of railroad equipment by a carrier or to be acquired by a carrier or carriers under contract and of such type and design as may, with the approval of the Corporation, be specified by the carrier—

And so forth. Originally this section authorized the Government to build equipment as it chose. It provided that the Government could contract for equipment, could build railroad cars and passenger trains and freight trains, and then, after it built them, could lease them to some railroad if it saw fit to do so. That was objected to very strenuously by the railroads themselves. They said they would rather have nothing than to have that. It was not supported by any considerable evidence of any kind, and finally it was removed. But I still am not clear whether under this provision the Government may not contract for the purchase of equipment without having a binding contract with any railroad to take the equipment off its hands, and certainly it should not, to my mind, have the power to build equipment until it has a contract from some railroad that it will buy it or lease it and finally pay for it.

Incidentally, I do not think it is clear that they must necessarily get the whole amount back. I therefore offered another amendment dealing with this subject, which I think carries out what ought to be the purpose of the bill.

Mr. PEPPER. Mr. President——

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

Mr. TAFT. I yield.

Mr. PEPPER. I have not been present during all of the remarks of the Senator from Ohio, and I have not the advantage of knowing whether his objection goes to particular portions of the bill, some technical or general objection, or whether he is against the whole bill on general principles.

Mr. TAFT. Mr. President, I have spent most of my time in explaining that I think the whole lending and spending theory is completely unsound and would lead to destruction and would be completely useless in restoring prosperity. That was my main point. But in the committee we discussed for some time the provisions of the bill, and if the bill is to pass, I should like to have it in as good shape as possible.

Mr. PEPPER. I wanted to ask the Senator whether he had not thought that the lending agencies of this Government have shown rather good results in their activities, for example, the P. W. A., in the bonds it has accepted as the result of the lending it has done to various public bodies, and the lending activities of the R. F. C. and other agencies.

Mr. TAFT. As to the P. W. A., I stated that I thought that as to the loans which could be made under this measure to P. W. A., I would certainly have no objection. I merely pointed out that the R. F. C. could make them today, and there is not the slightest necessity for this measure, so far as those loans are concerned.

Municipal bonds in this country are perfectly good. They always have been. They can largely be sold to the public with hardly any Government interference at any time, but if there is any difficulty in selling to the public, the R. F. C. can buy them.

Mr. PEPPER. I have made the rather interesting observation that when we had before us the P. W. A. bill, it was objected to by someone because he thought that perhaps the Government was getting into activities into which it was not proper for it to enter, that it involved the Government creating work and the like, and one would have thought, "This objector is just against the W. P. A., but I am sure he will probably be in favor of the P. W. A." A little later there would be a proposal to provide some money for the P. W. A., and we would find the same man had some objection to that, and he would vote against it. Then there would come along a measure for the Federal Housing Administration, and one would think, "I am sure he is in favor of the Federal Housing Administration. He was just not in favor of the W. P. A. and the P. W. A."

Mr. TAFT. I do not quite follow the Senator's argument.

Mr. PEPPER. The Senator will, as soon as I finish the question. Then I have found that the same one who voted against the W. P. A. and the P. W. A. also voted against the F. H. A. and also voted against the United States Housing Administration appropriation, and eventually we would get around to a lending program, which does not involve an appropriation, but involves a policy of lending to specific categories of self-liquidating projects. The interesting thing is that the same one who voted against the W. P. A. and the P. W. A. and the F. H. A. and the United States Housing Administration is also against the lending program. So I just wondered whether it was the particular details of the lending bill to which the Senator objected, or if it was the fundamental principle that actuated the objection.

Mr. TAFT. As I understand, the Senator's argument is that if one is against one New Deal extravagant theory he must necessarily be for some other one. The Senator has not advanced any inconsistency in my position in regard to the various different New Deal projects, so far as I can see.

Mr. PEPPER. What I meant to say was that it is an interesting observation that those who endeavor to impede one portion of the New Deal projects are general obstructionists.

Mr. TAFT. If the Senator is referring to me, I am in favor of the W. P. A., but I think the States ought to run it instead of the Federal Government. I am strongly in favor of relief. I voted for the conference report. The only reason why I did not vote for the bill was that the Senate added $80,000,000, which I did not think ought to be added that night when we sat here and dished money out so freely.

So far as the housing bill was concerned, I tried to cut it down $400,000,000, and to have a committee appointed to take care of the matter next year, but rather than vote against it, when it came up for passage, I voted for it. I do not know to whom the Senator is referring. I do not think he is referring to me, or to the Senator from Maine [Mr. WHITE], or the Senator from Pennsylvania [Mr. DAVIS].

Mr. PEPPER. I think the RECORD speaks so eloquently that I would not want to take the time of the Senator from Ohio to inform him.

Mr. TAFT. I desire to discuss the interest provision of the bill, which in one way is one of the most important things in it, and which I think is probably the real purpose of the bill, to a considerable extent.

The provision is as follows:

SEC. 13. The Department of Agricuture, the Pubic Roads Administration, the Public Works Administration, the Rural Electrification Administration, and the Corporation shall exercise

their powers under this act so as to reasonably assure recovery of any expenditure under this act, with interest (to be fixed by the department, administration, or corporation concerned, with the approval of the Secretary of the Treasury, within 10 days after the enactment of this act and on the first day of each calendar quarter thereafter), at a rate or rates which may reasonably be expected to reimburse the Corporation for the cost to it of the capital required for any expenditure under this act, but not to exceed the highest yield to maturity on the longest term outstanding issue of obligations of the United States, direct or indirect.

When Mr. Jones was before the committee he testified that in his opinion the last part should be cut out, that the only provision regarding interest, that it should be at a rate or rates which could reasonably be expected to reimburse the Corporation for the costs to it of the capital required.

The purpose of the bill really seems to be to enable the Government to lend people money at somewhere between 1 and 2½ percent. Thus, the railroads are to get the money at 1 percent, and if they take it for a short enough time it is perfectly easy to arrange that. I saw that a 5-year Government bond was sold recently at five-eighths of 1 percent, so that it would be possible to lend to a railroad for 5 years, if it could take the chance of renewal if it got the money at five-eighths of 1 percent.

The railroads today can borrow at 1½ percent or 1¾ percent. They would like to have the money at a low rate, but I do not see the slightest reason why this Government should lend the railroads money at some figure between 1 and 2 percent which they can easily get for between 2 and 3 percent. I do not see why we should subsidize the railroads to that extent. This is a field where they can finance themselves. If we are to try to help them, we might help them sell stocks or bonds, but so far as equipment trusts are concerned, they can sell equipment trusts.

So far as the municipalities are concerned, they can also borrow money at very low rates of interest. I do not see any object in the United States stepping in in order to see that they get it at still lower rates of interest. The city of Cincinnati is borrowing money today at less than 2 percent on its general bonds, and many other municipalities are in the same fortunate condition, largely, perhaps, because of the tax-exempt feature of municipal bonds. I see no particular reason why we should subsidize these municipalities at a rate of interest far below what they would normally pay in the normal market.

The Government is going into the lending business in such a way as to interfere with the lending powers of the banks and of a great many private people who have been in the lending business for a long time. The President said that this was not to be competitive, but the truth is that it is not possible to have the Government going into the lending business without competing with existing enterprise. Many investors, if the roads are willing to sell their bonds at 2½ percent, may feel that that is sufficient inducement to them to buy the equipment trusts, but the Government steps in and takes the whole thing at 1 percent, and at the same time the Government is paying 3 percent to the holders of baby bonds, and has built up the sale of baby bonds to $400,000,000 a year, because they are paying 3 percent, and they do not let the savings bank pay anything. The savings bank cannot pay anything anyway, if their money is to be invested in Government bonds, and they are to get only a very low rate of interest.

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

Mr. TAFT. I yield.

Mr. BARKLEY. I think the Senator will agree that there are many roads in this country whose financial situation is not such that they can obtain from private sources the loans necessary to enable them to carry forward a program of this kind.

Mr. TAFT. I do not admit that, because the testimony showed that, for instance, the Denver & Rio Grande, which is in bankruptcy, had borrowed within the last 3 months at 2¾ percent. It was, I think, only a 10-year loan, and about a 20-percent down payment was provided, but the R. F. C. can lend them the down payment, and no doubt if they had that loan they could get a long term on the equipment trusts.

Mr. BARKLEY. Of course, if the Senator's position against the Government going into the field of lending money had been adhered to during the last few years, the Government would not have loaned money to anybody, including home owners, farm owners, to industry, or to anybody else, because any lending agency set up by the Government naturally competes with some private lending agency, if we are to accept the theory that the private lending agencies are willing and able to supply the credit. The Senator from Ohio would not contend, would he, that Congress should never have entered this field by the creation of the Home Owners' Loan Corporation, or the Federal Housing Administration, or the Farm Credit Administration, or through the loans made by the Reconstruction Finance Corporation to business, and at rates of interest which ranged probably from 3 to 4 percent, in some cases even higher?

Mr. TAFT. I think we would be just as well off if no loans had been made to business after the first crisis.

I think the reasons for the loans on homes and farms are social reasons. We have adopted a policy of assisting people who are not able to help themselves. I think that is a wise policy. We do it by way of loans. The H. O. L. C. was not undertaken as a loan business to put out money. It was undertaken to save people's homes, and to that extent I think it was completely justified.

Mr. President, according to the theory advanced by Mr. Currie and other gentlemen, savings in the United States today are grossly excessive. I do not admit that our savings are grossly excessive. I have not been able to find any figures or any real analyses to show that there has been any tremendous increase of savings over what we should save if we were properly investing in industry. The only figures I have seen are individual estimates that there were something like $3,000,000,000 in savings in the year 1937. That certainly is a very small sum. During the 1920's we were investing from $10,000,000,000 to $15,000,000,000 a year in permanent improvements. It does not seem to me that at present our savings are excessive. The only reason that savings have piled up is that the money has not been invested. Today there are undoubtedly greatly excessive deposits, but it is not at all clear that those deposits are created by savings. A very considerable amount of those deposits are created by bank credit. A very considerable amount of those deposits and excess bank reserves have resulted by reason of the importation of gold and silver from abroad.

Mr. DOWNEY. Mr. President——

The PRESIDING OFFICER (Mr. GURNEY in the chair). Does the Senator from Ohio yield to the Senator from California?

Mr. TAFT. I yield.

Mr. DOWNEY. I suppose the Senator will admit that the money that is now being borrowed by the Federal Government, about $350,000,000 a month, is a utilization of savings that otherwise would be excess savings?

Mr. TAFT. I would put it in this way, that, as a matter of fact, there are practically no net savings, because the people who have saved $3,000,000,000 a year are balanced by a Government that is spending $3,000,000,000 in excess of its revenue. So there are not any net savings in the United States today at all. To put it in another way: Such savings as there are, from the standpoint of the people who save the money, have been loaned to the Government to pay deficits of the Government, and have gone right out in consumption through Government channels. So I should say that there have not been any excess savings. I say there are excessive deposits, and the whole theory is that in some way we ought to get those excess deposits into active industry again, even if we have to loan them out at 1 percent.

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

Mr. TAFT. I yield.

Mr. BARKLEY. The use of the $3,000,000,000 taken by the Government from savings has put that amount of money to work. If those savings had been loaned privately to

business activities, it would have produced a tremendous amount of business activity throughout our country.

Mr. TAFT. If I were to save a thousand dollars during the year, and then wasted it in the next year, I would be putting that money into circulation; true enough, but it would not go into any permanent investment that would put men to work.

Mr. BARKLEY. The wasting of $1,000 by the Senator from Ohio in going on some spree merely in order to spend the money is quite a different proposition from the Government of the United States spending its money for the purposes which have characterized the expenditures which have been made under the program heretofore adopted.

Mr. TAFT. I do not admit the proposition of the Senator from Kentucky.

Mr. BARKLEY. Will the Senator not admit that?

Mr. TAFT. The Government has been on the same kind of a spree which the Senator from Kentucky pictured the Senator from Ohio as having been on.

Mr. BARKLEY. No; I could hardly picture the Senator from Ohio on a spree such as that which he described. I could not believe such a thing to be possible, because I do not think he is the "spreeing" type. Nevertheless, the Senator would not contend that the expenditure of this money for highways and for schoolhouses and for waterworks and for sewer systems and for numerous other types of construction, which has given work to millions, can in any way be compared to throwing away $1,000 or any other amount simply for the sake of expending it.

Mr. TAFT. Of the total deposits of about $4,000,000,000, so far as I can discover, about $1,000,000,000 really goes into permanent public works; the balance of the $3,000,000,000 is thrown away on current operations of the Government and various kinds of expenditures. Of course, I do not mean to criticize the particular purposes for which the money is spent. But the total amount is very equivalent to a spree.

That brings me to the point that, after all, the purpose of this bill as set forth by the Senator from Kentucky in his report and speech is to put people to work; to put this money into productive enterprise. I say this proposed legislation does not put it into productive exterprise. It puts it into many things that are nice to have—fine bridges, useful tunnels, good roads—but it does not put it into anything that is going to give anybody any jobs except as the actual construction work is carried on. What we need for this country, if we are ever going to put 10,000,000 people to work, is the restoration of private industry, the building of new factories, the extension of old factories, the fabrication of new products. When money is invested for such purposes it not only puts to work the men who actually build the plants, but it puts to work a great many more men for many years to come. The policy of the Government is what has discouraged private citizens from going into business.

Recently I traveled all over Ohio and I found that more people are going out of business than are going into business. It is impossible to persuade a man that he ought to risk his time and money in opening a store, in establishing a machine shop, or any other kind of a shop; it is impossible to persuade him that he ought to risk his money, because he feels that he has not a chance for his "white alley." He feels the handicap of Government regulations and Government interference. He bitterly complains that every month he has to make out as many as 20 reports—Federal, State, and local. He cannot hire a bookkeeper because he cannot afford the expense; and so he spends his nights trying to make out those reports. It is impossible to persuade people that they ought to take a risk of that kind.

All the money in this bill is loan money. We have enough debts today so far as that is concerned. Business can borrow the money it is entitled to borrow. The difficulty is we cannot get people to put their money into such risks, and to provide capital by putting it into common stock, into new enterprises, either small or great. But that was the way this whole country was built up, by little people in small country towns, establishing machine shops, employing 2 men, then employing 10 men, and then a hundred men. That is why we had millions more people employed in 1930 than we had in 1900 or 1800 for that matter, because private enterprise moves constantly ahead. Today it has stopped. The only reason it has stopped is because of Government regulation, Government interference, and Government competition. Its success is not going to be based today on the energy, the genius of the man who starts the business as it once was. It is going to depend on some official in Washington who decides whether he shall run his business this way or some other way that the bureaucrats think he should run it. It seems to me that it is this threat of Government interference and regulation and taxation which has actually stopped the flow of funds into private industry.

It is said this is a new day; that we have come to a point where we are really in a new world. I do not believe it.

Mr. BARKLEY. Mr. President, the Senator, I suppose, has in his mind the Hours and Wages Act which Congress has passed, the collective-bargaining law, the National Labor Relations Act which Congress has passed, which, of course, does require business enterprises to keep some records with respect to their operations. I suppose the Senator has in his mind the Social Security Act, under which contributions are made by business and by employees to create a fund to give some security against unemployment. Does the Senator mean that he would be in favor of repealing those laws so that big business would not have to keep various sets of books and a record of its operations in order to comply with the law?

Mr. TAFT. Answering the questions seriatim, I would say that the National Labor Relations Act is all right, but it has been administered in such a hostile spirit to business and so unfairly that it has provided a real impediment to the development of business.

Mr. BARKLEY. If that be true——

Mr. TAFT. Wait until I complete my answer to the Senator's question. I do not think the wage and hour law has affected business to any extent as yet. I think it may do so when the 40-cent level is finally reached. I do not think it has today.

I have never approved the elaborate system of reports under the Social Security Act. I do not approve of the payroll tax. I would rather get rid of that and get rid of the tremendous volume of bookkeeping in the vast caravansary over in Baltimore and the millions of records kept there. I do not think that is a sound way to do it. I think the laws referred to may be all right in principle, but I say the way they have been administered has hampered business just as much as it was possible to hamper it. That people are not willing to go into business because of Government interference and Government regulations which are burdensome is the predominant fact in this country today, and is the reason why we cannot put people back to work or restore employment.

Mr. BARKLEY. Of course, if there have been failures or inefficiencies in the regulation of the National Labor Relations Act, which was intended to give the right of collective bargaining to laboring people, that can be corrected either by administrative reforms carried out within the authority, which I think has to some extent been done—whether to the extent that would satisfy the Senator from Ohio I do not know.

Mr. TAFT. No; I have a complete distrust of the National Labor Relations Board. I think its administration of the law is the grossest perversion of justice that the United States has ever seen. Anyone who will analyze the evidence given before the Committee on Education and Labor, relating to that act, will, I think, agree with my position.

Mr. BARKLEY. I am not on that committee. That committee is now considering the question of amendments. It has held exhaustive hearings and the hearings are still in progress.

Mr. TAFT. Yes; we are not considering amendments yet.

Mr. BARKLEY. The committee is considering them in the sense that they are listening to people talk about them.

Mr. TAFT. Yes; but we have not as yet taken the amendments up for consideration.

Mr. BARKLEY. Whatever is done I hope will result in an improvement.

Mr. TAFT. I think a few amendments will meet all of the most serious objections to the act; and I would say that if the act had been administered fairly by men who wanted to be impartial, I do not think there would have been any demand for amendments in the act today.

Mr. BARKLEY. That is also a question of opinion. But the Senator is not willing to say that any of the laws that have been enacted by Congress, such as the N. L. R. B. Act, the Wage and Hour Act, the new Social Security Act, should be abolished. He just complains about they way they have been administered?

Mr. TAFT. That is correct. The administrators have been so interested in their particular field that they have completely ignored any effort whatever to fit the purposes of the law into the existing economic system in the United States and try to make that system work.

Mr. President, in closing, I return to the original proposition. This bill is an omnibus spending-lending bill. Lending is exactly as bad as spending, except to the extent that the lending is for completely sound projects, to which extent the R. F. C. can do it and has plenty of money to do it with. Therefore, it seems to me that so far as the R. E. A. and the farm loans are concerned, it is simply an increase in appropriation, and that shows what the bill is. For years we have been appropriating $40,000,000 for the R. E. A. Now all of a sudden we propose to say, "We do not want to appropriate any more. We do not have to. We will let them borrow $500,000,000 and spend it all right away." The Appropriations Committee is simply by-passed. The same thing may be said of the farm loans. After a bitter fight we added $20,000,000 to the farm-loan measure, raising it from $123,000,000 to $143,000,000, and now we have taken the limit off and given $600,000,000, which can be spent as quickly as they can get the money. The bill simply bypasses the appropriation, which I think is the most important single feature in government.

So, I hope very strongly that this bill will be defeated. It is not so bad as it was when it came into the Senate. The one who drew the bill let himself go high, wide, and handsome in conferring every power in the world, but it still is based on the erroneous theory that the spending of Government money will produce prosperity, and if any country has reason to know that that theory is utterly and completely unsound, the United States today is that country.

Mr. BARBOUR. Mr. President, this bill, to my mind, is a great mistake from beginning to end. It should be characterized as the "wasting bill of 1939" and not the spending bill or the lending bill or whatever it is now called. It is a bill to slip another ace into the deck of the New Deal prior to being "called" in 1940. It comes to us with the admission by Chairman Jesse Jones, of the Federal Loan Agency—which, in part, under the President's reorganization plan, functions in the field covered by this measure—that he now possesses the necessary authority and has access to the necessary appropriations to enable the Federal Government to carry out all the essential purposes of the bill we are now asked to pass at least for the next year. I cannot understand how Congress, unless animated by political considerations which may have inspired the measure, can seriously consider legislation which is so unjustified on its face as I believe this bill to be, especially in the light of all the other activities the Government has already created. If not conceived in politics, it is certainly born in haste, and we are now asked to officiate at the christening of this "shotgun" offspring.

We all know that the President is quite naturally motivated in much of his thinking at the present time by the approach of the 1940 election. I do not blame him for that. I am not in the President's confidence, and do not know whether or not he intends to run for a third term; nor do I know anyone who enjoys his confidence to the extent that he can answer that question definitely one way or the other. I question if Mr. Farley knows, even now. But even if the President does not intend to do so, he certainly wants to choose his successor and continue his philosophies of government. But be that as it may, the revolt against the New Deal policies, and particularly against its spending policy, is growing in volume, intensity, and geographical extent. There is so much evidence in support of this statement that it is hardly necessary to specify. But even despite this growing feeling, the country is now confronted with this new drain on the resources of the Nation for bureaucratic spending.

The results of the purge campaigns of 1938 testify eloquently to public disapproval, not only of the New Deal fiscal policies but of the President's purpose to retire from public life those Members of this body who were independent enough and courageous enough to voice their own convictions and at the same time express the sentiment of their constituents by their votes on New Deal legislation. Since the 1938 elections the various polls which have been taken, the results of local elections, and the attitude of Members of Congress generally, all tend to confirm the statement that the spending policy has raised increasing alarm in the minds of the American people. I venture to say that were it not for the pressure exerted by the White House on Members of Congress, and the temptation to swallow the bait of local spending, which is always dangled before the eyes of legislators when spending bills are before Congress, this latest spending measure would not have a ghost of a chance of passage. An unfortunate sense of benevolence with other people's money, and a willingness to subordinate common sense and the lessons of experience to mere promises, and false hopes of recovery, are of course, further factors in favor of the bill's passage. I do not know whether it will pass or not, but I do know that it cannot be justified in common sense or economics, and that if passed by Congress and signed by the President, it will prove a crushing blow to the country. It will definitely retard recovery, accelerate the Nation's progress on the road to uncontrolled inflation, weaken the national defense, and mark another step in the effort of the New Deal to grab the country regardless of the cost to the taxpayers.

There are so many similarities between the technique of this new move and that of recent European processes that there is a temptation to draw a parallel. I refrain from doing so at this time for the double reason that I do not think it would be in the interest of the country to do so, and I am sure also that Senators are familiar with their history, both ancient and modern.

The same public opinion which repudiated the policies of President Wilson in 1920, and of President Hoover in 1932, and which in the latter year and again in 1936 placed the reins in the hands of President Roosevelt, will not accept this latest undertaking of the administration; so even politically it is a mistake as well as economically unwise. I say this not in any partisan sense, but out of a sincere conviction that the people of the United States are becoming alarmed and concerned over the fiscal policy of this administration. I think this is evident in developments in both political parties, and in the tendency of Members of both parties in Congress to stand together in opposition to the policies of the New Deal, as embodied particularly in the proposal now before us. Just as Republicans supported President Wilson in his war program of 1917 and 1918, and again, for the most part, voted to give President Roosevelt everything he asked to meet the emergency of 1933, so Democrats are now joining with Republicans to prevent the inevitable results of this kind of legislation. Since we do live in a democracy, in spite of any efforts to change the system of free government and private initiative under which we live, I believe the collective wisdom of the American people will approve the course of Members of both parties who at present are working together to preserve the fundamentals of the American system, and check those practices of Government which seem likely to undermine them and carry them further on the road to national disaster.

In defining my position I do not mean to imply that I think everything President Roosevelt has done or attempted

to do is wrong. Far from it. I have supported a great many of his proposals. But I do condemn this bill as unreasonable and unjustified. I consider it in conflict with American traditions and definitely dangerous to our future and our hope of recovery in the future. This bill will not succeed in bringing about recovery. It will only put us further in debt and interfere further with private initiative.

This measure is simply another effort to pull ourselves up by our boot straps, to spend more and borrow more, and even mortgage our national credit now and in the future.

No one can properly criticize the policy of governmental spending on soundly conceived public projects to take up the slack of unemployment in periods of depression. This conception did not originate with the New Deal. We find it expressed in the policies of ancient nations as well as modern ones; and it has found expression likewise in the reconstruction programs of the countries of modern Europe as well as of the United States since the World War. In our own country it antedates the election of President Roosevelt by at least 10 years. We all remember, perhaps, President Roosevelt's comment on the size of the Department of Commerce building, and his own criticism of the Hoover spending policy. Perhaps there is political capital to be made by condemning all or most of the policies of one's opponent. In this case it is not the principle of public spending for worthy ends which is to be condemned, but first the extreme to which it has been carried, and second, the political implications of the spending program confined to national bureaucratic control in disregard of States' rights.

Similarly, public opinion does not denounce the New Deal for clothing and feeding the Nation's unfortunates in their hour of distress, but it does increasingly condemn the efforts of the New Deal to turn this mission of mercy into wasteful channels. The time has come when we must conserve our resources. The time has come when we must protect the credit of the country. The time has come when we must put an end to new spending undertakings, and perfect and improve the old ones.

As a byproduct of the spending program, I think most Americans look apprehensively also on the tremendous growth of political pay rolls of the United States out of all proportion to their value in terms of their cost to the people of this country, tending constantly toward the development of a permanent topheavy bureaucracy of the sort which has hastened the downfall of other civilizations of the past. The enactment of this legislation would further accelerate this tendency.

To be perfectly fair, in discussing the expenditure of some twenty billion dollars of public funds for recovery and relief since 1933, we must recognize that we have made a start on a sound social-security system, and have constructed many worth-while projects, although not all of them were immediately necessary. We have committed ourselves to a housing program which on the whole is economically and socially sound, and within reason should make America a better place in which to live. These gains will not be lost. I do not want us to go backward. All I want is for this country to continue to go forward. But, in my opinion, we can only go forward under a sound and responsible program which as its first obligation will face the necessity of putting the national finances in order, not further putting them in disorder. This means that we must put a halt to all public spending which is not absolutely necessary, and move away from deficit spending and toward a balanced Budget. The joyride of the last 8 years must be paid for eventually in one way or another; and we shall suffer less if we end it now, while the car is still under control, than if we continue to bear down on the gas and end in a smash-up. We have a chance right now, if we choose to accept it, to make a start in the right direction by defeating this bill. I believe it is our duty to do it, and that it is not only sound statesmanship but good politics to do it.

I am purposely not analyzing the bill in detail. I am instead directing my criticism to the broad principle involved. As I said before, the whole fundamental principle of this bill is based on a false and dangerous premise.

Obviously, this new suggested spending undertaking will cast a shadow over private spending and private borrowing. It will inevitably compete with private initiative and endeavor, and curtail private credit. Dollars in this country will simply remain in the banks until the banks buy Government bonds, and the Government uses the money instead of creative business using it.

Dr. James Harvey Rogers, of Yale University, for example, sent a communication to the Finance Committee of the Senate in 1933, a short time after President Roosevelt was inaugurated, in which he said, among other things:

> To arrest the spiral of deflation, adequate spending power must be placed immediately in the hands of ready spenders. During the first 8 months of our participation in the Great War (April 1917 to January 1918) monthly flotations—public and private—averaged approximately $700,000,000. During the prosperous years 1925–29, a similar volume of flotations accompanied the rapidly rising prosperity. Such capital issues represent the continuous turning over of approximately equal amounts of sustained purchasing power to ready spenders. A like volume of new spending at this time could be confidently expected to bring a like rise in business activity.
>
> However, since the volume of private and municipal flotations is now virtually zero, for the first few months the entire burden would likely fall upon the National Government.
>
> To get such large sums promptly to spenders careful planning is necessary. To gain the desired effects, the expenditures should be constructive, widely distributed and large, but above all things else, speedy. With these ends in view the following suggestions are made:
>
> Expand reforestation camps.
>
> Through agricultural plan, give funds directly and quickly to farmers and to holders of foreign mortgages.
>
> Through the construction of grade crossings and other highway improvements in every county in every State in the Union, get funds equally quickly to unemployed and to contracting firms.
>
> Lend Government money directly at low rates of interest to bona fide builders of suburban and rural homes.

So we proceeded to do all of these things, with what result?

Perhaps 12,000,000 persons are still unemployed, farm prices remain at unprofitable levels, and recovery is not in sight. Yet we continue to spend and spend and spend. We have already spent $20,000,000,000. Twenty billion dollars. The national debt has doubled in 6 years. Will no one admit the failure of spending for the sake of spending alone? If not, such a program, if continued unchecked, will result in our getting deeper and deeper into the morass of spending and debt, borrowing, and finally inflation.

Can we possibly still cling tenaciously to the theory that we can spend our way out of the depression? Some of us have thought all along that extravagance carries penalties rather than rewards, and that the man who "was a good fellow while he had it" usually winds up broke. Are we still unable to see any essential difference between the results of profligacy in the individual and the collective results of Government spending and spending and spending? The only difference, it seems to me, is that the Government has more money to spend, more credit on which to borrow, and a golden voice to persuade millions of our worried fellow citizens that the laws and economic principles which apply to the individual do not apply to governments, although the Government of the United States is merely the agency through which the people presumably carry out the will of the majority; a Government that has not a single dime of its own, and simply exemplifies the collective wealth and collective power of its people. This is the people's money we are proposing to spend, not the Government's money. It is time we recognized this fact, for it is a fact.

For any of us to insist on a continuation of the spending program in the face of its failure to date is equivalent to assuming that the majority of Americans do not care, are all reckless, wasteful, and unconcerned for the future. I do not believe they are. It is equivalent to telling a man that since the expenditure of half his fortune has not improved his condition, the thing to do is to spend the rest of it, borrow more money if he can, but, if he does borrow it, spend it and not save anything; simply borrow more when he needs it. But there comes a time when such a person can not borrow any more money; and the same thing is true of nations, too, and has been throughout the ages, and always will be.

I wonder how many of the projects financed by this new Federal spending will outlast the life of the bonds issued to finance them. What are the losses now in Federal lending in the past through the medium of already existing agencies of the Government? Does anyone know? Has not the time come when we should know? Is it not obviously much wiser to find out? Why should we, in the last hectic days, with night sessions, rush through this new instrumentality on spending and lending and borrowing, especially when we know that the Federal Government already has sufficient authority and sufficient money already appropriated to certainly do all that can be done in the whole field of national activity between now and when we shall again be in session next January?

I could go on indefinitely with a recital of spending results and spending failures, but I do not believe it would contribute greatly to our consideration of the present problem. Instead, I should like to draw the Senate's attention to certain inevitable results of a continually expanding spending program, and, before I yield the floor, suggest a very simple alternative course which to my mind would contribute more substantially to business recovery than the expenditure of any additional amount of public funds now through the medium of the new undertaking which is before us.

As one of the chief results of the spending program we all know, of course, that the country has been kept in such a state of unrest, if not fear, as to check the normal processes of business and finance at a time when the conditions are favorable for a substantial business advance. I honestly believe that business is ready and anxious to advance. I am firmly convinced that if the Government were to stop borrowing tomorrow, it would be the signal for a business resumption and expansion which, in my judgment, would carry the country to new peaks of prosperity. But so long as the Government continues to live beyond its income, borrowing to make up the deficits, there can be no confidence in the future, and consequently no long-range plans can be made by business. Obviously, if spending is to continue, borrowing will continue, and competition not only with private industry and business will continue, but perhaps even worse competition for money itself will continue, to the end that the Federal Government alone will gradually absorb the credit so essential to recovery in private enterprise. And if borrowing is to continue, the national debt will continue to pile up, and no one can say when the process will end. All this means that the longer the Congress continues creating new spending authorities the less business can spend, and instead of creating wealth we simply increase the size of the national debt. And as a corollary the state of the Government's credit and the soundness of our currency and banking system necessarily will remain an open question. So that when we finally see the light we shall find ourselves greatly and terribly handicapped, if not in fact, bankrupt.

As a single example of the effect of continued Government borrowing let me cite the condition of the banks. In recent conversations not only with bankers but with some of the foremost fiscal authorities of the National Government, I have encountered a surprising unity of opinion that Federal financing is chiefly responsible for the drying up of private credit for business purposes. Government borrowing, in fact, has all but ruined the banks as lending institutions. In the first place the Federal Government is absorbing, as I have pointed out, most of the funds which otherwise would flow into investment channels or be loaned to the customers of the banks for business purposes. The certainty that the banks will have to subscribe to each new issue of Government bonds, both to protect the value of bonds already held and because of pressure from Washington, naturally acts as a brake on lending for business purposes. The banks are overflowing with idle funds, it is true, but these funds are not finding their way into private investment channels, for the simple reason that bankers have no confidence in the future, and know perfectly well that they will have to subscribe to each new bond issue as it comes from the press. The Government itself has nullified the normal influence of abundant money and low interest rates by this process of spending and borrowing. Private enterprise simply cannot start, and if we keep on the way we are going long enough private enterprise and wealth-producing endeavor can never start; and where does that leave us?

Mr. President, to digress for a moment, I should like to read an editorial which appeared in the Washington Daily News of today. The heading is:

THE WORST OF A BAD BILL

The worst single feature of the $2,500,000,000 "spending" bill, which the administration is trying to rush through Congress in a few frenzied days before adjournment, probably is the $500,000,000 toll-highways program.

Whether it is sound public policy to build toll highways is itself debatable. But to have them built and operated by the Federal Government, which is what this bill proposes, seems to us indefensible. The present great national-highway system was built and is maintained by the States, with Federal aid to be sure, but with primary responsibility on the States. The "splending" bill would commit the Federal Government to an entirely new policy, fundamentally unsound and involving risk of great financial loss.

There is no experience to prove that toll highways would pay for themselves. There is much reason to believe that Americans would resent being charged tolls for the use of roads built by their own Government. If this Congress puts the Government into the business of operating toll highways, nothing is more certain than that future Congresses will face demands for abolition of the tolls. And, in view of all that has been done to encourage the people of the States to believe that the Federal Government can afford unlimited concessions of this sort, nothing seems much more certain than that some future Congress, finding the demands irresistible, will abolish the tolls.

We think the self-liquidation prospect for Federal toll highways is even worse than it is for other projects in the "splending" bill. But this is only one feature which needs far more careful consideration than it has received. If the "wanna go home" Congress needs additional evidence that it would be a mistake to jam through a measure committing the Government to vast new spending in the guise of lending, let it look at the Treasury figures for the first 22 days of the present fiscal year, which show:

Government expenses, $629,880,398; Government receipts, $214,931,621; Government deficit, $414,948,777.

The law of supply and demand regulates the flow of money as definitely as the flow of goods in commerce but likewise is as definitely subject to interference by artificial restraints. There is no question whatever, in my opinion, but that the surplus funds now in the banks and in the hands of the great life-insurance companies and other investment institutions, would seek outlets elsewhere if word were to come from Washington that no more borrowing would be necessary before the end of 1940. I honestly believe that the defeat by the Senate of this particular bill would not only cause a rise in security values but immediately stimulate the flow of investment funds into their natural channels.

I come now to what I regard as a very simple formula of my own for promoting recovery, which I should like to see adopted along with a slowing down of the spending program. I refer to the interest rate on home and farm mortgages. President Roosevelt has referred many times to the so-called underprivileged one-third of the Nation who, in the President's language are ill-housed, ill-clothed, and undernourished. It is this group of Americans whom he is trying to help through the operation of this mistaken theory of ever-increasing public spending. It is my own conviction that they are much more likely to acquire more of the comforts of life through the expansion of private initiative, stimulated by a reduction in interest rates and by restoration of confidence in the Government than by any continuation or expansion of the spending program. The single step of reducing interest rates on home and farm mortgages to 3 and 4 percent could conceivably release billions of dollars for badly needed building construction in every part of the country.

It has been estimated by housing authorities, including spokesmen for the American Federation of Labor, National Association of Housing Officials, National Catholic Welfare Conference, and other agencies which have studied this problem exhaustively, that fifteen or twenty million new homes are needed in the United States to maintain and restore normally decent standards of living. That is, to provide that number of American families with the simplest requirements in sanitation, ventilation, and living comfort.

If, overnight, we could bring the spending program to a dead stop, insofar as the Government is spending unnecessarily supposedly for the purpose of promoting recovery, and at the same time reduce the mortgage-interest rate to, say, 4 percent, I believe we would witness a building boom of greater proportions than that which marked the prosperity peak of the twenties, and which would develop along much sounder lines than the post-war boom, both because of advances in construction technology and the safeguards thrown around home financing through the operation of the Federal Housing Administration and the development of the Federal home-loan bank system. And this building boom in itself might easily signalize the return of prosperity to the whole country and its diffusion among all classes of Americans.

All the Federal Government can do or should do in this connection, as I see it, is set an example for the rest of the country by lowering the interest rate on unpaid balances of H. O. L. C. mortgages from 5 percent to 4 percent, and making 4 percent the maximum rate on first mortgages hereafter insured by the F. H. A. As a matter of fact, the Washington Government, which a few years ago accepted the leadership in this field, with highly satisfactory results, is in danger of losing that leadership at the present time. Within the past week the Bowery Savings Bank of New York, the largest savings institution in the United States, has advertised 4¼-percent mortgage loans in the newspapers. Some of the leading banks of Cleveland, Ohio, I am told, are also offering first-mortgage money at 4¼ percent. The tendency already is apparent, in other words, and I think that Congress can do nothing more constructive before adjournment than resume leadership in the housing field by taking the steps I have suggested.

This is not simply an idle suggestion, nor need we speculate on the probable consequences of such a course. It is well known that cheap money is always an incentive to building expansion, other conditions being favorable, and that first-mortgage investments are always attractive to investors, whether they have a thousand or a million dollars to invest, particularly when values are likely to rise rather than fall. We have pretty well passed through the period of deflation in the United States, both in city property and farm property, and I think most economists would agree that with a plentiful supply of money available for investment at low interest rates it is reasonable to assume, once confidence is restored, that business will expand; and that as it expands, the price level will tend to rise. This is the normal outlook, aside from the inflationary factors present in the expansion of currency and credit and the accumulation of excess reserve in the banks. At the appropriate time I shall ask the Senate to act favorably on these proposals with respect to the interest rate on federally held and federally insured mortgages. I believe that interest rates will have to come down on both farm and urban mortgages if recovery is to reach those who need it most, and that we can well take a lesson from England's experience in housing, which resulted, as most of us know, first, in a private housing boom and then in a general business advance all along the line, which British authorities generally attribute chiefly to the housing program. The English mortgage rate, I believe, is about 4 or 4¼ percent. With a huge stock of gold to back up our currency and credit structure, and investment funds so plentiful that they will almost go begging once confidence is restored, I see no reason why the formula which restored prosperity to England should not go a long way toward promoting recovery here. Certainly such an undertaking would offer more tangible hope of yielding the results in which we are all interested than a continuation of the ever-repeated program of repeated public spending for recovery. I think the one unanswerable objection to a continuation of the Government's borrowing and spending program is that it tends constantly to defeat its own ends by undermining public confidence in the Government, when confidence is the one necessity of recovery. When we consider that as a byproduct of a properly managed broad-gaged building program in the United States we could not only abolish our slums but build innumerable garden communities or satellite cities on the outskirts of our industrial centers, while letting recovery take its natural course, it seems to me that the social as well as the economic gains to be expected from such a program constitute their own justification for the undertaking. If we could transfer emphasis from haphazard spending and hastily conceived legislation like this to something sounder and more worth while, such as I have suggested, we could consider that we had done a good job for the country during the present session of Congress. Building-trades workers would find jobs, millions of Americans could live in better homes, and millions of others would have their fixed charges reduced at a time when interest and taxes are eating up a disproportionate share of their total income.

With the National Government able to borrow money at 1 or 2 percent, I see no reason why it should charge 5 percent for the same money or make advances at a fraction over its own borrowing rate to private institutions which, in turn, charge borrowers 5, 6, or 7 percent on mortgage loans. While reducing interest rates on H. O. L. C. mortgages, I think we should also extend the amortization period from 15 to 25 years to make it still easier for these deserving people to build and retain their homes. For the present, however, I merely offer this formula as a contribution to the Senate's consideration of the present legislation, in the hope that a majority of my colleagues will say "no" to further spending for the further pump priming of recovery and turn to something more constructive and more likely to prove productive.

There is another step we could take, if we are to continue to spend for recovery, in bringing out the rivers and harbors bill now bottled up in the Commerce Committee of the Senate and acting on that measure rather than this. The rivers and harbors bill has already passed the House. It would finance a multitude of projects in every section of the country which have been surveyed, studied, approved, and recommended to Congress by Army engineers, in whom we all have complete confidence. If we are going to spend, why not spend Federal funds on projects which we know have some merit, or which at least have the merit of having received careful consideration by a nonpolitical agency of the Government and by countless local communities?

The readiness to accept so many amendments in committee leads one to feel that anything will be done to pass this bill. Will the river and harbor bill be accepted as an amendment? If so, I will offer it; and if accepted, I would almost be prepared to vote for the bill.

Mr. LUCAS. Mr. President, did the Senator say that if the bill affecting rivers and harbors were offered as an amendment to the pending bill he would vote for the bill?

Mr. BARBOUR. I said I would be almost prepared to vote for the bill.

Mr. LUCAS. The Senator makes that statement in spite of the denunciation he is making at the present time of the spending-lending bill which is before us?

Mr. BARBOUR. I do; and that is why I qualified the statement just as I did.

But be all this as it may, this much is certain: If we do not stop spending soon and balance the Budget, or at least make a start in that direction, the Washington Government will not only again betray the people of the United States but join the other nations whom we ourselves now condemn for having repudiated their obligations to this country. I can imagine the derision with which the repudiation of all or a part of our own national debt—an inevitable result of continuation in our present course—would be received abroad.

There is considerable justification in the pages of history for the belief that some of the great monuments and other public works which today stand as almost the only surviving relics of dead civilizations were built as a phase of spending programs of those days. It may be no more than a coincidence that the development of Athens as the cultural center of the civilized world coincided with the decline and eventual collapse of this Grecian capital as the seat of empire. We

know also that the great public works of Rome, as Rome succeeded Greece as the dominant power of the ancient world, were for the most part constructed in the intervals between Rome's civil wars during the decline of the democracy and the earlier period of the western empire before its final fall under the hammering of barbarian hordes from the north. The spending program, in part financed from wealth brought to Rome by her legions, as the product of military conquest, coincided there also, as in Greece, with the decline and eventual disappearance of democracy and the rise of totalitarian government.

Suppose in spite of everything we can do to keep peace and keep out of war the United States in the next few years were to be plunged into war. If our expenditures in the World War may be considered a guide to what we might be required to spend in the next war, we could expect to add several billion dollars to the amounts we are now appropriating annually for normal and so-called emergency spending. If the war were to last for 2 or 3 years it is reasonable to suppose that the national debt, at the rate we are going now, plus the spending which would take place, would rise to between seventy-five and one hundred billion dollars, depending on how soon war came and on other factors at which we can only guess. The ultimate estimate of the national debt under these circumstances is perhaps unimportant, for it probably could not be paid in any event. We should be confronted with the alternatives of repudiation or inflation, or both. I see no reason why we should not momentarily consider such a possibility, since wars have come in the past with hideous regularity, and the conditions which produce wars are present everywhere in the world at this time.

None of us can say whether we shall or shall not become involved in war in the next few years. We are taking such precautions as we can in strengthening the national defense to avert war, or at least to make it hazardous for any nation or group of nations to attack this country. Yet American citizens are being assaulted on Chinese soil, German and Japanese secret agents are active in all parts of the United States and its possessions, Great Britain has been forced to yield to Japanese aggression in China, and the military ambitions of Hitler and Mussolini probably will never be satisfied so long as they live and remain in power. These, in addition to trade rivalries, colonization requirements, territorial ambitions, and economic need, are the things of which wars are made. We must take these conditions into consideration whether we like to or not in determining our action with respect to our domestic program. We cannot, without jeopardizing the security, ignore the implications of world turmoil while pursuing a course at home which in itself, to my mind, is domestically dangerous.

Whatever comes, either this year, or in 1940, or later, I am sure that we shall act unitedly as Americans, when confronted with national emergencies. Our task henceforward is to clean up the wreckage of our typically American attempt to solve all problems at once, regardless of cost, to consolidate the gains of the last few years, and to the extent that we can do so, retrieve the losses. There can be no logic in a course which, simply because someone asks it, commits us further to a policy which can only deepen our distress. For that reason, I shall vote against the pending measure, and against all similar measures, whether presented in this or subsequent sessions of Congress, and I honestly believe that the verdict of the voters in 1940 will sustain this position.

During the delivery of Mr. BARBOUR's speech,

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

Mr. BARBOUR. I am very glad to yield.

Mr. HOLMAN. Is it not true of the individual that when he exhausts his resources and ruins his credit, he becomes bankrupt?

Mr. BARBOUR. That certainly is true.

Mr. HOLMAN. Is it not also true of nations?

Mr. BARBOUR. Obviously.

Mr. HOLMAN. I know of no nation whose government ever survived bankruptcy.

Mr. BARBOUR. I thank the Senator very much. As usual, he is entirely right.

After the conclusion of Mr. BARBOUR's speech,

Mr. DAVIS. Mr. President——

Mr. AUSTIN. Will the Senator yield so I may make a request for a quorum call?

Mr. DAVIS. No. I shall take but a very short time to discuss some matters which I believe are of importance.

Mr. President, it is difficult at times to draw the line between real values and appraised values. However, there comes a time of diminishing returns when an investment is no longer truly an investment but rather a waste and a gift to the rat hole. We came to that time late in the 1920's. We moved out of a period of desperate depression needs early in the decade to a time of economic balance. It was not a golden age, but it had more elements of security than this country has ever known. Nineteen hundred and twenty-six was a banner year. However, the temptation to regard appraised values as identical with real values captured the imaginations of millions of our citizens. Vast sums of money were withdrawn from the productive enterprises that held out hope of gain only in a slow and gradual way, and this money was invested in less-productive enterprises that held out the lure of a get-rich-quick bonanza. The private debt burden of the Nation thus became unbearable and a tragic reaction was inevitable. The stock-market crash and succeeding depression of 1929 were more or less predictable. A number of us in responsible positions in the Government were impressed with the danger curves ahead and sounded notes of warning. It was all in vain. A speculative mania had seized hold of the entire Nation and apparently retreat was impossible.

Today we face a somewhat similar situation. This time, however, we are bogged down with public debt. A futile attempt has been made to spend our way to prosperity. That attempt has failed, for the Nation is in a state of economic decline, trailing other great nations of the world in point of recovery, suffering a shrinkage in total taxable wealth, recording diminished industrial production, marking for the first time a decade which produced less wealth than the one preceding it, and bearing a burden of national debt doubled to the border line of confiscatory taxes. The Nation has been investing in public enterprise in an extravagant way. At last we have come to the point of diminishing returns. In the name of public loans the proposal is now made to increase a national credit already extended beyond sound business judgment. We are asked to make loans which are in reality in many instances nothing less than grants. We are asked to make an investment in social security through increased public debt, confusing appraised values for real values. A continuation of this policy will diminish the actual value of every bank deposit, every insurance policy, every wage dollar, and every social-security fund in the land.

Mr. President, I do not wish to criticize those who expect to vote for this bill. However, I see in it no sure hope of stimulating private enterprise, which, in my judgment, holds out the only prospect of bringing better times. If the bill to provide help for business establishments had come back in 1932 or 1933 I should have favored it. Indeed, I was one of a small band of some 12 Senators who did favor an appropriation of $5,000,000,000 for specific and useful public-works projects, as set forth in the La Follette amendment to the relief bill at that time. After having weakened the financial structure of the country by a pump-priming program that has failed, I do not regard this as a well-timed measure. If it had to be introduced at all, why was it not brought in at an earlier date? Why was it presented during the rush hours of the closing days of this session? If merchants and bankers entrusted with private credit favor this bill I have yet to learn of it. If those whom it is designed to help do not want it, I see no reason for favoring it.

THRIFT AND CONSERVATION

Mr. President, many efforts have been made in behalf of national recovery. We have all desired to see the end of depression and the coming of better times. The President

has tried various plans. The strain and burden of these responsibilities are beyond description. These problems have been rolling up for more than a quarter of a century and surpass the understanding of any one of us. There is not a Member of this great body who has not spent anxious days and nights in attempts to find suitable answers to these problems. In speaking of them today, it is not in the spirit of partisan criticism, but rather with the hope that some constructive suggestions may grow up in our minds through the spirit of cooperation.

A quarter of a century ago we heard much about thrift. Today we hear but little of it, for today the watchword is conservation. Essentially they are the same, although this fact is not thoroughly realized. Thrift in the individual and conservation for the Nation are the bases of our economic and social security. There is no essential difference between individual and collective savings. If the individual squanders his earnings he ultimately meets destruction, and if a Nation does not husband its resources, it, too, is destroyed. We have been proceeding the last few years as though conservation were one thing and thrift something else. Actually, both conservation and thrift are equally desirable and not mutually exclusive. Individual thrift is the only ultimate basis of conservation. We cannot continue to save our land, our forests, our mines, and our factories if we destroy our manpower in the destruction of individual personal integrity, which is the fundamental basis of all conservation values.

Mr. President, we have as much responsibility for saving as for spending, because spending is possible only out of earnings and savings. That which is not earned and saved cannot honestly be spent, for a man cannot rightly expect to get something for nothing. Compensation follows service. The pay check comes after the week's work and not before it. The dollar earned and saved should be in hand or close at hand before it is spent. We have been ignoring this principle in recent years. We have been speeding up the mechanisms of spending in both private and public ways in recent years without giving careful thought to the necessities of earning and saving which alone can make continuous spending safe or possible. Savings are made not for the purpose of hoarding, but for the wise spending uses that individual and social intelligence indicate. The individual or the nation that spends without saving will finally come to the point where no further spending is possible, for the sources of spending will have been destroyed. The answer to these difficulties is to provide means whereby savings can be made as natural and attractive as spending. Automatic savings are as necessary as continuous spending. Both processes are equally important. If earnings are hoarded and not spent the economic processes of exchange are blocked and business is curtailed. If earnings are squandered with no thought of saving, the economic processes are slowed down through fear; and loss of credit, confidence, and business likewise occurs. Only as earnings are set aside in savings proportionate to earnings can they be spent so that spending may be continuous and reliably certain. Automatic savings institutions help to meet these social and economic necessities.

In our modern technological age economic advancement comes in proportion to machine production. Machines create jobs and new demands for labor. They also temporarily displace labor, and displaced labor requires social care. As the worker is displaced by the machine temporarily or seasonally, or deprived of his earnings through no fault of his own, because of other factors, income should be provided to maintain his purchasing power. Otherwise both the individual and society suffer. Provision can be made only through individual and social savings. Enough should be laid aside through the cooperation of the worker with government or industry to provide for times of unemployment, whether they be long or short. As the worker is displaced, irrespective of the cause, if he has been faithful in his work, adequate provision should be made for him. Payments to the unemployed or retired worker come from the same source, whether from taxes or from prices; for all social aid comes from the fruits of labor. If the payment to the displaced worker comes from the Government it comes in taxes, which tend to choke the productive processes because money necessary for business purposes is siphoned off at the time and place needed to carry on business profitably. If the payment for the displaced worker comes directly from industry it is carried in the sum total of prices. Both prices and taxes have a responsible load to carry to meet social technological problem needs. Both have some responsibility, and neither should be neglected. At the present time, however, too large a share of the responsibility is being heaped on taxes and uneconomical borrowing and not enough of the burden is being borne in prices, which ultimately should carry the weight of automatic savings secured through joint contributions of employer and employee.

Mr. President, a great many plans have been prepared, as shown by the monumental study of Murray Webb Latimer, entitled "Industrial Pension Plans." Many of these have been introduced under what is known as welfare work, with accompanying semipension systems, bonus schemes, benefit associations, athletics, restaurants, and so forth, all of which have been expressions of sincere desire on the part of various employers to make their factories more attractive places in which to work. However, relatively few of these have been wholly satisfactory to workers because altogether too frequently they have been used as a means of retarding wage, hour, and collective-bargaining improvements that are basically important.

Employers are rightly interested in the stabilization of employment which will produce a greater output, a better quality of work, a lesser expense for inspection, more careful maintenance of work schedules, and a reduction in the losses sustained in labor turn-over. Employers are rightly interested in building a thoroughly experienced force of workers that will produce more satisfactory work than can ever be accomplished by a working class that comes and goes. Employers are rightly interested in a stabilized group, sufficiently well known to permit freedom of debate and conference necessary for honest collective bargaining.

Mr. President, it is unfortunate but nevertheless true that industrial conditions in this country are in such a deplorable condition that many of our factories are being filled with floaters. Many industrial concerns hire the equivalent of an entire working force annually. There are firms that hire the equivalent of their entire working force twice over annually. If the educational expense of inducting a new worker into his job is a minimum of $45 per worker, and if there be a labor turn-over of 100 percent in a factory employing 3,000 workers, the cost of labor turn-over in that firm would be not less than $135,000. If industrial and labor stabilization can be developed so that not more than 20 percent of the working force represents labor turn-over each year, the saving in that business year in and year out will amount to not less than $100,000. In other words, stabilizing labor is just as much an efficiency operation as anything else in connection with an industry, and it can be made self-supporting when efficient methods of employment and maintenance are in effect.

I have no desire to attempt to detract from the value of industrial welfare work, as it is ordinarily known. It has advantages for both labor and management that are well known. However, it cannot in any way compensate for the vital interest of the worker in his pay envelope and protection against the time of need. Stability of employment to provide increased purchasing power for the worker, protection for possible periods of unemployment, and a retiring wage requires cooperation from both workers and management.

If such a relationship can be established between employee and employer collective bargaining can be used not only for improved conditions of work and wages, but also for old-age pension or retirement-wage benefits. As a first consideration any plan should provide for the formation of an association composed entirely of employees. Apart from giving encouragement to its initial organization the employer should entirely separate himself from the association

of workers, who should provide from among themselves for the business management of their association. The association should ascertain the length of service of the employees, and how many have been employed for 5, 10, 15, or 20 years, as the case may be. Upon the number of men in each of these classes will depend the cost of a labor-stability plan. To illustrate: The working life of a man is divided, let us say, into a period of 45 years; that is, if he were 20 years of age when he entered service he could serve his whole term of 45 years and be compulsorily retired at the age of 65.

This is where the pay-roll-allotment plan fits in. The pay-roll-allotment plan is a plan whereby the employee requests his employer to allot as much of his weekly or monthly pay as the employee desires. The employee is offered a choice of investments. His money can go into United States savings bonds, into annuities, into life insurance, into postal savings, into savings-and-loan associations, into credit unions, or into savings banks. The employee may take his full wage whenever he desires, and may cash his investment whenever he pleases. What he has saved is individually his, and he may use it as he likes.

Mr. President, such a plan should not be regarded as a substitute for social security-payments to the Government, but as supplementary thereto. It is universally recognized, wherever social legislation is in effect, both in Europe and in the United States, that the amounts provided for the individual have always been strictly limited and not in themselves sufficient for a comfortable old age on a standard of living known and enjoyed during working years. To make old age both safe and comfortable private industry is challenged to provide security plans which will serve as a supplement to social security now being developed by the Government. The individual savings plan, through pay-roll allotments which I have suggested, has the advantages of convenient payments, incentive for individual thrift, and provision of disinterested and expert advice as to what form of saving will best suit the need of the individual. This plan has the advantage to employers that it may be set up at a minimum cost, using the machinery already installed for social-security allotments. It helps the employee solve his own financial problems. It affords a convenient method, for the present or the future, whereby the employer might help his employees attain suitable old-age security. Individual endowment or annuity contracts of life-insurance companies are in every way superior to group plans, permitting the employee to make his savings through life-insurance companies, postal savings, or United States savings bonds.

It must be obvious that no one plan of social security has yet been devised or promises to be achieved in the near future that will answer all the problems of necessary social aid. The American Association of Social Workers has recently prepared a comprehensive survey of relief conditions in the United States, from which I have drawn generously for the following statement:

Public relief in the United States reached an all-time high in November 1938, when $326,000,000 was spent from public funds for relief and wages to about 23,000,000 persons in more than 7,000,000 families. About 53 percent of this was in W. P. A. wages and 11 percent in general relief.

From November 1938 to January 1939 W. P. A. wages declined sharply, by nearly 10 percent in 2 months, while general relief rose even more sharply, by 19 percent. However, in January 1939 there were still nearly 23,000,000 persons on relief in more than 7,000,000 families. Expenditures for general relief vary greatly from State to State. The per-inhabitant expenditure in New York in 1938 was $9.77, and in Pennsylvania $7.47, while in Oklahoma, Nebraska, Florida, Texas, and numerous other States and in the District of Columbia it was less than $1.

A comparison for January 1939 also shows great inequalities as between States in the share that W. P. A. wages play in the total relief program. For the country as a whole, W. P. A. wages for January were 49.3 percent of the total; but in Ohio they were 67.5 percent of the total expenditure; in West Virginia, 61.3 percent; in Kentucky, 61.2 percent; and in Michigan, 60.5 percent. At the other end of the scale were Maryland with 29.6 percent in W. P. A. wages, Maine with 28.8 percent, and Wyoming with 28.2 percent.

The standards of assistance to families or persons in need also vary greatly from State to State. The average monthly amount per case reported for general relief in January 1939 was $38.16 in New York, $30.97 in California, $27.61 in Massachusetts, $27.66 in New Hampshire, and $27.65 in Pennsylvania, but only $2.91 in Mississippi, and $4.82 in Arkansas.

Almost every conceivable method of financing and administering general relief is exemplified in the various States of the Union. In Pennsylvania general relief is financed from State funds and administered through local offices of the State agency. In Michigan the program is administered by local departments under the supervision of a State agency from funds provided jointly by State and local governments. California has a dual plan under which employable persons are aided through a State-financed and State-administered unemployment relief program, and unemployable persons are assisted by county departments from local "indigent" funds. In Illinois, general relief is administered locally by 1,400 townships and the city of Chicago. In Florida, general relief is left entirely to the counties, with no State supervision and no State financial assistance. Much of the planning for relief and unemployment continues on an emergency basis. Programs have been subjected to unpredictable expansions and contractions. Appropriations, more often than not, have borne little relation to the actual situation confronting the administering agency. Consequently, the programs and the persons dependent on them continue a hand-to-mouth existence.

Mr. President, I have presented these facts because they bear on the need for a larger assumption of responsibility by labor and industry for the development and maintenance of their own social-savings plans. The public responsibility of labor and industry is equally as great as that of the Government. In many instances labor and industry, if brought to effective cooperation through collective bargaining, can exercise a much stronger influence in social amelioration than the Government could ever hope to do. No one form of social aid is sufficient for our day. Governments, Federal, State, and local, together with labor, agriculture, investment, and management, have a part to play in the development of social savings and human conservation.

No one can deny that there are some business leaders who do not possess the insight and human understanding necessary to the voluntary savings plans that I have suggested. Over the years, I have known industrial overlords who have never taken one forward step toward better conditions for labor and industry until compelled to do so through strikes, the threat of strikes, or compulsory industrial legislation. Today, however, these same fellows have been retired or are on their way out, not because they are too old in years, but simply because they do not fit the industrial needs of the year 1939. They are suffering from a hardening of their industrial arteries, and have lost the flexibility and capacity to expand required of progressive leadership.

We are coming to understand that we shall not have the necessary cooperation between industry and government until we have achieved a larger measure of cooperation between industry and labor. It is my confident hope that industrial and financial leaders will accept the major responsibility for the economic welfare of the Nation if we are to continue our present system of society. I do not want to see the Government overloaded with industrial responsibilities it is not qualified to meet. We have been hearing it said for a long time now that the social responsibilities consistently ignored by labor and industry must be assumed by the Government. I, for one, do not wish to see extremes of governmental action forced into being in this

country, either of fascism or of communism, simply because free industrial leadership as a whole will not take the responsibility of going forward in a fair and representative way.

Mr. President, there is nothing so socially devastating or personally degrading as unemployment for the man who desires and is able to work. Employment is the sole means through which a man may qualify himself to the right to live, to keep a home, to nourish and to educate his children, as a free man. Any break in that employment may put his life and his home in jeopardy. When we deal with circumstances as vital as these, we have the issues of life and death in our hands. These problems primarily are the responsibility of industry. Government should create, through legislation, conditions which will encourage industry to take this responsibility and go ahead. Restrictive legislation and punitive taxation, no matter how good the intentions back of them may be, are dangerous to labor if they prevent industry from going forward to maintain and advance the responsibilities of employment.

The right of workers to organize must be maintained. The selection of one form of organization rather than another is really not primarily a matter which industry should decide, because choices in these issues belong to labor. Labor has not attempted to dictate the form of organization with which it must bargain. The workers should be given the liberty of self-organization in any form which offers them the most advantages.

Collective bargaining has concerned itself with the problems of wages, hours, and the right of labor organization. If collective bargaining is extended to cover the problems of social security, unemployment compensation, and the retirement wage, worked out in a free and voluntary way between labor and industry, it will lift a tremendous burden from government in these fields that government in this country is not qualified to bear, short of a paternalism that the American people do not want.

The burden of taxes has become oppressive beyond the productive power of labor and business to endure. Take, for example, conditions that are thoroughly familiar to me: The Sharon Herald, of Sharon, Pa., is a small corporation. Last year the earnings were $15,500 and the taxes $14,100, leaving a net of only $1,400. The Sharon Steel Co. is a medium-sized corporation. This is what it shows for the first quarter of this year: The earnings were $79,912, the taxes $72,298, leaving a net of only $7,614. Here taxation has taken 90 cents from each dollar earned. Or take the statement of the International Paper & Power Co., a large corporation: The earnings of this corporation last year were $3,234,376, the taxes were $3,110,301, leaving a net of $124,075. Here we find that the taxing bodies have taken 97 cents of each dollar earned. Under these conditions it is no wonder that new capital is not being advanced for investment, and that there has been a constant decrease of capital investment during the past 6 years.

We have talked for many years now concerning the urgency of Budget balancing. Very little has been done about it. I am not in favor of any false economy measures. I do not favor a program that compels any one part of our people to suffer want and neglect while others go free. All the while, however, the burdens of taxation, and the dangers of inflation through Government borrowing from banks loaded with Government bonds, increase. It is becoming increasingly evident that there will be no effective balancing of Government budgets until the spirit of saving and conservation is restored among our citizens as a whole. There is little expectation of sound thrift and conservation in the Government unless the individual citizen understands his own responsibility for thrift in behalf of his own personal security.

The national savings movement in England puts the public behind the principle of a balanced budget. Through this savings plan the British people contributed heavily to financing Great Britain's efforts in the World War. They liked the idea so well that they kept right on saving after the war ended, at a time when Americans were cashing in their savings and selling their Liberty bonds. Indeed, the idea of savings has become so thoroughly entrenched over there that the British have not paid their war debts, which are still due us, and which we shall not soon forget. Habits of thrift have prevailed in England. The British national savings movement has based its appeal and success on two principal tenets of thrift: 1, Cooperation among various forms of thrift agencies, and 2, making saving easier through automatic savings plans.

The national savings movement in England is headed and governed by a national savings committee, serving voluntarily. This committee aids and directs the operations of 1,200 voluntary local savings committees. These, in turn, have promoted the organization of 40,300 national savings groups, which provide facilities for regular and consistent savings by automatic allotments from pay rolls of all kinds of wage earners, and through groups formed in clubs, schools, offices, and other organizations. Funds so collected are deposited in the post-office savings bank, in a trustee savings bank, or invested directly in national savings certificates issued by the Government. Under these plans the British people have saved nearly $7,000,000,000 since 1916. Since British people are encouraged to save and invest in British debt, the Government in turn refrains from expecting its banks to buy its long-term bonds, a process which would create a money supply to compete with and depreciate the value of savings in the capital markets. Moreover, both Government and people are interested in avoiding treasury-deficit inflation, which is historically the source of currency and savings purchasing-power depreciation.

Provision for old age and emergencies is a major objective of the British voluntary thrift and savings movement; but underlying it is the understanding by both the national fiscal leaders and the people that there can be no monetary inflation and subsequent collapse of banks and currency so long as savings, not credit, are used to finance long-term private or government-debt expansion. Savings through automatic allotments from the pay-roll wages constitute one of the recent methods used in the savings movement. It is regarded by advocates of thrift movements in both England and America as a way to make savings easy and consistent for wage earners. This plan requires the cooperation of the employer, who circularizes his employees, offering them an opportunity to indicate what sum may be allotted from their wages each week as savings. The lump sum of all allotments is deposited by the employer by one check drawn to the savings bank each month. It is accompanied by a schedule in duplicate, showing the amounts to be credited to each saver. The bank acknowledges receipt, and returns one copy of the schedule. If employers prefer, the deposit may be made weekly. The savings bank credits the amounts to individual accounts in the names of the employees, and at the end of the first month supplies a bank book for each member. The employer distributes the books to the members, and obtains receipts from them, which are forwarded to the savings bank as specimen signatures.

Mr. President, in England a plan is in effect that permits employers who desire to do so to contribute to the endowment fund which will be paid to the employee on his retirement. This resembles the plans employed previously for many years by some large American corporations, which have contributed to funds saved by their employees to acquire stocks of the corporations. Under the British plan the employer contributes to the employee's fund one national savings certificate when the employee has bought one or more, the number so given by the employer varying with the age, length of service, or wages.

In regard to cooperation between American thrift agencies, the problem is a difficult one. Savings banks, Government thrift through postal savings and United States savings bonds, life-insurance companies, savings and loan associations, and credit unions, are now channels for saving in this country. Unfortunately, however, they do not recognize that various forms of savings are complementary, not competitive. They should all unite in a great campaign for thrift, conservation, and security, saving in whatever channel

best suits the needs of the individual saver. All would reap benefits through such a unified program.

Yet savings institutions alone, Mr. President, cannot make saving easy for wage earners. Employers are challenged to meet this need. Saving through the pay envelope is the efficient, cooperative way. Armour & Co., the American Telephone & Telegraph Co., and the General Electric Co., among others, show that pay-roll allotments for savings purposes are consistent with a sound business policy.

Mr. President, while we are considering plans for thrift and conservation, we cannot afford to ignore the indisputable fact that without constantly increased production there will be no thoroughgoing opportunities for savings. As the standards of living increase, the earning and the purchasing power of the people must also increase if there is to be anything left for savings. This shows clearly how dependent we are on technological advancement. I wish to quote at this point in my remarks the words of the eminent scientist, Robert A. Millikan, president of the California Institute of Technology:

> The key to the whole development is found in the use of power machines, and it is a most significant statistical fact that the standard of living in the various countries of the world follows closely the order in which so-called labor-saving devices have been most widely put into use.
>
> In other words, the average man has today more of goods and services to consume in about the proportion in which he has been able to produce more of goods and services through the aid of the power machines which have been put into his hands. In this country there is now expended about 13.5 horsepower-hours per day per capita—the equivalent of a hundred human slaves for each of us; in England the figure is 6.7, in Germany 6.0, in France 4.5, in Japan 1.8, in Russia 0.9, in China 0.5. In the last analysis this use of power is why our most important social changes have come about.

The United States census of partial employment and the United States Bureau of Labor Statistics combine to show that unemployment is most severe in the occupations in which little or no machinery is used. One of the most severely depressed industries is building construction, an industry which has been but little improved through the introduction of technological advancements. Inactivity in building-construction enterprises accounts for large pools of unemployment there. Jobs depend on the expansion of industry and increased production. When there is no production there is no employment, and when there is no employment there can be no savings for there will be nothing to save. The Brookings Institution has shown definitely that expansion of employment is dependent upon an ever-increasing volume of production. And as technological improvements make for savings, so savings make for advanced technology. Indeed, without savings, no technological advances are possible. All savings, other than hoardings, are accumulated only to be spent. Savings generate the greater part of all new purchasing power. Only thrift in the individual and conservation on the part of the Nation can provide the savings necessary to business expansion.

Mr. President, I suggest the absence of a quorum.

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

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

Adams	Danaher	Lodge	Schwartz
Austin	Davis	Lucas	Schwellenbach
Bankhead	Ellender	Lundeen	Sheppard
Barbour	Frazier	McCarran	Shipstead
Barkley	Gerry	McKellar	Smathers
Bilbo	Green	Mead	Stewart
Bone	Guffey	Miller	Taft
Brown	Gurney	Minton	Tobey
Bulow	Hale	Murray	Townsend
Burke	Hatch	Neely	Truman
Byrd	Hill	Norris	Vandenberg
Byrnes	Holman	Nye	Van Nuys
Capper	Hughes	O'Mahoney	Wheeler
Chavez	Johnson, Calif.	Pepper	
Clark, Idaho	Johnson, Colo.	Pittman	
Connally	La Follette	Reed	

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

Mr. DANAHER obtained the floor.

Mr. GURNEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from South Dakota?

Mr. DANAHER. I yield.

Mr. GURNEY. I ask unanimous consent that there be printed in the Appendix of the RECORD a very able address delivered by the senior Senator from New Hampshire [Mr. BRIDGES] at a banquet and conference of the Young People's Republican Clubs of Kentucky, delivered at Ashland, Ky., on the evening of July 15, 1939, the title of the address being "Confusion, Delusion, or Recovery."

Mr. BARKLEY. Mr. President, will the Senator withhold that request until a little later time?

Mr. GURNEY. I merely ask unanimous consent that the address be printed in the Appendix of the RECORD.

Mr. BARKLEY. I understand what the Senator has asked, but I should like to have him withhold it until later. I will not object later on in the evening.

The PRESIDENT pro tempore. Is there objection?

Mr. BARKLEY. I understand the Senator withholds his request for the present.

The PRESIDENT pro tempore. Does the Senator from South Dakota ask for unanimous consent, or does he withhold his request?

Mr. GURNEY. I do not know of any reason why it should be withheld.

Mr. BARKLEY. I shall not object later, but I hope the Senator will defer his request until after the speech of the Senator from Connecticut. I will not object then.

Mr. GURNEY. I do not think it will encumber the RECORD.

Mr. BARKLEY. That is not the question involved.

Mr. REED. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD——

The PRESIDENT pro tempore. There is already a request for unanimous-consent pending. Is there objection to the request of the Senator from South Dakota?

Mr. GURNEY. At the request of the Senator from Kentucky, I withdraw my request for the moment.

Mr. BARKLEY. I thank the Senator.

Mr. REED. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Kansas?

Mr. DANAHER. I yield.

Mr. REED. I ask unanimous consent to have inserted in the RECORD an article from the Washington Times-Herald of this evening entitled "G. O. P. Harvest Looms in Kansas."

Mr. BARKLEY. Mr. President, will the Senator withhold his request?

Mr. REED. I will not.

Mr. BARKLEY. I object.

The PRESIDENT pro tempore. Objection is made.

Mr. BARKLEY. I serve notice that I will object to any similar requests made at any time.

Mr. REED. I also advise the Senator from Kentucky that he will have opportunity to object on occasions of this kind.

Mr. BARKLEY. I have no doubt of it.

Mr. REED. That is correct.

The PRESIDENT pro tempore. The Chair will state what the ruling of the Chair will be, that a Senator does not have to yield, but if a Senator yields—and he will be recognized afterward, of course—his subsequent remarks will be considered a second speech.

Mr. DANAHER. Mr. President, I thank the Chair for the announcement. In the Washington Post of the past Sunday there appeared on the front page an article which purported to deal with a discussion between Mr. Farley and Mr. Roosevelt. It referred to Mr. Ernest Lindley as a correspondent who was probably closest of all newspapermen to the White House. It referred the public to an article which appeared in the editorial section of the Post, and stated that there one would find a two-column article by Mr. Lindley in which he said—and I paraphrase—"The President is the head of a new movement, a new movement in which the Democratic Party is a mere incident." There were other observations of like tenor.

In taking the floor with reference to the particular measure now pending, I do so in the belief that there never have been submitted to the public the implications and the complete intendment of the bill.

I feel that this particular bill is part of a new movement. I believe, indeed, that it is a part of a movement in which the Democratic Party, as Mr. Lindley said, is apparently a mere incident.

In the form in which this bill was originally presented, at a time when it was known as a self-liquidating bill, an appellation which, by the way, did not survive the scrutiny of the first 3 days' hearings, we found a concept beyond anything we had ever contemplated. We found a measure under which a revolving fund was created. We found that each of the agencies named in the bill needed no longer to come back to Congress so long as the initial borrowings and the revolving fund were adequate to carry out the purposes named. We found in the bill authorization to create corporations in any State, in any Territory, or in the District of Columbia, the power to create such corporation being vested in a Government agency—corporations which, when created, could borrow funds, whose securities could be bought by the R. F. C., whose securities could be traded in, and the profits arising or derivable from the sale of such securities would be put back into the revolving fund. We found that the bill provided for the creation of a corporation which would deal with railroad equipment.

Mr. President, that bill, as it was submitted, found several of the leading figures in the administration appearing to elaborate upon it, and to extend their views before the Committee on Banking and Currency. They told us—and I quote from Secretary Morgenthau—

> That the progress hitherto made had not been enough, and it is my opinion—

Said he—

> that the time has now come to take the next step forward, that of selecting specific investments which should be given the advantage of the low-interest rates which the Government can obtain. A low rate of interest, if effectively utilized, constitutes one of the most potent weapons our economic system has developed for stimulating business activity. It seems to me that it is time for the Government to make full use of that instrument rather than to depend upon grants and subsidies as heretofore.

What could he mean, Mr. President, when he told us that the low-interest rate, if effectively used, as they claim they have the right and intention to use it under this bill, will be one of the most potent weapons our economic system has developed?

Mr. President, it became apparent speedily that the economic weapon which he had in mind was that as a result of forcing low-interest rates, by squeezing institutional and trustee money into Government bonds, by putting Government into the form of competition which was possible under that bill, private business would no longer be able to compete. That is the economic weapon to which he directed our attention. The country would not stand for it. The Congress would not stand for it. The committee would not stand for it. And the next thing we knew we had a new form of bill, from which the power to create corporations was deleted.

When we examined our next committee print we found that there were yet other provisions in it, other phases containing vices, causing fundamental objections to be voiced against the bill, and, despite all efforts, after several revisions, after at least three separate revisions, we now find on our desks for consideration a brand new bill, S. 2864, the pending bill.

Mr. President, this bill even authorizes the Public Roads Administration to go into States and construct and maintain highways. It authorizes them to condemn and take private land. Do Senators suppose for a minute that that is all? The whole idea of the new movement is contained in this bill in its several ramifications. Let me advert to a few of them. Let me call the attention of the Senate to page 7.

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

Mr. DANAHER. I yield for a question.

Mr. LUNDEEN. I am not arguing for or against the bill. I am merely saying that the Government has the right at this time, has it not, to condemn land in connection with the building of roads?

Mr. DANAHER. As I understand the question propounded by the Senator, Mr. President, it is this: Has the United States Government the power to condemn land within certain States for highway purposes? Is that the question of the Senator?

Mr. LUNDEEN. Well, the States have such power, have they not?

Mr. DANAHER. I understand that the Senator is posing that to me as a question, is he not?

Mr. LUNDEEN. Well, we can build roads and condemn land?

Mr. DANAHER. Mr. President, if that is the statement which the Senator wants to make, then he may make it in his own time, I respectfully observe. Answering my own question, the point of my observation in that connection is that we have no such power, and we have no such right; but this bill gives it to the administration. They claim it here. They put in a section on page 7 under which they want to go ahead and expend the moneys under this measure, I will say to the Senator, notwithstanding the provisions of section 355 of the Revised Statutes. What is that provision? Let us take a look at it. It appears in title 34, section 520, the section which the Congress of the United States wrote into our law long ago, because it knew that abuses had called for such legislation. This bill, as part of the new movement, would now suspend that legislation. The section reads as follows:

> No public money shall be expended upon any site of land purchased by the United States for the purposes of erecting thereon any armory, arsenal, navy yard, or other public building of any kind whatever, until the written opinion of the Attorney General shall be had in favor of the validity of the title, nor until the consent of the legislature of the State in which the land or site may be, to such purchases, has been given.

Does that answer the Senator's question? Senators will see what the law was hitherto. Under this new movement, under the bill which is before the Senate, notwithstanding the provisions of law for the safeguarding of the public, the intention is to exercise a right previously denied. Then the section proceeds to provide that the district attorneys of the United States, upon the application of the Attorney General, shall furnish any assistance or information in their power in respect to the titles to the public property that is to be taken.

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

Mr. DANAHER. I yield.

Mr. LUNDEEN. I am merely asking for information. As I understand, then, in matters of this kind the bill would set aside certain State rights?

Mr. DANAHER. In answer to the question propounded by the Senator from Minnesota, Mr. President, I will say that it would set aside the requirement of obtaining the consent of the legislatures of the States in these various particulars. Moreover, it would set aside the provision of law that the district attorneys in each of the several States shall be required to certify the land titles of the land sought to be taken.

That is not all. Let us turn to page 8 of the bill, to subsection (g) of section 5. We there find another instance of what I am talking about. That subsection would authorize the agency—

> To pay all expenses in connection with the acquisition of real property, including all fees for abstracts, official certifications, evidences of title, and recordation, notwithstanding—

There we have the language again—

> notwithstanding the proviso in section 1 of the act of March 2, 1889, relating to the payment of such expenses and fees.

Through a long course of experience the Congress had learned that it had to surround the acquisitions of land with certain safeguards, and so that particular act was passed. It is in title XL, of section 256.

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

Mr. DANAHER. I yield.

Mr. LUNDEEN. I take it that the able Senator is a member of the committee.

Mr. DANAHER. I am.

Mr. LUNDEEN. I favor a clear statement by the members of the committee so the Senate may fully understand the provisions of this measure. It is very important; we are seeking for information, and we are glad to obtain it.

Mr. DANAHER. I thank the Senator, and interpreting his comment as a question, I will answer by saying that the members of the committee will, I am sure, do everything in their power to explain the bill in its various phases.

Pointing now to title 40, section 256, let me advise the Senate what we are being asked to suspend in that particular:

All legal services connected with the procurement of titles to sites for public buildings, other than for life-saving stations and pierhead lights, shall be rendered by the United States district attorneys: *Provided*, That in the procurement of sites for such public buildings, it shall be the duty of the Attorney General to require of the grantor, in each case to furnish, free of all expenses to the Government, all requisite abstracts, official certifications, and evidences of title that the Attorney General may deem necessary.

That safeguard, too, is being suspended, I will say to the Senator. That is not all. Let us turn to section 6. We find there that the consent of Congress is given to the construction of bridges, tunnels, and crossings of navigable waters of the United States. And in suspending our existing law on that point it is provided in this bill that the consent of Congress "shall be deemed to have been obtained and affirmatively authorized by virtue of this act within the meaning of sections 9, 10, and 11 of the act of March 3, 1899."

For 40 years we have had that requirement in the law. It appears in title 33, section 401, and there Senators will find safeguards with reference to consent, with reference to the Secretary of War ascertaining that the plans are adequate and proper, and things of that sort. But we wade right through any such technicalities. We pay no attention to them. We are going to eliminate them. Then we are going to sit at a desk here in Washington and do what we like to do.

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

Mr. DANAHER. I yield to the Senator from Minnesota for a question.

Mr. LUNDEEN. I assume, from what the Senator says, that the bill would set up something in the nature of a dictatorship on matters of great importance.

Mr. DANAHER. Mr. President, I am simply stating the facts and explaining the provisions of the bill, and, of course, expect that Senators will draw their own conclusions; and if the Senator from Minnesota draws the conclusion just announced by him, of course, he is free to do so.

I say, furthermore, that it is all part and parcel of this "new movement" idea. That is the significant thing about it.

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

Mr. DANAHER. I yield for a question.

Mr. LUNDEEN. Does the Senator mean the New Deal when he speaks of the "new movement"?

Mr. DANAHER. In answer to the Senator, I say that when I used the words "a new movement" I was quoting Mr. Lindley.

I invite the attention of the Senate to the phraseology which has been employed in section 5. I ask the Senator from Kentucky [Mr. BARKLEY] to take special note; for, in his own time and in due course, I certainly should like to have him explain the intendment of this language. Directing the Senator's attention to section 5, subsection d, I ask the Senator to note on page 7, line 13, that this subsection would authorize the expenditure of moneys—I now quote—

For the purpose for which any real property has been purchased, or possession thereof has been taken during the course of condemnation proceedings and in advance of final judgment thereon—

I skip a few words—

notwithstanding the provisions of section 355 of the Revised Statutes.

Mr. BARKLEY. Mr. President, section 355 of the Revised Statutes prohibits the expenditure of any money on property of this kind until the title has been obtained through the ordinary processes. This subsection empowers the Government to expend money on property with respect to which proceedings of condemnation have been instituted and the Government has taken possession, but before title vests in the Government.

Mr. DANAHER. Mr. President, the Senator did not correctly anticipate the question I was about to put to him.

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

Mr. DANAHER. I had simply directed his attention to the language of the subsection. What I want him to notice is that wherever else in section 5 such language appears, we find a limitation in the section stating that "for the purposes of this section" there is authorization to institute and carry on condemnation proceedings.

On page 8, in subsection f, we find the following language:

For the purposes of this section to enter on any real property for the purpose of making surveys, borings, tests, and examinations.

When we come to subsection d, the language is not limited to the "purposes of this section"—not at all. Authority is granted to expend moneys "for the purpose for which any real property has been purchased," with no reference to highway improvement.

Mr. BARKLEY. Section 5 refers to nothing else but highway improvement. There is nothing else in any subsection which authorizes condemnation proceedings of any character except to acquire property for highway improvement; so the word "act" is a misprint. It should be "section." It would not be an insuperable difficulty to overcome that objection and make the language apply to the section.

Mr. DANAHER. Has the Senator the bill before him?

Mr. BARKLEY. I have.

Mr. DANAHER. Will the Senator please regard it?

Mr. President, at this point I move to amend section 5, subsection d, on page 7, line 13, so as to read:

To expend moneys for the purposes of this section.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Connecticut.

Mr. BARKLEY. Mr. President, my attention was diverted. Will the Senator please repeat his motion?

Mr. DANAHER. Certainly. Directing the Senator's attention to page 7, line 13, I ask him to note that I now move that subsection d of section 5 be amended by striking out the word "purpose" and inserting "purposes of this section."

Mr. BARKLEY. Will the Senator let that matter go over until tomorrow? I think probably we can agree about it. I would rather not agree to that amendment on the spur of the moment.

Mr. DANAHER. However, I understand that the Senator agrees with me, for the present, that there was no intendment or implication contrary to subsection d applying "for the purposes of this section."

Mr. BARKLEY. I think that is correct; but I should like to confer with the Senator.

Mr. DANAHER. I thank the Senator; and I withdraw my amendment, Mr. President.

The PRESIDENT pro tempore. The amendment offered by the Senator from Connecticut is withdrawn.

Mr. DANAHER. Mr. President, when Mr. Eccles appeared before the committee he told us that he was in the conference and in the committee group which had considered the proposed legislation. On page 175 of the record of the hearings we find what Mr. Eccles had to say on the subject:

The present bill constitutes in part an attempt—

Notice the word "attempt," Mr. President—

The present bill constitutes in part an attempt to develop a program of public investment of a self-liquidating nature. It is, I think, indispensable, in view of the proposed greatly reduced employment in W. P. A. and P. W. A. I am, however, forced to say that the annual expenditures that can be achieved under this program will make only a small contribution toward the solution

of our basic problem. My own personal view is that the self-liquidating program, excellent as it is so far as it goes, should be supplemented by a continuing public-works program.

In the first place, Mr. President, he tells us it is an attempt. In the second place, he tells us that little good may be expected of it. In the third place, he tells us that it must be supplemented.

Mr. President, the testimony of Mr. Eccles in particulars such as that is of a piece with that of Mr. Jones, who said he was in sympathy with the objectives or purposes of the bill. We all are in sympathy with the idea of putting people to work, but it is perfectly apparent that after the continuation of the economic fallacies of this administration in the past 6 years it has offered nothing new. There is no contribution in that particular to rectify the errors that it has so consistently persisted in making.

Mr. President, when we turn to the very last section of the bill we see the ultimate consummation of the type of program which has been evolved with reference to the A. A. A. We find that the Export-Import Bank, having already been given authorization for another $125,000,000 this year, asks for an additional $100,000,000.

Mr. President, on Monday of this week Secretary Wallace told us that he intended to put an export subsidy of a cent and a half a pound on cotton. We find that within the month we have concluded a barter agreement with Great Britain under which we are swapping cotton for rubber. The President in his press conferences tells the country, through the press, that what he wants to do is to put a bounty on exportations. In order to equalize importations against domestic manufacturers, he wants to subsidize domestic textile manufacturers. Mr. President, the continuation of that type of program leads inevitably to the situation which now confronts us. We are told that the proposed program is an attempt, that it does not do the job, and that it must be supplemented.

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

Mr. DANAHER. I yield.

Mr. FRAZIER. I ask the Senator if he knows that after the announcement was made on Saturday that the subsidy on cotton was to go into effect this week on Monday morning, Liverpool cotton went down 125 points?

Mr. DANAHER. I did not know it; and I thank the Senator for his contribution.

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

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

Mr. LUCAS. The Senator from Connecticut has been discussing the $100,000,000 allotted to the Export-Import Bank under the provisions of the bill.

Mr. DANAHER. One hundred million dollars is asked for in addition to the $125,000,000 which the Export-Import Bank received a month ago.

Mr. LUCAS. What does the evidence in the hearings disclose as to what the Export-Import Bank expects to do with the $100,000,000 if the Congress grants it?

Mr. DANAHER. In answer to the Senator I will say that in times past a great part of the money has been used to finance exports to certain countries of what obviously were munitions of war. They were financed, of course, by the American manufacturer taking his paper to the Export-Import Bank. Notes and accommodations have been allowed in amounts and over periods greater than any commercial bank would grant. In addition, they represented loans of a type which no commercial bank would handle. I say to the Senator that a loan which is bad for a commercial bank is a bad loan for the Government. The Export-Import Bank has been handling the exportation of locomotives to the Mexican railways, and items of that sort. Does that answer the Senator's question?

Mr. LUCAS. It hardly answers the question. I should like to know what the record discloses as to what the individuals who testified they wanted the additional $100,000,000 said they were going to do with the $100,000,000 if the Congress should grant it to them.

Mr. DANAHER. There would be a continuation of the same policy of taking the money of American taxpayers and financing exports to various countries, and to people in those countries who cannot buy our exports.

Mr. LUCAS. Is there anything in the evidence which discloses that the Export-Import Bank will use any portion of the $100,000,000 requested as a direct loan to some country in South America?

Mr. DANAHER. There is no evidence that there is to be a direct loan to any country. However, there is evidence very definitely indicating that it is intended that the foreign country will form a trading corporation in this country, and, through the medium of that trading corporation, obtain a domestic loan. We do not loan to the foreign country. We loan to its corporation in this country. We take its paper, sometimes without recourse.

Mr. LUCAS. Am I to understand, then, that the Export-Import Bank is doing indirectly what it may not do directly?

Mr. DANAHER. I will say to the Senator that that would be the construction I should place upon the situation. When the Senator from California [Mr. JOHNSON], out of the experience he knew the country had gone through, worked so diligently for and later saw enacted into law the so-called Johnson Act with reference to loans to countries in default to us, I dare say it never crossed his mind that he would live to see the day when there would be a "new movement" in this country by which that type of law would be circumvented.

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

Mr. DANAHER. I yield to the Senator from Kentucky.

Mr. BARKLEY. The terms of the Johnson Act specifically exempt loans of the Reconstruction Finance Corporation, the Commodity Credit Corporation, and the Export-Import Bank from the operation of the law. Certainly the Senator from California knew what was in his bill when it became a law.

Mr. DANAHER. I say to the Senator that I am sure the Senator from California never expected to see such a thing being done as a part of a "new movement."

Mr. BARKLEY. It is not a part of a new movement. The loans which have been made by the Export-Import Bank have been made to American corporations. They are not corporations formed by aliens coming here to form them. They are American corporations engaged in the exportation of American products to foreign countries.

Mr. DANAHER. Mr. President, far be it from me to enter into a controversy with the Senator from Kentucky as to the construction he places on what is or what is not a foreign corporation. All I know is that I saw the record and heard it explained by Mr. Jones and the president of the Export-Import Bank; and if the few loans the record of which I saw were not loans to foreign corporations, then, to use the vernacular up home, I am a grandmother. [Laughter.]

Mr. BARKLEY. I fail to get the implication.

Mr. DANAHER. I said that if they were not loans to foreign corporations which were formed in this country for the purpose of handling those loans, I concluded that I am a grandmother. [Laughter.]

Mr. BARKLEY. The Senator has a peculiar idea of grandparentship. [Laughter.]

Mr. DANAHER. At least I am all right on the possibilities.

Mr. President, it seems to me that perhaps we ought to recall one other phase of the bill; not that it has not been referred to by others, but that I can place on it, perhaps, the construction of which I think it admits.

When the Reconstruction Finance Corporation is authorized, as it is by the bill, to go into the market and borrow money, and thereafter to fund these agencies, and the President of the United States has the power upon his direction always to say that transfers shall be made from the Treasury of the United States to the several corporations without any limitation whatever on the States into which the money will go, we have, Mr. President, the nucleus of a 1940 that

is bigger and better than anything we ever contemplated. I may observe that the Hatch bill has been forwarded by the President to various legal departments of affected agencies for examination and report. It has not as yet been signed. Meanwhile, if the funds under this proposed loan arrangement can be allocated to five or six doubtful States between now and the fall of 1940, a very great change can be made to insure the success of the "new movement."

The whole idea of it is so contrary to anything Congress has ever previously been asked to accept that it simply staggers the imagination; and, as I said at the outset, I cannot believe that the public has any realization of its implications.

If we extend this principle, whereas today under it we are going to loan, let us say, $600,000,000 to the Department of Agriculture, what is there to prevent, in our next session of Congress, our making the whole Agricultural Department appropriation out of borrowed funds? Why not let a Government agency short circuit Congress entirely, and never come near the elected representatives of the people? Why bother with Congress? Let the Department go to the agency and submit their proposition; and if the loan which started out in terms to be self-liquidating has now turned out to be a works-financing proposition, they can get their money. There is no reason why they need come near Congress at all. I said "not at all." Let me recall that statement and correct it. Let me point out that there is one occasion when they will have to come back to Congress, and that is when they make their annual inventory. When they check up on their annual inventory and find out how much the losses are every year they will come to Congress for an appropriation to make good the losses. That is in the bill, too.

Mr. President, there are only a few more observations that I should like to offer, bearing, if you will, upon the expression of Secretary Morgenthau that this matter turns upon the creation of a new economic weapon in the low interest rates, in the long-term maturities, and the no-down-payment idea with reference to these so-called self-liquidating loans. Let me say to the Senator that putting the Government into competition with private business in whatever field necessarily constitutes a weapon. The Secretary is right when he calls this an economic weapon; and there has been an effort on the part of every affected agency—every single one of them, we were told—to keep from the bill any provision by which we would have forbidden the use of Government money in competition with private business. There is not any limitation of that kind in the bill. There is no prohibition in it against the agency relocating mills. There is no prohibition in the bill against their reconstructing munitions factories, if you like. There is nothing in the bill to limit the creation of power plants in competition with those already existing. There is not even a limitation on the maximum amount of loans that may be made to any industry—not one. There is nothing in the bill to prohibit in any way whatsoever a loan to the State of Florida, which has already created a Florida Ship Canal Corporation, to build the Florida ship canal; and, if it is approved here in Washington, the will of Congress may be directly flouted.

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

Mr. DANAHER. I yield to the Senator from Pennsylvania.

Mr. DAVIS. Does the Senator interpret the language of the bill so that the money provided in it may be appropriated to the Florida ship canal, and used for building that canal?

Mr. DANAHER. It may not be used for the purpose of building that canal except under the P. W. A. section of the bill; but under the P. W. A. section of the bill, if there be an existing entity in the State of Florida capable of borrowing—and there is—then a loan may be made. Then, under those circumstances, they may go ahead and build; and, of course, if there are those in the administration who would like to achieve that type of program as part of the "new movement," they may get it.

Mr. President, I will ask the Senate to bear with me in that connection for just one moment while I refer to the testimony of Mr. Carmody.

On page 74 of the hearings Mr. Carmody was asked this question:

> May I direct your attention, Mr. Carmody, to page 11, line 9—

That is, of the original bill—

> which provides that there may be a purchase of securities to evidence loans for non-Federal public works, and to exchange such securities for other securities, and so forth. Does that contemplate, sir, the providing of risk capital?
>
> Mr. CARMODY. Yes; it might, on terms that can be met as part of the law itself. The fact of the matter is that if this program gets under way we shall see, I believe, renewed interest on the part of individuals and banks to get money invested in enterprises of the general character that we are talking about.

Mr. President, the economic weapon idea, the idea of force, of coercion, of penalty—that part of the "new movement" was carried through from the day the bill was first sent to our committee until it comes down to us today, much of it, of course, denuded of its original force, much of it subject to the same fundamental objections, however, that ought to persist in a country with a Constitution such as ours.

Mr. AUSTIN. Mr. President——

Mr. DANAHER. I yield to the Senator from Vermont.

Mr. AUSTIN. Will the Senator from Connecticut tell me what he means when he talks about a bill which was sent to the committee by the Senate? As I view the document before us, it is entitled "Senate bill 2864"; and, so far as I can recollect, no such bill ever was presented to the Senate. On the contrary, the Senate had before it Senate bill 2759. It was that bill relating to this subject, was it not, which was referred to the committee and studied by the committee?

Mr. DANAHER. In answer to the Senator's question I will say that Senate bill 2759 was the bill on which we held our hearings. Senate bill 2759 was a self-liquidating bill, we were told; but when its absurdity became apparent, and when the bill had to be operated upon—that is, the actual physical carving out of the bill of many of its obnoxious features—and the committee was able to prevail in achieving that type of result, we went through a first committee print, and we went through a second committee print, and finally we got what we call a clean bill. We have not Senate bill 2759 before us any more. It has disappeared with the self-liquidating projects idea. It has gone into thin air. What we now have, Mr. President, is the bill to which the Senator has referred, and which bears the number S. 2864.

Mr. AUSTIN. Mr. President, will the Senator yield for one further question?

Mr. DANAHER. I yield for a question.

Mr. AUSTIN. Has the Committee on Banking and Currency ever held hearings on Senate bill 2864?

Mr. DANAHER. Not to know it. No, Mr. President; I will say to the Senator from Vermont.

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

Mr. DANAHER. I yield to the Senator from Kansas.

Mr. REED. Under those circumstances, if this bill has not had appropriate reference to the committee and a committee report, is not a point of order proper against the consideration of the bill? What would be the opinion of the Senator from Connecticut on that point?

Mr. DANAHER. Mr. President, I should be happy to answer that question if I were in the chair; but, since I am not, I will say to the Senator from Kansas that I would refer it to the Chair.

Mr. REED. Mr. President, may we have a ruling from the Chair?

Mr. BARKLEY. Mr. President, does the Senator from Connecticut yield to the Senator from Kansas to make a point of order that this bill has not been considered by the committee?

Mr. DANAHER. Yes; I should be happy to yield to the Senator from Kansas for that purpose.

Mr. BARKLEY. The Senator, of course, would lose the floor if he should do that. I want him to know that. Perhaps he is willing to lose it.

Mr. DANAHER. If I may say so to the Senator from Kentucky, I should have no real regret about losing the floor at this time. I expect to be here tomorrow; and if we

have a chance to tell the country what the implications of the bill are as we offer our various amendments, I assume we may be heard on them. If a point of order properly should be made, we may not have to consider the bill tomorrow.

Mr. BARKLEY. Of course, the Senator may be perfectly willing to lose the floor; but I have no desire that he lose it, and I am sure those who have honored us with their presence tonight would exceedingly regret if the Senator either lost the floor or gave it up, because the Senator is sincere. He is making an argument in which he is sincere. I appreciate the Senator's sincerity, and I respect his views on the subject, but I thought I should call attention to the fact that if he yields for that purpose he will yield the floor.

Mr. DANAHER. Mr. President, I thank the Senator from Kentucky for his courtesy and his thoughtfulness and his observations with reference to what I am trying and hope to do. Pursuant to the suggestion of the Senator from Kentucky, I am going to ask the Senator from Kansas to withhold his observation for just about 3 minutes by the clock, and then I will conclude and yield to him for whatever purpose is proper under the circumstances.

Mr. REED. Will the Senator yield for a statement, or for a question?

Mr. DANAHER. I will yield for a question.

Mr. REED. When the Senator yields, on the statement of the Senator from Connecticut, he being a member of the committee, I shall make a point of order.

Mr. BARKLEY. Mr. President, the Senator from Kansas will have to obtain recognition from the Chair in order to make the point of order; and I will say to the Senator from Connecticut that it is my purpose to move a recess until tomorrow at the conclusion of his remarks.

Mr. DANAHER. I thank the Senator.

Mr. President, I am concluding. I conclude with an observation which I should like to make to the Senators on the other side of the aisle.

I feel that the Senators on the other side of the aisle above everybody else in this body know that no 20 or 23 Senators are in a position to halt the movement which is involved in this bill. I appeal to the Senators on the other side of the aisle, to whom reference has been made in the statement that the Democratic Party is a mere incident on which the "new movement" is persisting. I submit to them that honesty, candor, and fair dealing on their part with reference to the status of the country itself make this thing rise above all party stature. They make it stand, if it is going to stand at all, on its own bottom, and when we analyze this bill, the bottom is one of shifting quicksands, and there is a quagmire of difficulty for the country ahead of it.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES—ADDITIONAL AMENDMENTS

Mr. BARKLEY submitted two amendments intended to be proposed by him to the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes, which were ordered to lie on the table and to be printed.

PRINTING OF SENATE BILL 2009 AS AMENDED

Mr. BARKLEY. I ask unanimous consent that Senate bill 2009, the railroad bill, which passed the House of Representatives today, be printed, when it is messaged to the Senate, so as to show the House amendments in the text of the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

INSPECTION OF RAINY LAKE WATERSHED—ADDITIONAL REPORT OF A COMMITTEE

Mr. SHIPSTEAD, from the Committee on Foreign Relations, to which was referred the resolution (S. Res. 170) authorizing an inspection of Rainy Lake Watershed by a subcommittee of the Committee on Foreign Relations (submitted by Mr. SHIPSTEAD on the 24th instant), reported it with an amendment, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

ADDITIONAL BILL INTRODUCED

Mr. WHEELER (for himself and Mr. TRUMAN) introduced a bill (S. 2903) to amend the Interstate Commerce Act, and for other purposes, which was read twice by its title and referred to the Committee on Interstate Commerce.

CONFUSION, DELUSION, OR RECOVERY—ADDRESS BY SENATOR BRIDGES

[Mr. GURNEY asked and obtained leave to have printed in the RECORD an address by Senator BRIDGES at a banquet of the Conference of Young People's Republican Clubs of Kentucky, at Ashland, Ky., on July 15, 1939, the subject being Confusion, Delusion, or Recovery, which appears in the Appendix.]

EXECUTIVE SESSION

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

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MINTON in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

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

He also, from the same committee, reported adversely the nomination of Charles A. O'Donnell to be postmaster at Frackville, Pa., in place of C. A. O'Donnell.

Mr. JOHNSON of Colorado, from the Comimttee on Interstate Commerce, reported favorably the nomination of William J. Patterson, of North Dakota, to be an Interstate Commerce Commissioner for a term expiring December 31, 1945.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

RECONSTRUCTION FINANCE CORPORATION

The legislative clerk read the nomination of Sam Husbands, of South Carolina, to be a member of the Board of Directors.

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

COLLECTOR OF CUSTOMS

The legislative clerk read the nomination of Joseph A. Ziemba to be collector of customs for customs collection district No. 39.

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

UNITED STATES PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the Public Health Service.

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

COAST GUARD

The legislative clerk proceeded to read sundry nominations in the Coast Guard.

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

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

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

That completes the Executive Calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 10 o'clock and 17 minutes p. m.) the Senate took a recess until tomorrow, Thursday, July 27, 1939, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received July 26 (legislative day of July 25), 1939

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Bert Fish, of Florida, now Envoy Extraordinary and Minister Plenipotentiary to Egypt, to be also Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Saudi Arabia.

UNITED STATES HIGH COMMISSIONER

Francis Bowes Sayre, of Massachusetts, to be United States High Commissioner to the Philippine Islands, vice Paul V. McNutt, resigned.

JUDGE OF THE DISTRICT COURT OF THE VIRGIN ISLANDS

Herman E. Moore, of Illinois, to be judge of the district court of the Virgin Islands of the United States, vice William H. Hastie, resigned.

UNITED STATES DISTRICT JUDGE

Hon. Harry E. Pratt, of Alaska, to be United States district judge, Division No. 4, District of Alaska. Judge Pratt is now serving in this office under an appointment which expired June 21, 1939.

UNITED STATES ATTORNEYS

Charles Stewart Lynch, of Delaware, to be United States attorney for the district of of Delaware, vice John J. Morris, Jr., whose term has expired.

Harold Maurice Kennedy, of New York, to be United States attorney for the eastern district of New York, vice Michael F. Walsh, resigned.

UNITED STATES MARSHAL

Henry L. Dillingham, of Missouri, to be United States marshal for the western district of Missouri. He is now serving in this office under an appointment which expired March 1, 1938.

Lt. Col. Philip Mathews, United States Army, retired, to be Work Projects Administrator for Pennsylvania.

FEDERAL DEPOSIT INSURANCE CORPORATION

The following-named persons for reappointment as members of the Board of Directors of the Federal Deposit Insurance Corporation for terms of 6 years from September 6, 1939:

Leo T. Crowley, of Wisconsin.

Phillips Lee Goldsborough, of Maryland.

FEDERAL BOARD FOR VOCATIONAL EDUCATION

Dr. Paul H. Nystrom, of New York, to be member of the Federal Board for Vocational Education—reappointment.

COLLECTOR OF INTERNAL REVENUE

Henry J. Willingham, of Florence, Ala., to be collector of internal revenue for the district of Alabama in place of Harwell G. Davis, resigned.

COAST GUARD OF THE UNITED STATES

The following-named officers in the Coast Guard of the United States to rank as such from July 1, 1939:

Comdr. Fred A. Nichols to be a captain.

Lt. Comdr. Roderick S. Patch to be a commander.

Chief Boatswain (L) Charles R. Peele to be a district commander, with the rank of lieutenant, in the Coast Guard of the United States, to take effect from date of oath.

POSTMASTERS

ALABAMA

Homer Wright to be postmaster at Auburn, Ala., in place of Homer Wright. Incumbent's commission expires August 22, 1939.

Felton Collier to be postmaster at Bessemer, Ala., in place of Felton Collier. Incumbent's commission expired January 22, 1939.

Robert E. Bowdon, Jr., to be postmaster at Calera, Ala., in place of R. E. Bowdon, Jr. Incumbent's commission expired March 8, 1939.

Walter H. Wilson to be postmaster at Opelika, Ala., in place of W. H. Wilson. Incumbent's commission expired January 22, 1939.

George W. Morris to be postmaster at Ragland, Ala., in place of G. L. Davis, removed.

Maurice W. Holmes to be postmaster at Vinemont, Ala., in place of M. W. Holmes. Incumbent's commission expired July 1, 1939.

ARIZONA

Harriet C. Dean to be postmaster at Duncan, Ariz., in place of H. C. Dean. Incumbent's commission expired April 26, 1939.

Albert H. Adams to be postmaster at Scottsdale, Ariz., in place of A. H. Adams. Incumbent's commission expired March 23, 1939.

ARKANSAS

Arthur Woodward to be postmaster at Gentry, Ark., in place of A. M. Steele. Incumbent's commission expired March 21, 1939.

Frederick Guy Mabrey to be postmaster at Leslie, Ark., in place of I. F. Jennings. Incumbent's commission expired July 18, 1939.

CALIFORNIA

Bertha A. Williams to be postmaster at Cloverdale, Calif., in place of B. A. Williams. Incumbent's commission expired March 23, 1939.

Raymond M. Krollpfeiffer to be postmaster at Del Monte, Calif., in place of R. M. Krollpfeiffer. Incumbent's commission expired February 9, 1939.

Neil A. MacMillan to be postmaster at Eureka, Calif., in place of N. A. MacMillan. Incumbent's commission expired July 9, 1939.

Ralph N. Swanson to be postmaster at Hollydale, Calif., in place of R. N. Swanson. Incumbent's commission expired February 9, 1939.

Earl F. Fishel to be postmaster at Lomita, Calif., in place of B. E. Paddock. Incumbent's commission expired March 25, 1939.

Julia A. Monahan to be postmaster at Newcastle, Calif., in place of J. A. Monahan. Incumbent's commission expired March 19, 1939.

Matie L. McCormick to be postmaster at Ojai, Calif., in place of M. L. McCormick. Incumbent's commission expired May 1, 1939.

Carl J. Hase to be postmaster at Ontario, Calif., in place of C. J. Hase. Incumbent's commission expires August 14, 1939.

Austin R. Gallaher to be postmaster at Orange Cove, Calif., in place of S. B. Gallaher. Incumbent's commission expired March 19, 1939.

John Ransom Casey to be postmaster at Pomona, Calif., in place of J. R. Casey. Incumbent's commission expires August 9, 1939.

Robert E. O'Connell, Jr., to be postmaster at Redwood City, Calif., in place of S. E. O'Connell, Jr. Incumbent's commission expired April 2, 1939.

Robert B. Finnegan to be postmaster at Valley Springs, Calif. Office became Presidential July 1, 1938.

COLORADO

Neville George Parsons to be postmaster at Central City, Colo., in place of N. G. Parsons. Incumbent's commission expired July 9, 1939.

Rudolph G. Verzuh to be postmaster at Crested Butte, Colo., in place of R. G. Verzuh. Incumbent's commission expired July 22, 1939.

Agnes J. Beynon to be postmaster at Frederick, Colo., in place of A. J. Beynon. Incumbent's commission expired May 15, 1939.

Esther M. Stanley to be postmaster at Gypsum, Colo., in place of E. M. Stanley. Incumbent's commission expires August 1, 1939.

James A. Tinsley to be postmaster at Lakewood, Colo. Office became Presidential July 1, 1938.

Arthur L. Carlson to be postmaster at Wellington, Colo., in place of A. L. Carlson. Incumbent's commission expired June 18, 1939.

CONNECTICUT

John A. Jackson to be postmaster at Durham, Conn., in place of J. A. Jackson. Incumbent's commission expired March 28, 1939.

John A. Leahy to be postmaster at Plainfield, Conn., in place of J. A. Leahy. Incumbent's commission expired March 28, 1939.

Willard Gardiner Davis to be postmaster at Pomfret Center, Conn., in place of W. G. Davis. Incumbent's commission expired May 13, 1939.

Patrick T. Malley to be postmaster at Thompsonville, Conn., in place of P. T. Malley. Incumbent's commission expired January 17, 1939.

Paul DeF. Wren to be postmaster at Westbrook, Conn., in place of P. D. Wren. Incumbent's commission expired March 28, 1939.

Agnes Reilly Collins to be postmaster at Woodmont, Conn., in place of A. R. Collins. Incumbent's commission expired March 27, 1939.

DELAWARE

Harry T. Swain to be postmaster at Georgetown, Del., in place of J. F. Hudson. Incumbent's commission expired March 17, 1936.

FLORIDA

Reuben G. Bradford to be postmaster at Carrabelle, Fla., in place of R. G. Bradford. Incumbent's commission expired January 17, 1939.

Mayo Ferdon to be postmaster at Crestview, Fla., in place of Mayo Ferdon. Incumbent's commission expired January 17, 1939.

Jesse E. Franklin to be postmaster at Glen Saint Mary, Fla., in place of J. E. Franklin. Incumbent's commission expired June 18, 1938.

William H. Owens to be postmaster at Goulds, Fla. Office became Presidential July 1, 1938.

Fred Ewing to be postmaster at Hialeah, Fla., in place of Fred Ewing. Incumbent's commission expired August 22, 1939.

Bennett L. David to be postmaster at Hollywood, Fla., in place of J. R. Barnes, removed.

Fred J. Dion to be postmaster at Key West, Fla., in place of S. E. Harris. Incumbent's commission expired April 4, 1938.

Abraham C. Fiske to be postmaster at Rockledge, Fla., in place of A. C. Fiske. Incumbent's commission expired May 1, 1938.

GEORGIA

Albert V. Jones, Sr., to be postmaster at Canton, Ga., in place of J. W. Chamlee, deceased.

Andrew J. Trulock to be postmaster at Climax, Ga., in place of A. J. Trulock. Incumbent's commission expired July 1, 1939.

Afley M. Cherry to be postmaster at Donaldsonville, Ga., in place of A. M. Cherry. Incumbent's commission expired June 26, 1939.

Mary L. Ellis to be postmaster at Experiment, Ga., in place of M. L. Ellis. Incumbent's commission expires August 27, 1939.

Elizabeth S. Maxwell to be postmaster at Lexington, Ga., in place of E. S. Maxwell. Incumbent's commission expired July 1, 1939.

Goodwin M. Barnes to be postmaster at Midville, Ga., in place of G. M. Barnes. Incumbent's committee expired May 23, 1938.

George H. Ray to be postmaster at Norwood, Ga., in place of G. H. Ray. Incumbent's commission expired July 1, 1939.

Sara W. Bulloch to be postmaster at Ochlochnee, Ga., in place of S. W. Bulloch. Incumbent's commission expired July 1, 1939.

Hugh J. Alderman to be postmaster at Pavo, Ga., in place of H. J. Alderman. Incumbent's commission expires August 14, 1939.

Garth L. Webb to be postmaster at Ray City, Ga., in place of M. E. Fountain. Incumbent's commission expired January 22, 1939.

IDAHO

Guy E. Van Buskirk to be postmaster at Potlatch, Idaho, in place of G. E. Van Buskirk. Incumbent's commission expired May 15, 1939.

LeRoy C. Harris to be postmaster at Wallace, Idaho, in place of R. E. Weniger, deceased.

ILLINOIS

Fred Rohr to be postmaster at Ashkum, Ill., in place of Fred Rohr. Incumbent's commission expired January 16, 1939.

James R. Freddy to be postmaster at Atkinson, Ill., in place of J. R. Freddy. Incumbent's commission expired January 16, 1939.

Clarence O. Dreher to be postmaster at Atlanta, Ill., in place of C. O. Dreher. Incumbent's commission expired May 13, 1939.

John C. Kepner to be postmaster at Blue Mound, Ill., in place of J. C. Kepner. Incumbent's commission expired January 16, 1939.

Michael Colgrass to be postmaster at Brookfield, Ill., in place of Michael Colgrass. Incumbent's commission expired January 16, 1939.

Roy Ansel Brooks to be postmaster at Carthage, Ill., in place of R. A. Brooks. Incumbent's commission expired March 18, 1939.

Raymond R. Staubus to be postmaster at Cissna Park, Ill., in place of R. R. Staubus. Incumbent's commission expired May 29, 1939.

Thomas W. Cramer to be postmaster at Clinton, Ill., in place of T. W. Cramer. Incumbent's commission expired January 16, 1939.

Claude Shaffner to be postmaster at Dallas City, Ill., in place of Claude Shaffner. Incumbent's commission expired January 16, 1939.

Rose E. Gorman to be postmaster at Farmersville, Ill., in place of R. E. Gorman. Incumbent's commission expired June 26, 1939.

Mervin F. Hinton to be postmaster at Fisher, Ill., in place of M. F. Hinton. Incumbent's commission expired January 16, 1939.

Henry Swanson to be postmaster at Geneva, Ill., in place of Henry Swanson. Incumbent's commission expired May 13, 1939.

Everett L. Cameron to be postmaster a Gillespie, Ill., in place of E. L. Cameron. Incumbent's commission expires July 26, 1939.

Francis L. Wright to be postmaster at Henry, Ill., in place of F. L. Wright. Incumbent's commission expired February 7, 1939.

John Petry to be postmaster at Hoopeston, Ill., in place of John Petry. Incumbent's commission expired January 16, 1939.

Curtis E. Roller to be postmaster at Hume, Ill., in place of C. E. Roller. Incumbent's commission expired February 15, 1939.

Anthony H. Koselke to be postmaster at Lansing, Ill., in place of A. H. Koselke. Incumbent's commission expired March 23, 1939.

Wilber J. Strange to be postmaster at Le Roy, Ill., in place of W. J. Strange. Incumbent's commission expired May 29, 1939.

Harry J. Young to be postmaster at Marissa, Ill., in place of H. J. Young. Incumbent's commission expires August 27, 1939.

Leroy McNary to be postmaster at Marshall, Ill., in place of Leroy McNary. Incumbent's commission expires August 26, 1939.

James D. Larry, Sr., to be postmaster at Melrose Park, Ill., in place of J. D. Larry, Sr. Incumbent's commission expired February 8, 1939.

John R. Goodson to be postmaster at Newman, Ill., in place of J. R. Goodson. Incumbent's commission expired January 16, 1939.

James Elmer Davis to be postmaster at Versailles, Ill., in place of J. E. Heflin. Incumbent's commission expired June 6, 1938.

Arthur E. Swan to be postmaster at Waynesville, Ill., in place of A. E. Swan. Incumbent's commission expired January 16, 1939.

Robert L. Cooper to be postmaster at Williamsville, Ill., in place of R. L. Cooper. Incumbent's commission expires July 26, 1939.

INDIANA

Alpha W. Jackson to be postmaster at Birdseye, Ind., in place of L. A. Leonard, deceased.

Joseph F. Winkler to be postmaster at Hammond, Ind., in place of J. F. Winkler. Incumbent's commission expired February 15, 1939.

Herbert J. Harris to be postmaster at Hillsboro, Ind., in place of H. J. Harris. Incumbent's commission expired January 18, 1939.

Harold A. Rowe to be postmaster at Medaryville, Ind., in place of Biven Coburn. Incumbent's commission expired June 18, 1938.

Louis W. Thomas to be postmaster at Mount Vernon, Ind., in place of L. W. Thomas. Incumbent's commission expired May 15, 1939.

Clarence Pook to be postmaster at South Whitley, Ind., in place of R. E. Fox, resigned.

George F. Coyle to be postmaster at Tell City, Ind., in place of G. F. Coyle. Incumbent's commission expired February 18, 1939.

IOWA

Herbert F. Starner to be postmaster at Shelby, Iowa, in place of A. P. Harder. Incumbent's commission expired January 18, 1939.

KANSAS

Richard R. Bourne to be postmaster at Delphos, Kans., in place of R. R. Bourne. Incumbent's commission expired June 18, 1939.

David Earl Moore to be postmaster at Dexter, Kans., in place of D. E. Moore. Incumbent's commission expired June 26, 1939.

John O. Derfelt to be postmaster at Galena, Kans., in place of M. Y. Sawyer, removed.

Cornelius Foster to be postmaster at Geneseo, Kans., in place of J. V. Stredder, removed.

Elizabeth C. Johnson to be postmaster at Hartford, Kans., in place of E. C. Johnson. Incumbent's commission expired June 18, 1939.

Wilbert F. Kunze to be postmaster at Kensington, Kans., in place of W. F. Kunze. Incumbent's commission expired March 23, 1939.

Hugh Lee to be postmaster at Louisburg, Kans., in place of Hugh Lee. Incumbent's commission expired May 16, 1939.

Charles L. Krouse to be postmaster at Onaga, Kans., in place of C. L. Krouse. Incumbent's commission expired June 18, 1939.

John L. Larson to be postmaster at Randolph, Kans., in place of J. L. Larson. Incumbent's commission expired March 18, 1939.

Henry F. Dodson to be postmaster at South Haven, Kans., in place of H. F. Dodson. Incumbent's commission expired July 1, 1939.

Thomas W. Ross to be postmaster at Sterling, Kans., in place of T. W. Ross. Incumbent's commission expired June 18, 1939.

Victor Gibson to be postmaster at Sylvia, Kans., in place of Victor Gibson. Incumbent's commission expired June 18, 1938.

Clayton Wyatt to be postmaster at Valley Falls, Kans., in place of George Harman, deceased.

Wilders D. McKimens to be postmaster at Westmoreland, Kans., in place of W. D. McKimens. Incumbent's commission expired June 18, 1939.

KENTUCKY

Jesse B. Pope to be postmaster at Brooksville, Ky., in place of J. B. Pope. Incumbent's commission expired March 15, 1939.

William H. Cundiff to be postmaster at Cadiz, Ky., in place of L. B. Sundiff, resigned.

Jack Smith to be postmaster at Campton, Ky., in place of Jack Smith. Incumbent's commission expired February 18, 1939.

Mary Christine Willett to be postmaster at Fancy Farm, Ky., in place of J. H. Burch, removed.

Lula M. Stuart to be postmaster at Glendale, Ky., in place of L. M. Stuart. Incumbent's commission expired May 10, 1939.

Robert W. Vinson to be postmaster at Louisa, Ky., in place of R. W. Vinson. Incumbent's commission expired May 10, 1939.

Harry Imes Sledd to be postmaster at Murray, Ky., in place of H. T. Waldrop. Incumbent's commission expired February 5, 1938.

Sister Marie M. LeBray to be postmaster at Nazareth, Ky., in place of Sister Marie M. LeBray. Incumbent's commission expired March 19, 1939.

Ernest Meek to be postmaster at Paintsville, Ky., in place of Ernest Meek. Incumbent's commission expired May 29, 1939.

J. Wise Higgins to be postmaster at Salyersville, Ky., in place of J. W. Higgins. Incumbent's commission expired March 29, 1939.

Milton Ashby to be postmaster at Sebree, Ky., in place of Milton Ashby. Incumbent's commission expired February 18, 1939.

Byron P. Boyd to be postmaster at Sedalia, Ky., in place of B. P. Boyd. Incumbent's commission expired June 17, 1939.

Mary K. Diersing to be postmaster at Shively, Ky., in place of M. K. Diersing. Incumbent's commission expired March 15, 1939.

Victor B. Stephens to be postmaster at Stanton, Ky., in place of V. B. Stephens. Incumbent's commission expired July 1, 1939.

Kathryn E. Stewart to be postmaster at West Paducah, Ky., in place of K. E. Stewart. Incumbent's commission expired May 10, 1939.

Beulah N. Matheus to be postmaster at Whitesville, Ky., in place of B. N. Matheus. Incumbent's commission expired February 18, 1939.

Thomas J. Stevenson to be postmaster at Winchester, Ky., in place of T. J. Stevenson. Incumbent's commission expired May 10, 1939.

LOUISIANA

Donald Lavine to be postmaster at Oil City, La., in place of O. J. Gutting. Incumbent's commission expired April 5, 1936.

MAINE

Edna G. Chase to be postmaster at Limestone, Maine, in place of E. G. Chase. Incumbent's commission expired April 25, 1938.

MARYLAND

John B. T. Merrick to be postmaster at Church Hill, Md. Office became Presidential July 1, 1936.

George M. Mowell to be postmaster at Glencoe, Md., in place of G. M. Mowell. Incumbent's commission expired March 18, 1939.

MASSACHUSETTS

George A. Sweeney to be postmaster at Attleboro, Mass., in place of G. A. Sweeney. Incumbent's commission expires August 26, 1939.

Charles F. Wissenbach to be postmaster at Bolton, Mass., in place of E. K. Whitcomb. Incumbent's commission expired February 8, 1939.

Patrick F. Shea to be postmaster at Fitchburg, Mass., in place of P. F. Shea. Incumbent's commission expired March 7, 1939.

Harold J. McCormick to be postmaster at Gardner, Mass., in place of H. J. McCormick. Incumbent's commission expired January 23, 1939.

James J. Dowd to be postmaster at Holyoke, Mass., in place of J. J. Dowd. Incumbent's commission expires August 12, 1939.

MICHIGAN

Arthur A. Weng to be postmaster at Daggett, Mich., in place of W. L. Nelson. Incumbent's commission expired February 5, 1936.

Claude E. Cady to be postmaster at Lansing, Mich., in place of C. E. Cady. Incumbent's commission expired July 17, 1939.

Matthew Max to be postmaster at Ypsilanti, Mich., in place of Matthew Max. Incumbent's commission expired April 26, 1939.

MINNESOTA

Edward A. Buckley to be postmaster at East Grand Forks, Minn., in place of E. A. Buckley. Incumbent's commission expired March 12, 1939.

Julia B. Anderson to be postmaster at Zumbrota, Minn., in place of J. B. Anderson. Incumbent's commission expired May 29, 1939.

Robert E. O'Donnell to be postmaster at Mound, Minn., in place of R. E. O'Donnell. Incumbent's commission expired March 23, 1939.

William H. Wilson to be postmaster at Rushmore, Minn., in place of W. H. Wilson. Incumbent's commission expired March 12, 1939.

MISSISSIPPI

Ralph D. Sigler to be postmaster at Bucatunna, Miss., in place of H. A. E. Fisher, removed.

Sarah R. Lee to be postmaster at Carrollton, Miss., in place of S. R. Lee. Incumbent's commission expired July 18, 1939.

Harry S. McGehee to be postmaster at Centreville, Miss., in place of P. S. Anderson. Incumbent's commission expired January 30, 1938.

Horace E. Wilkinson to be postmaster at Shelby, Miss., in place of R. E. L. McLain, deceased.

MISSOURI

Adam B. Jenkins to be postmaster at Advance, Mo., in place of A. B. Jenkins. Incumbent's commission expired May 9, 1939.

Arthur J. Clayton to be postmaster at Brunswick, Mo., in place of A. J. Clayton. Incumbent's commission expired June 18, 1938.

Orville L. Davis to be postmaster at Keytesville, Mo., in place of O. L. Davis. Incumbent's commission expires August 7, 1939.

Edward H. Mertens to be postmaster at Morrison, Mo., in place of E. H. Mertens. Incumbent's commission expired June 25, 1939.

MONTANA

Mary A. Fetterman to be postmaster at Saco, Mont., in place of M. A. Fetterman. Incumbent's commission expired March 8, 1939.

Frank R. Murray to be postmaster at Townsend, Mont., in place of F. R. Murray. Incumbent's commission expired July 10, 1939.

NEBRASKA

Clarke W. Kelley to be postmaster at Beaver City, Nebr., in place of C. W. Kelley. Incumbent's commission expired May 16, 1939.

John F. McGill to be postmaster at Center, Nebr., in place of J. F. McGill. Incumbent's commission expired March 21, 1939.

Harold Glenn Butler to be postmaster at Newport, Nebr., in place of Frank C. Allen, removed.

James A. Gunn to be postmaster at Ponca, Nebr., in place of A. H. Logan, deceased.

Charles J. Mullaney to be postmaster at Walthill, Nebr., in place of C. J. Mullaney. Incumbent's commission expired March 21, 1939.

Peter A. Meehan to be postmaster at York, Nebr., in place of H. S. King, removed.

NEW JERSEY

Lawrence R. Ress to be postmaster at Chatham, N. J., in place of W. R. Carr, resigned.

John S. Hains to be postmaster at Hillsdale, N. J., in place of J. W. Barnett. Incumbent's commission expired March 28, 1936.

Martin L. Mulvey to be postmaster at Landing, N. J., in place of M. L. Mulvey. Incumbent's commission expired April 17, 1939.

August F. Schweers to be postmaster at Little Silver, N. J., in place of A. F. Schweers. Incumbent's commission expired February 18, 1939.

Edward J. Turpin to be postmaster at Mays Landing, N. J., in place of E. J. Turpin. Incumbent's commission expired April 17, 1939.

Marion M. Klockner to be postmaster at Mercerville, N. J., in place of M. M. Klockner. Incumbent's commission expired May 2, 1938.

Frank H. Moran to be postmaster at Middlesex, N. J., in place of F. H. Moran. Incumbent's commission expired February 13, 1939.

Nicholas T. Ballantine to be postmaster at Peapack, N. J., in place of N. T. Ballentine. Incumbent's commission expired June 14, 1938.

NEW MEXICO

Filiberto E. Lucero to be postmaster at Espanola, N. Mex., in place of F. E. Lucero. Incumbent's commission expired June 26, 1939.

Alta V. Short to be postmaster at Monument, N. Mex. Office became Presidential July 1, 1938.

Vera Clayton to be postmaster at Tularosa, N. Mex., in place of Vera Clayton. Incumbent's commission expired February 12, 1939.

NEW YORK

Priscilla A. Fairbank to be postmaster at Ashville, N. Y., in place of P. A. Fairbank. Incumbent's commission expired April 6, 1939.

John L. Purcell to be postmaster at Aurora, N. Y., in place of J. L. Purcell. Incumbent's commission expired March 23, 1939.

Claude E. Shill to be postmaster at Avoca, N. Y., in place of C. E. Shill. Incumbent's commission expired May 8, 1939.

Benjamin F. Griffin to be postmaster at Camillus, N. Y., in place of B. F. Griffin. Incumbent's commission expired June 28, 1939.

Leon H. Ingersoll to be postmaster at Cincinnatus, N. Y., in place of L. H. Ingersoll. Incumbent's commission expired May 8, 1939.

John Roe to be postmaster at East Durham, N. Y., in place of John Roe. Incumbent's commission expired May 8, 1939.

George S. Hart to be postmaster at Freeville, N. Y., in place of G. S. Hart. Incumbent's commission expired May 28, 1938.

Arthur B. Ward to be postmaster at Gilbertsville, N. Y., in place of A. B. Ward. Incumbent's commission expired January 24, 1939.

John W. Masterson to be postmaster at Harmon-on-Hudson, N. Y., in place of J. W. Masterson. Incumbent's commission expired May 17, 1939.

George Heal to be postmaster at Holley, N. Y., in place of George Heal. Incumbent's commission expired May 8, 1939.

Thomas R. Morris to be postmaster at Ilion, N. Y., in place of T. R. Morris. Incumbent's commission expired August 2, 1939.

Elwyn S. Sloughter to be postmaster at Ithaca, N. Y., in place of E. S. Sloughter. Incumbent's commission expired July 9, 1939.

William H. McLaughlin to be postmaster at Little Falls, N. Y., in place of W. H. McLaughlin. Incumbent's commission expired June 4, 1939.

Moses Symington to be postmaster at Long Island City, N. Y., in place of W. J. Thornton, transferred.

George J. McGovern to be postmaster at Madison, N. Y. Office became Presidential July 1, 1938.

Gordon E. DeVille to be postmaster at Ontario, N. Y., in place of G. E. DeVille. Incumbent's commission expired March 18, 1939.

Robert A. Lundy to be postmaster at Ray Brook, N. Y., in place of R. A. Lundy. Incumbent's commission expired March 23, 1939.

Grace M. Dibble to be postmaster at Richmondville, N. Y., in place of G. M. Dibble. Incumbent's commission expired June 25, 1939.

Julian E. McVean to be postmaster at Scottsville, N. Y., in place of J. E. McVean. Incumbent's commission expired January 22, 1939.

Gertrude M. Ackert to be postmaster at West Park, N. Y., in place of G. M. Ackert. Incumbent's commission expired March 23, 1939.

Albert B. Sabin to be postmaster at Wolcott, N. Y., in place of A. B. Sabin. Incumbent's commission expired June 28, 1939.

NORTH CAROLINA

John C. Koleman to be postmaster at Carolina Beach, N. C. Office became Presidential October 1, 1937.

Lillington Hendrix to be postmaster at Cooleemee, N. C., in place of Lillington Hendrix. Incumbent's commission expired January 16, 1939.

William C. Stockton to be postmaster at Ellenboro, N. C., in place of W. C. Stockton. Incumbent's commission expired July 1, 1939.

William M. Shaw to be postmaster at Fayetteville, N. C., in place of W. M. Shaw. Incumbent's commission expires August 27, 1939.

Riddick W. Gatling to be postmaster at Gates, N. C., in place of R. W. Gatling. Incumbent's commission expired July 1, 1939.

John R. Teague to be postmaster at Henderson, N. C., in place of J. R. Teague. Incumbent's commission expired July 18, 1939.

Ethel R. Edwards to be postmaster at Pinebluff, N. C. Office became Presidential July 1, 1938.

Leslie G. Shell to be postmaster at Roanoke Rapids, N. C., in place of L. G. Shell. Incumbent's commission expired June 26, 1939.

Leonard T. Yaskell to be postmaster at Southport, N. C., in place of L. T. Yaskell. Incumbent's commission expires July 27, 1939.

George W. Stuart to be postmaster at Troy, N. C., in place of G. W. Stuart. Incumbent's commission expired March 19, 1939.

OHIO

Clarence D. Hindall to be postmaster at Ada, Ohio, in place of C. D. Hindall. Incumbent's commission expired May 13, 1939.

Lulu M. Helphinstine to be postmaster at Amsterdam, Ohio, in place of L. M. Helphinstine. Incumbent's commission expired May 13, 1939.

Henry J. Walter to be postmaster at Archbold, Ohio, in place of H. J. Walter. Incumbent's commission expired May 13, 1939.

Linn G. McKnight to be postmaster at Buckeye Lake, Ohio, in place of L. G. McKnight. Incumbent's commission expired July 2, 1939.

Edward F. Lawler to be postmaster at Carrollton, Ohio, in place of E. F. Lawler. Incumbent's commission expired May 13, 1939.

Mary E. Perry to be postmaster at Castalia, Ohio in place of M. E. Perry. Incumbent's commission expired January 17, 1939.

John R. Gunning to be postmaster at Chillicothe, Ohio, in place of J. R. Gunning. Incumbent's commission expired July 9, 1939.

A. Hulse Hays to be postmaster at Circleville, Ohio, in place of A. H. Hays. Incumbent's commission expired January 30, 1938.

Curtis D. T. Watts to be postmaster at Crooksville, Ohio, in place of C. D. T. Watts. Incumbent's commission expired February 21, 1939.

Harris O. Stanley to be postmaster at Damascus, Ohio, Office became Presidential July 1, 1938.

Gerald L. Whaley to be postmaster at Fayette, Ohio, in place of G. L. Whaley. Incumbent's commission expired March 19, 1939.

John P. Watt to be postmaster at Greenfield, Ohio, in place of J. P. Watt. Incumbent's commission expired January 17, 1939.

Charles L. Collett to be postmaster at Ironton, Ohio, in place of C. L. Collett. Incumbent's commission expired June 17, 1939.

Harry C. Lieurance to be postmaster at Jamestown, Ohio, in place of H. C. Lieurance. Incumbent's commission expired February 21, 1939.

Herman H. Montooth to be postmaster at Leipsic, Ohio, in place of H. H. Montooth. Incumbent's commission expired May 13, 1939.

William J. Moriarty to be postmaster at Lorain, Ohio, in place of W. J. Moriarty. Incumbent's commission expired May 2, 1939.

C. Woodrow Wilson to be postmaster at Lyons, Ohio, in place of C. W. Wilson. Incumbent's commission expired March 25, 1939.

Ray H. Strouse to be postmaster at McComb, Ohio, in place of R. H. Strouse. Incumbent's commission expired March 15, 1939.

Neal D. Roshon to be postmaster at Medina, Ohio, in place of N. D. Roshon. Incumbent's commission expired February 12, 1939.

James Woodward to be postmaster at Mineral Ridge, Ohio, in place of James Woodward. Incumbent's commission expired February 21, 1939.

Albert P. McQuade to be postmaster at New Straitsville, Ohio, in place of A. P. McQuade. Incumbent's commission expired March 19, 1939.

John O. Entrikin to be postmaster at North Lima, Ohio, in place of J. O. Entrikin. Incumbent's commission expired April 25, 1938.

Walter R. Williams to be postmaster at Norwalk, Ohio, in place of C. O. Frederick, deceased.

Fred L. Decker to be postmaster at Ostrander, Ohio, in place of F. L. Decker. Incumbent's commission expired July 22, 1939.

Jessie B. McFadden to be postmaster at Pataskala, Ohio, in place of J. B. McFadden. Incumbent's commission expired July 2, 1939.

Orville C. Ryan to be postmaster at Peebles, Ohio, in place of O. C. Ryan. Incumbent's commission expired June 17, 1939.

William W. Norris to be postmaster at Ripley, Ohio, in place of W. W. Norris. Incumbent's commission expires August 26, 1939.

Ellsworth E. Poots to be postmaster at Strongsville, Ohio. Office became Presidential July 1, 1938.

Edward T. Brighton to be postmaster at Sylvania, Ohio, in place of E. T. Brighton. Incumbent's commission expired May 29, 1939.

Loran M. Grooms to be postmaster at West Union, Ohio, in place of L. M. Grooms. Incumbent's commission expired June 1, 1939.

John Kenneth Faist to be postmaster at Woodville, Ohio, in place of J. K. Faist. Incumbent's commission expired May 13, 1939.

OKLAHOMA

John K. Jones to be postmaster at Blair, Okla., in place of J. K. Jones. Incumbent's commission expired June 1, 1939.

Leonard C. Peterman to be postmaster at Davis, Okla., in place of L. C. Peterman. Incumbent's commission expired March 18, 1939.

Weltha Guilford Heflin to be postmaster at Erick, Okla., in place of W. G. Heflin. Incumbent's commission expired June 26, 1939.

Fred P. Morrison to be postmaster at Fittstown, Okla. Office became Presidential July 1, 1937.

Bryan D. Miller to be postmaster at Forgan, Okla., in place of P. B. Bolin. Incumbent's commission expired June 6, 1938.

Charles H. Hatfield to be postmaster at Hydro, Okla., in place of C. H. Hatfield. Incumbent's commission expired June 26, 1939.

OREGON

Henry LeRoy Straley to be postmaster at Brownsville, Oreg., in place of W. A. McHargue, removed.

Myrtle L. Elliott to be postmaster at Canyonville, Oreg. Office became Presidential July 1, 1938.

William L. Lower to be postmaster at Creswell, Oreg., in place of W. W. Lower. Incumbent's commission expired January 18, 1939.

Ruth E. Hoffman to be postmaster at Jacksonville, Oreg., in place of E. M. Eaton. Incumbent's commission expired January 18, 1939.

Lewis Lee Mead to be postmaster at Nehalem, Oreg., in place of L. L. Mead. Incumbent's commission expired January 18, 1939.

Volney E. Lee to be postmaster at North Powder, Oreg., in place of V. E. Lee. Incumbent's commission expired March 19, 1939.

John C. Bilyeu to be postmaster at Tigard, Oreg., in place of J. C. Bilyeu. Incumbent's commission expired March 27, 1939.

Emmett Lee Chenault to be postmaster at Union, Oreg., in place of E. L. Chenault. Incumbent's commission expired February 9, 1939.

PENNSYLVANIA

Emma V. Brown to be postmaster at Avella, Pa., in place of J. A. Patterson, removed.

Dorothy C. Feighner to be postmaster at Colver, Pa., in place of D. C. Feighner. Incumbent's commission expired April 6, 1939.

Ione B. Middaugh to be postmaster at Dingmans Ferry, Pa., in place of P. T. Dotey. Incumbent's commission expired June 6, 1938.

RHODE ISLAND

Joseph E. Murray to be postmaster at Ashaway, R. I., in place of J. E. Murray. Incumbent's commission expired February 13, 1939.

SOUTH CAROLINA

Gordon W. Hungerpiller to be postmaster at Cameron, S. C., in place of R. W. Evans, retired.

Robert L. Plaxico to be postmaster at Clinton, S. C., in place of B. R. Fuller. Incumbent's commission expired March 23, 1939.

TENNESSEE

Howard Long to be postmaster at Kingsport, Tenn., in place of Howard Long. Incumbent's commission expired February 9, 1939.

Charles A. Galloway to be postmaster at Waynesboro, Tenn., in place of M. L. Collier, removed.

TEXAS

Samuel G. Selkirk, Jr., to be postmaster at Bay City, Tex., in place of Rowland Rugeley, resigned.

Maurene W. Steuart to be postmaster at Blackwell, Tex., in place of M. W. Steuart. Incumbent's commission expired January 25, 1939.

Albert H. Loyless to be postmaster at Burleson, Tex., in place of A. H. Loyless. Incumbent's commission expired July 18, 1939.

Wilbur D. Hart to be postmaster at Cooper, Tex., in place of R. H. Foster, removed.

Stanley F. Labus to be postmaster at Falls City, Tex., in place of S. F. Labus. Incumbent's commission expired March 12, 1939.

Claude H. Hamilton to be postmaster at Harlingen, Tex., in place of C. H. Hamilton. Incumbent's commission expires August 26, 1939.

Ross Kenner to be postmaster at Hemphill, Tex., in place of Ross Kenner. Incumbent's commission expired January 25, 1939.

Robert L. Peebles to be postmaster at Lexington, Tex., in place of R. L. Peebles. Incumbent's commission expired March 15, 1939.

Robert H. Patterson to be postmaster at Mullin, Tex., in place of R. H. Patterson. Incumbent's commission expired March 21, 1939.

Joe December to be postmaster at Orange Grove, Tex., in place of Joe December. Incumbent's commission expired February 12, 1939.

Richard J. Bradford to be postmaster at Pettus, Tex., in place of R. J. Bradford. Incumbent's commission expired March 12, 1939.

Oliver M. Lamkin to be postmaster at Rosenberg, Tex., in place of G. T. Snedecor, resigned.

VERMONT

Alvarado C. Gibson to be postmaster at Cavendish, Vt., in place of A. C. Gibson. Incumbent's commission expired February 15, 1939.

Charles R. Hazen to be postmaster at Chester Depot, Vt., in place of C. R. Hazen. Incumbent's commission expired March 16, 1939.

John M. Jewell to be postmaster at Proctorsville, Vt., in place of J. M. Jewell. Incumbent's commission expired February 15, 1939.

VIRGINIA

Edwin L. Toone to be postmaster at Boydton, Va., in place of E. L. Toone. Incumbent's commission expired June 1, 1939.

Grady W. Garrett to be postmaster at Cumberland, Va., in place of G. W. Garrett. Incumbent's commission expired June 1, 1939.

Herbert H. Rhea to be postmaster at Damascus, Va., in place of H. H. Rhea. Incumbent's commission expired June 18, 1939.

H. Thornton Davies, Jr., to be postmaster at Manassas, Va., in place of H. T. Davies, Jr. Incumbent's commission expired May 13, 1939.

Forrest L. Harmon to be postmaster at Melfa, Va., in place of F. L. Harmon. Incumbent's commission expired July 18, 1939.

Garnett A. Kellam to be postmaster at Onley, Va., in place of G. A. Kellam. Incumbent's commission expired July 18, 1939.

Virginia S. Lucas to be postmaster at Pembroke, Va., in place of J. L. Sibold, deceased.

WASHINGTON

Emma H. Davis to be postmaster at College Place, Wash., in place of Albert Buerstatt, Jr., removed.

Leland F. Nelson to be postmaster at Elma, Wash., in place of W. F. Downs. Incumbent's commission expired May 13, 1939.

Thomas H. Mansfield to be postmaster at Forks, Wash., in place of T. H. Mansfield. Incumbent's commission expired March 27, 1939.

Marcus O. Nelsen to be postmaster at Kent, Wash., in place of M. O. Nelsen. Incumbent's commission expired June 18, 1939.

Ronald L. Chard to be postmaster at Pomeroy, Wash., in place of R. L. Chard. Incumbent's commission expired May 13, 1939.

WEST VIRGINIA

Franklin J. Maxwell to be postmaster at Clarksburg, W. Va., in place of F. J. Maxwell. Incumbent's commission expired January 29, 1939.

WISCONSIN

Thomas J. Weiler to be postmaster at Auburndale, Wis., in place of T. J. Weiler. Incumbent's commission expired February 9, 1939.

Isabelle C. Spang to be postmaster at Franksville, Wis., in place of I. C. Spang. Incumbent's commission expired January 18, 1939.

Raymond W. Burt to be postmaster at Goodman, Wis., in place of R. W. Burt. Incumbent's commission expired January 18, 1939.

Philip A. Panetti to be postmaster at Hustisford, Wis., in place of P. A. Panetti. Incumbent's commission expired January 18, 1939.

Erwin A. Kamholz to be postmaster at Luck, Wis., in place of E. A. Kamholz. Incumbent's commission expired January 24, 1939.

Frank L. Daniels to be postmaster at Weyerhauser, Wis., in place of F. L. Daniels. Incumbent's commission expired January 18, 1939.

WYOMING

George H. Case to be postmaster at Lander, Wyo., in place of H. J. Wendt. Incumbent's commission expired February 1, 1938.

CONFIRMATIONS

Executive nominations confirmed July 26 (legislative day of July 25), 1939

RECONSTRUCTION FINANCE CORPORATION

Sam Husbands to be a member of the Board of Directors of the Reconstruction Finance Corporation.

COLLECTOR OF CUSTOMS

Joseph A. Ziemba to be collector of customs for customs collection district No. 39, with headquarters at Chicago, Ill.

UNITED STATES PUBLIC HEALTH SERVICE

TO BE ASSISTANT SURGEONS

Edward Charles Jenkins
James Koken Shafer
Benno Karl Milmore
John Donaldson Porterfield
Edward Pace Irons
Russell Kenneth Taubert
John Theron Wright

COAST GUARD OF THE UNITED STATES

TO BE LIEUTENANTS (JUNIOR GRADE)

John W. MacIntosh, Jr.
Christian R. Couser
Richard R. Smith

POSTMASTERS

NEW YORK

Alice M. Maloney, Ausable Chasm.
Joseph A. Seifert, Great River.
Maurice F. Maloney, Haverstraw.
Jacob M. Garlock, Sodus Point.

OHIO

Lewis P. Jenkins, Huntsville.
Harold E. Ralston, Marengo.
Harold F. Sweeney, Russells Point.
William A. Barnhart, Sterling.
Merle G. Van Fleet, Waterville.
Hattie Dale Hufford, West Mansfield.

WEST VIRGINIA

Edward Ellis Brumfield, Sr., Berwind.
Frederick D. Golightly, Davis.
Ruth L. Joyce, Davy.
Richard S. Quick, East Rainelle.
William M. Boardman, Gary.
Marguerite E. Whiting, Glenville.
Clarence C. Francisco, Iaeger.
Edward E. Williams, Masontown.
William S. Wray, Northfork.
Patrick J. Healy, Piedmont.
Dayton L. O'Dell, Quinwood.
William C. Bishop, Scarbro.
Stephen P. Shlanta, Weirton.
Louis Knakal, Widen.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JULY 26, 1939

The House met at 12 o'clock noon.

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

O merciful God, in whose hand the marching planets live, rule the hearts and bless the endeavors of all who make and execute our laws. Do Thou stay our souls these restless days when skepticism seems a world-wide triumph. In power and pride of life, with work to do and praise to win for God, call us to perseverance and self-mastery; let us believe in the Divine Will that keeps the universe steadfast and sure. We pray for the might of Faith that pierces the future and sees the time when wisdom shall be justified in the earth, when voices of hate shall be silenced and men will know that God is all in all. Heavenly Father, persuade us that the love of righteousness secures ineffable blessedness and peace and will abide when selfish delights cease and the last flower of life's summer lies withered and dead. In the holy name of our Saviour. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had agreed without amendment to a concurrent resolution of the House of the following title:

H. Con. Res. 10. Concurrent resolution providing for the establishment of a joint committee to convey to the members of the American Association of State Highway Officials the appreciation of Congress of their accomplishments in the field of highway development.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2185. An act to provide for the appointment of additional district and circuit judges.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 6746) entitled "An act to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SHEPPARD, Mr. CLARK of Missouri, Mr. BAILEY, Mr. WHITE, and Mr. BARBOUR to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 5375) entitled "An act to promote nautical education, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SHEPPARD, Mr. CLARK of Missouri, Mr. BAILEY, Mr. WHITE, and Mr. BARBOUR to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5407) entitled "An act 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 supplementary thereto."

PUBLIC-BUILDINGS PROGRAM OUTSIDE THE DISTRICT OF COLUMBIA

Mr. MAHON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

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

There was no objection.

Mr. MAHON. Mr. Speaker, on Monday of this week there was referred to the Committee on Appropriations a Budget estimate which had been transmitted to the House by the

President, calling for an additional authorization of $50,000,000 to carry on the public-buildings program outside the District of Columbia. An appropriation of $1,000,000 was recommended for the purpose of facilitating the preparation of construction plans.

The public-buildings program outside the District of Columbia is largely confined to post-office building construction. I sincerely trust that we may be able to enact before adjournment this authorization for an appropriation in order that most eligible congressional districts may be assured of one additional public building for the 5-year period beginning in 1937.

House Document No. 447 contains the recommendation of the Budget in regard to this matter, and I shall ask unanimous consent to have it printed in the Appendix of the RECORD. I know that a large number of the Members of the House will wholly share my interest in the post-office building program. [Applause.]

[Here the gavel fell.]

Mr. MAHON. Mr. Speaker, I ask unanimous consent to insert in the Appendix of the RECORD a copy of House Document No. 447, which is the Budget estimate of the President with respect to the matter I have just referred to.

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

There was no objection.

EXTENSION OF REMARKS

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein some excerpts from the hearings on the cotton-crop insurance bill.

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

There was no objection.

Mr. MICHAEL J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an editorial from the Labor Chronicle, of my city, on the wage and hour amendment.

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

There was no objection.

Mr. D'ALESANDRO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein correspondence from the Labor Department on a resolution passed by the Haller Post, of the American Legion.

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

There was no objection.

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief editorial from the Los Angeles Times with reference to pending legislation.

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

There was no objection.

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief statement of the imports of meat products through the port of New York for 1 week.

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

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter from Mrs. Lottie Larsen, of Minneapolis, analyzing the Townsend plan.

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

There was no objection.

Mr. HESS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein two radio addresses delivered by the junior Senator from Ohio [Mr. TAFT].

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

There was no objection.

Mr. HALL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial of Mr. Frank C. Waldrop, of the editorial staff of the Washington Times-Herald.

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

There was no objection.

Mr. WELCH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial published in the San Francisco News, the Scripps-Howard paper, under date of July 18, with reference to the Fair Labor Standards Act.

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

There was no objection.

Mr. JOHNSON of Illinois. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the history of cost-of-production legislation of the Seventy-sixth Congress.

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

There was no objection.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in connection with the action taken on H. R. 7314 on Monday last and include a memorandum from the Corporation Counsel of the District of Columbia to the Alcohol Beverage Control Board.

The SPEAKER. Is there objection?

There was no objection.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein a copy of a radio broadcast by myself over station CHS, Portland, Maine, July 15.

The SPEAKER. Is there objection?

There was no objection.

Mr. RUTHERFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include certain tables from the Department of Agriculture.

The SPEAKER. Is there objection?

There was no objection.

UNITED STATES HOUSING ACT

Mr. TABER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. TABER. Mr. Speaker, I hold in my hand a copy of S. 591, to amend the United States Housing Act, reported by the House Committee on Banking and Currency on July 18. That is 8 days ago. Notwithstanding that fact, hearings held by that committee are not available to the membership. This is an important and dangerous bill, and embarks the country upon a dangerous activity, costing enormous sums of money. What have these people to conceal? What is there in those hearings which will develop that they are not entitled to pass the bill? I think an explanation should be made to the House of that situation.

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

CONTROL OVER WATER RATES BY I. C. C.

Mr. PIERCE of Oregon. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. PIERCE of Oregon. Mr. Speaker, I received a letter from Col. W. P. Greeley, of Seattle. For 8 years he was the head of the Forest Service here in the Capital. He is now secretary-treasurer of the West Coast Lumbermen's Association. In this letter he expresses strong views and states the reason why the lumber interests of the Northwest are opposed to placing the control of coastwise or intercoastal carriers under the Interstate Commerce Commission.

I ask unanimous consent to extend my remarks at this point and to insert this letter from Colonel Greeley.

The SPEAKER. Is there objection?

There was no objection.

The letter is as follows:

WEST COAST LUMBERMEN'S ASSOCIATION,
Seattle, Wash., July 24, 1939.

Hon. WALTER M. PIERCE,
House of Representatives, Washington, D. C.

Subject: Transfer of control over water rates to Interstate Commerce Commission.

MY DEAR CONGRESSMAN PIERCE: The trustees of the West Coast Lumbermen's Association have recently given this subject fresh consideration in connection with the Wheeler-Truman bill.

The west-coast lumber industry, as of course you know, was built up upon water-borne commerce. Today the domestic-cargo movement still takes 40 percent or more of our total production. Our two largest markets are reached by the coastwise water-borne movement to California and the intercoastal movement to the Atlantic seaboard.

Our industry has always been at a serious disadvantage in reaching the larger markets of the United States, because of distance. We, in common with other far-western woods, have the longest hauls and highest transportation costs of any species of American lumber, in reaching the populous Central and Eastern States where 70 percent of the lumber is consumed. Our average cost for transportation today is about 60 percent of the average price realized by the sawmill; and for the third of our logs, which produces low-grade construction lumber, the average cost of transportation to market is over 150 percent of the price received at the mill. This is the primary reason why west-coast logging operations appear so wasteful. Usually 15 percent of the standing timber just cannot be utilized, because we cannot get it to any market that will pay back cost. The life of the west-coast lumber industry could largely be summarized as a struggle against transportation costs that shut our mills off from essential markets.

In this struggle the competitive leverage of water transportation has been of incalculable value. Coastwise vessels move 75 percent of all the lumber we market in California, and establish absolute competitive limits which railroad rates cannot exceed. Intercoastal steamships move 74 percent of all the lumber we sell in the States eastward from Chicago; and again have determined the rate levels by rail. Hence there has been impressed upon our industry for many years the vital economic function of free, competitive transportation by water and the necessity of keeping the competition of water-borne commerce free and open. The west-coast lumber industry has always opposed efforts to place the regulation and control of coastwise or intercoastal carriers under the Interstate Commerce Commission from fear that this would, doubtless gradually and unconsciously, break down the free, competitive status of the water carriers.

With all the complexities in the transportation problem today and our desire to aid the rehabilitation of the railroads, our trustees believe that this fundamental necessity still remains—for protecting the competitive independence of the water carriers. Notwithstanding the safeguarding provisions of the Wheeler-Truman bill (rate-making rule started in sec. 30), they believe it contrary to the interests of the Pacific coast, and of our industry particularly, to place water and rail carriers under the same Federal agency for regulation and control. I am requested to place this conclusion before you, and to ask your serious consideration of it in connection with the pending legislation.

Sincerely yours,

W. B. GREELEY,
Secretary-Manager.

RECKLESS EXPENDITURES

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

The SPEAKER. Is there objection?

There was no objection.

Mr. RICH. Mr. Speaker, in that 1 minute I call attention to an article in the magazine Liberty entitled "A Reckless Spendthrift Government." This is something that every Member of the House should read so that he may know just what a reckless, spendthrift Government we have. It is written by Bernarr Macfadden. It reveals yours quandering. I think that every Member of the House should know just exactly what a reckless, spendthrift organization, or Congress, we have here in Washington, D. C., so that they will change their attitude in respect to reckless spending. The New Deal is the greatest squandering body the world has ever known. All Congressmen who have supported the New Deal are responsible for the extravagances of Government, the unsound principles enunciated, and fallacy of reckless spending.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

EXTENSION OF REMARKS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a magazine article on the Development of American Aviation, written by myself.

The SPEAKER. Is there objection?

There was no objection.

FREE IMPORTATION OF TOURIST LITERATURE

Mr. BUCK. Mr. Speaker, I ask unanimous consent for the present consideration of H. R. 7263, to permit the importation free of duty of certain literature for distribution at the Golden Gate International Exposition of 1939.

The SPEAKER. The gentleman from California asks unanimous consent for the present consideration of the bill H. R. 7263, of which the Clerk will report the title.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object and ask the gentleman to explain what the bill is.

Mr. BUCK. Mr. Speaker, earlier in the session the Congress passed a bill which permitted the free importation for gratuitous distribution at the New York World's Fair of tourist literature, advertising foreign travel, and so forth. While this privilege was granted in respect to the New York World's Fair, it was not granted in respect to the Golden Gate International Exposition of 1939, and this bill is to correct that oversight.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 4 of the act entitled "An act relating to the importation of distilled spirits for consumption at the New York World's Fair, 1939, and the Golden Gate International Exposition of 1939, and to duties on certain articles to be exhibited at the New York World's Fair, 1939," approved April 29, 1939, is amended by inserting before the period at the end thereof a comma and the following: "or at the Golden Gate International Exposition of 1939."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEVY OF CERTAIN TAXES ON PURCHASES IN NATIONAL PARKS, ETC.

Mr. BUCK. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 6687) to authorize the levy of State, Territory, and District of Columbia taxes upon, with respect to, or measured by sales, purchases, or use of tangible personal property or upon sellers, purchasers, or users of such property measured by sales, purchases, or use thereof occurring in United States national parks, military and other reservations, or sites over which the United States Government may have jurisdiction.

The SPEAKER. The gentleman from California asks unanimous consent for the present consideration of the bill H. R. 6687, of which the Clerk will report the title.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object to get an explanation by the gentleman from California.

Mr. BUCK. Mr. Speaker, this bill is designed to provide for uniformity in the administration of State sales and taxes within, as well as without, Federal areas. At the present time there are those who contend that although negotiations for the purchase of goods have been conducted, outside of the Federal area, but delivery is made within the area, that therefore the purchasers should not pay any State sales tax. We do not agree that such a contention is valid, but that is one of the things this bill is intended to correct. It is also intended to provide that sales made within the Federal area shall be subject to the State sales taxes. We have already specifically granted the privilege to a State to tax gasoline sold within those areas, and it is proposed

to extend this privilege to other sales. This is a unanimous report from the Committee on Ways and Means, and it is reported on favorably by the Treasury Department.

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

Mr. BUCK. I yield.

Mr. RICH. You are starting now to tax the people of this country in order to get a little money in order to try to meet the great deficit we have. When is the Ways and Means Committee going to make up the difference between the amount that the Appropriations Committee and Congress spends and what you have to have in order that you may get a balanced Budget? Is there ever any hope of that?

Mr. BUCK. While that is not perhaps germane to this bill, I think the gentleman has been informed, through the press, that the subcommittee on internal revenue taxation proposes to come back a month or two ahead of the January meeting of Congress to study and recommend very definite reforms in our tax system.

Mr. RICH. The gentleman is one of the leaders on the Ways and Means Committee. Does he have any idea that you will ever be able to reach the amount that the Appropriations Committee and the Congress is spending, without killing people in order to take it from them?

Mr. BUCK. Of course, I have always said that it is the painful duty of the Ways and Means Committee to try to cut the cloth to fit Uncle Sam's figure after the Appropriations Committee has decided on the pattern. [Laughter.]

Mr. JENKINS of Ohio. Reserving the right to object, and I do not intend to object, I just take this time to bring out this proposition: Is it not true that this bill is not a bill for raising taxes at all? It is simply a bill for equalization on sales taxes. In other words, if a person operates a store in a Government park located in the State of Ohio, for instance, he cannot claim any exemption by reason of the sales tax on the goods he sells in that park? He must pay the same as anybody else in the State of Ohio?

Mr. BUCK. The gentleman is correct.

Mr. JENKINS of Ohio. Or if the superintendent of a Federal park wishes to go outside the park to some city and buy his goods and have them delivered back in the park, he cannot be exempt from the taxes on that?

Mr. BUCK. The gentleman is absolutely correct. He has stated the two motives we have in mind.

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

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That all taxes levied by any State, Territory, or the District of Columbia upon, with respect to, or measured by sales, purchases, or use of tangible personal property, or upon sellers, purchasers, or users of such property measured by sales, purchases, or use thereof may be levied and collected in the same manner and to the same extent with respect to transactions occurring in whole or in part within United States national parks, military and other reservations, or other sites located within the external boundaries of such State, Territory, or the District of Columbia as with respect to transactions occurring elsewhere within the territorial boundaries of said State, Territory, or the District of Columbia.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ARE WE COWARDS OR JUST DUMB?

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, the passage of the Hatch bill was a move in the right direction. Corporations are prohibited by Federal statute from making contributions to political committees. The Hatch bill and the Corrupt Practices Act do not cover the field.

From June 1, 1935, to June 1, 1937, in part by coercion, intimidation, and force, John L. Lewis and his United Mine Workers collected, according to its own statement, more than $7,000,000. It had, at the end of that period, over $3,000,000.

The United Mine Workers contributed to the New Deal campaign fund $470,000. Other labor organizations, which have as their chief source of revenue dues and assessments collected from the workingman, contributed upward of $1,700,000 toward political activities.

If Federal employees, if corporations are to be denied participation in political activities, there is no reason why an organization which announces through the press, as does Labor's Non-Partisan League, and as does John L. Lewis, that it intends to devote itself to the defeat of those Congressmen who oppose it, be exempt from the law governing corrupt political practices.

If we sit here and permit Lewis and his organization to collect unlimited funds, to use them for political purposes in any way they see fit, we are either unmindful of what is being done or we lack the courage to take the proper action necessary to prevent the election as Federal officials of Lewis' stool pigeons.

Pass the resolution which I introduced, House Resolution 196, asking that Lewis and the organizations in which he is active be investigated, be required to disclose the source of their revenue, the amount thereof, and the manner in which it is spent.

Why should this one man and the organizations in which he is interested be exempt from laws which apply to others?

EXTENSION OF REMARKS

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my own remarks and include therein the testimony of Isador Lubin, Commissioner of Labor Statistics, before the Committee on Banking and Currency.

The SPEAKER. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. O'CONNOR addressed the House. His remarks appear in the Appendix.]

DISTINGUISHED SERVICE MEDAL TO REAR ADMIRAL HARRY ERVIN YARNELL

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2482) authorizing the President to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy.

The Clerk read the title of the bill.

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

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I would like to ask the gentleman if this is an unusual thing to do?

Mr. VINSON of Georgia. I will state that the President has the right, under the law today, without a bill of this character, to confer upon any naval officer the Distinguished Service Medal; but in view of the outstanding services rendered by Admiral Yarnell, growing out of the trying circumstances in the Orient, the Naval Affairs Committee thought a bill of this character was in accord with the facts and circumstances of his services.

Mr. MARTIN of Massachusetts. There are precedents for action such as this?

Mr. VINSON of Georgia. I cannot state positively whether there is any precedent, but this would be a good precedent to establish when a Naval or Army officer renders such outstanding service that the Congress approve the awarding of the Distinguished Service Medal to him.

Mr. MARTIN of Massachusetts. Was there any opposition in the committee?

Mr. VINSON of Georgia. This bill has passed the Senate unanimously, and passed the Naval Affairs Committee unanimously.

Mr. RICH. Mr. Speaker, reserving the right to object, is this to be a gold medal?

Mr. VINSON of Georgia. This will be a Distinguished Service Medal. I understand it is usually made of silver or some other metal.

Mr. RICH. I thought you might find some use for that gold you have stored down in Kentucky. I think it would be a fine thing to use it for.

The regular order was demanded.

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

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the President is authorized to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy, for his skill and devotion to duty displayed during his tour of duty beginning October 30, 1936, as commander in chief of the United States Asiatic Fleet.

The bill 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.

Mr. LEA and Mr. O'CONNOR rose.

The SPEAKER. The Chair recognizes the gentleman from California [Mr. LEA].

The Chair is anxious—so is the membership—to get to the consideration of the pending bill.

TRANSPORTATION ACT OF 1939

Mr. LEA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (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. O'CONNOR. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Will the gentleman withhold the point of order for a moment?

Mr. O'CONNOR. Mr. Speaker, I withdraw the point of order for the time being.

Mr. VAN ZANDT. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from Pennsylvania rise?

Mr. VAN ZANDT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count.

Mr. VAN ZANDT. Mr. Speaker, I withdraw the point of order for the time being.

EXTENSION OF REMARKS

Mr. HAWKS. Mr. Speaker, will the gentleman from California yield to permit me to submit a unanimous-consent request?

Mr. LEA. Mr. Speaker, I yield for the purpose of submitting unanimous-consent requests.

Mr. HAWKS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two subjects, and include two resolutions from the Wisconsin Retail Hardware Association.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, will the gentleman from California yield?

Mr. LEA. I yield.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two subjects and to include therein the wording of two short bills.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of the outstanding services of Admiral Yarnell.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CALL OF THE HOUSE

Mr. VAN ZANDT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and fifty-seven Members are present, not a quorum.

Mr. LEA. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 144]

Boren	Dingell	Maas	Robinson, Utah
Bradley, Mich.	Eaton, Calif.	Maciejewski	Secrest
Caldwell	Eaton, N. J.	Magnuson	Short
Cluett	Fernandez	Martin, Ill.	Smith, Ill.
Cole, Md.	Fish	Massingale	Stearns, N. H.
Cole, N. Y.	Fitzpatrick	May	Stefan
Connery	Flannery	Mitchell	Sumners, Tex.
Cooley	Grant, Ala.	O'Brien	Sweeney
Crowther	Johnson, Lyndon	Patman	Thomas, N. J.
Cummings	Kennedy, Martin	Pierce, N. Y.	Welch
Curley	Lanham	Rabaut	Williams, Del.
Dies	McMillan, Thos. S.	Richards	Woodruff, Mich.

The SPEAKER. On this roll call 380 Members have answered to their names, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

The SPEAKER. The Chair recognizes the gentleman from Texas [Mr. RAYBURN] to submit a unanimous-consent request.

EXTENSION OF REMARKS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the gentleman from Maryland [Mr. COLE] may extend his own remarks in the RECORD on the subject of petroleum.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CASEY of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Boston Traveler of June 30.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CHANDLER. Mr. Speaker, will the gentleman from California yield to permit the filing of a conference report.

Mr. LEA. I yield.

AMENDMENT OF BANKRUPTCY ACT

Mr. CHANDLER submitted a conference report and statement on the bill, H. R. 5407, an act 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 and supplementary thereto.

EXTENSION OF REMARKS

Mr. CELLER. Mr. Speaker, will the gentleman from California yield for a unanimous-consent request?

Mr. LEA. I yield.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks on the subject, Jefferson, An Alien.

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

There was no objection.

TRANSPORTATION ACT OF 1939

The SPEAKER. The question is on the motion of the gentleman from California that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2009, the Transportation Act of 1939.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2009, the Transportation Act of 1939, with Mr. JONES in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. At the time the Committee rose on yesterday the Committee had under consideration the amendment offered by the gentleman from Texas [Mr. SOUTH] to strike out title II, part III. The gentleman from California [Mr. LEA] is recognized.

Mr. LEA. Mr. Chairman, the bill before the House provides for placing our domestic water carriers within its regulatory provisions under the jurisdiction of the Interstate Commerce Commission.

The proposed amendment would not only eliminate water carriers from the proposed regulation but it would break up and destroy one of the main features of this legislation, that is, the coordination of rate regulation of all our principal transportation agencies.

Interstate rail regulation is entirely in the hands of the Interstate Commerce Commission. Likewise interstate highway transportation, our pipe lines, and express companies. The Interstate Commerce Commission has regulatory powers over all our important interstate transportation except water carriers. It has jurisdiction of water transportation controlled by railroad companies and over joint rates established between rail and water lines.

The American people are now paying about $7,000,000,000 a year for transportation service to the public. About seven hundred million of that amount is paid for water transportation.

All of our domestic transportation is interrelated. A large volume of our traffic uses more than one of these agencies in moving from shipping point to destination.

Traffic that moves on the water ordinarily also moves by a land carrier.

If this amendment were adopted, as freight moved across the country partly by land and partly by water, part of the time it might be regulated by one agency and part of the time by another, and part of the time be unregulated.

This bill seeks to unify the regulation and coordination of the transportation agencies of the country. It just does not make good sense to divide regulation and destroy the possibility of coordination. These water lines operate between the east and the west coasts, on the Great Lakes, and the inland waterways. Everywhere they exchange freight traffic and are in competition with land carriers. Unified control and coordination are the very elements of successful regulation of interstate commerce. They represent the A B C of regulation. The lack of it is one of the greatest weaknesses in our present regulatory system. Only yesterday one of the greatest transportation authorities in the country after years of experience stated to me that we can never have efficient, successful interstate regulation without taking in the water carriers under one regulatory body.

These unregulated water carriers are under little public restraint. The regulated common carrier has a legal duty to the public. He runs on schedule whether or not he has a pay load. He is compelled to take all freight offered and give equal rates and service to all and rebates and discriminations to none. The unregulated carrier goes when he pleases.

He uses secret rates and discriminates between persons and communities. He can abandon his service at will.

It is manifest that the water carriers competing with and interchanging traffic with land carriers are a destroying influence on our regulatory system when they can compete on such unequal terms.

Our committee considered the most effective things that could be done, so far as legislation is concerned, to improve our transportation situation. We could have recommended compulsory consolidations; we could have recommended subsidies on a great scale to meet the situation. We concluded subsidies would be no remedy, but only delay the necessary adjustment of our transportation situation. We want to keep our transportation agencies out of Government ownership and out of dependence on subsidies.

What is the main need of transportation? The main need is to keep these different agencies on a self-supporting basis. It is my firm conviction that the first thing to be done to that end is to unify the regulation of all our domestic water carriers and coordinate their regulation.

An examination of our rate structure will reveal that it is built up largely on expediency. Many artificial conditions have operated to create unequality in our rate structure. A very large volume of traffic is moving on favored rate levels brought about by the pressure of artificial conditions to the disregard of economic merit.

In a large number of other cases sections not able to exert so much economic pressure, not receiving the benefit of excessive competitive conditions, are paying rates unreasonably high that tend to retard business.

[Here the gavel fell.]

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

Mr. LEA. Mr. Chairman, I understood that somebody was going to yield me his 5 minutes.

Mr. HALLECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. Mr. Chairman, when time for debate was limited on this section it was my understanding that it was agreed that the chairman of the committee along with the gentleman from Texas [Mr. SOUTH] was to be given 10 minutes.

The CHAIRMAN. That was not the order. The gentleman from Texas asked unanimous consent to proceed for 10 minutes. The gentleman from North Carolina stated that unless the gentleman from California [Mr. LEA] was also granted an additional 5 minutes he would object. The latter request was never submitted. The Chair has recognized the gentleman from California for 5 minutes.

Mr. PATRICK. Mr. Chairman, if I remember, the gentleman from North Carolina [Mr. BULWINKLE] had reserved the right to object, and then when he made the statement he felt that the Chair acceded to it, that the 10 minutes were reserved. He withdrew his objection. An examination of the RECORD this morning reveals what the Chair had stated.

The CHAIRMAN. The gentleman from North Carolina stated that unless 10 minutes were allowed to the gentleman from California he would object. The Chair stated that those requests could not be combined. The Chair will now entertain a request that the gentleman from California be permitted to proceed for 5 additional minutes notwithstanding the previous agreement.

Mr. SIROVICH. Mr. Chairman, I ask unanimous consent that the gentleman from California may proceed for 5 additional minutes, not to be taken out of the time fixed for debate on this amendment.

Mr. DISNEY. Mr. Chairman, reserving the right to object, it is understood this is not to be taken out of the time already agreed to?

The CHAIRMAN. That is understood, that this will not be taken out of the other agreement.

Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LEA. Mr. Chairman, in the equalization of these rate structures, in the coordination of rates, in the power to regulate all these competitive agencies is the greatest opportunity we have to improve our transportation system and do it on a just, economic basis.

This plan requires a readjustment of rates; it requires an injustice to no man. All it requires is greater quality of treatment of shippers and carriers alike and the application of reasonable rates to all, having due regard to economic differences.

This bill looks to that end. The part of the bill proposed to be stricken out is the essential part for that purpose. It is of great importance to retain it in this bill.

This is not a partisan question. The ability, patience, and assistance given by the minority members of the subcommittee in sharing full responsibility for this bill eliminates any such consideration. To the limit of our strength we have tried to prepare legislation that would be a credit to this Congress.

Our committee represents a cross section of the whole country.

I can say to my colleagues on the Democratic side that we have a special responsibility for this legislation. Our President became an advocate of coordination of all agencies in 1932. It is under his leadership we are responsible for this

legislation. It was in March 1938 he initiated the effort that led to the bill which is before you today. We are dealing with one of the most practical, economic problems of the country. We have proposed the basic approach that is essential if we are to deal with the problem successfully. We cannot afford to reject that portion of this bill. It gives the greatest promise of permanent betterment.

The American people pay $7,000,000,000 a year for transportation. Have we not the ability and the statesmanship under our system of Government to so regulate these useful, essential agencies that the carriers can be at least self-supporting? I believe we can.

The alternate of failure is Government ownership, subsidization, or abandonment on a vast scale. When you make your choice today let it be in favor of the only method that offers any practical chance of making our carriers of the various types self-supporting on a just basis to the people of this country.

We face the question of subsidization—subsidizing industry against private enterprise. Our inland water carriers are aided on a vast scale by providing at Government expense the depth and width of the streams on which they compete with private carriers. I do not object to what has been done. I do say that carriers so favored by Government aid should not refuse that just regulation to which all of their competitors must yield. It is difficult for private ownership to compete with Government subsidization and with carriers that do not have to reckon with capital account for a large part of their expense. We should at least give their privately owned competitor the equal advantage of fair regulation. [Applause.]

Mr. Chairman, I have a telegram which I send to the Clerk's desk and request that it be read.

The Clerk read as follows:

NEW YORK, N. Y., *July 25, 1939.*

Hon. CLARENCE F. LEA,
House Interstate and Foreign Commerce Committee,
House Office Building.

I consider it my duty to inform you that it is my considered judgment, insofar as our trade—that is, the carriers from the North Atlantic ports to and from the Great Lakes—are in need of regulations as proposed Wheeler-Lea bills at this time to save the industry from destruction. The ruthless competition amongst the carriers themselves is unparalleled in the history of our trade. We are mainly seeking a medium by which we can stabilize our rates at fair minimum level, thereby preventing the ruthless attacks of the railroads who have taken advantage of the situation. It is my honest conviction that the conditions can be remedied by the proposed legislation. If the petroleum carriers want exemption, I have no objection. If our industry is to be preserved and be of value to the shipping public, it can only be accomplished through regulations. I wish you would make my views known to your group.

NEW YORK MARINE CO.,
SEABOARD-GREAT LAKES CORPORATION,
REGINALD G. NARELLE, *President.*

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, this bill proposes a very far-reaching step. It is a step that this Government has refused to take for 100 years. It is an all-embracing piece of legislation and will add nothing to our transportation systems, neither will it add 1 pound of tonnage to the commerce of our country. It will add more legislative burden to the business and the industry of the Nation. Business and industry in this country are now suffering from legislative blight, and this bill will place more government restriction, regulation, and control over them. It will add to the growing bureaucracy of government and increase the centralization of all power here in Washington.

If this bill is right, then the Federal Government has been wrong for 100 years. If this bill is right, then we have expended two and one-half billion dollars on the waterways and harbors of this country under a mistaken idea, namely, to provide cheap and low-cost water transportation for the American people. If this bill is right, then no longer will the Army engineers be able to come before the Rivers and Harbors Committee of this House and urge the adoption of water improvement projects on the ground that it will provide a cheaper form of transportation to the people. If this bill is right, then all we have done in a century of progress to improve rivers and harbors has been a sad mistake.

I am not against the whole bill. I am against the water section of the bill, because it will raise the cost of water transportation without giving material aid to the railroads. I would rather take some of the legislative chains off the railroads than impose new ones on water transportation.

In answer to the telegram that has just been read from the Clerk's desk, I want to say that the Chamber of Commerce of my city of Detroit is opposed to this bill; the Chamber of Commerce of the State of Michigan and two executive departments of this Government are opposed to this bill—the Department of Agriculture and the War Department. If any Member has read the very able, complete, and convincing report filed by the Secretary of War against this bill, he ought to be convinced that if we adopt this measure we are making a mistake.

I want to read just two excerpts from the report of the Secretary of War to the chairman of the Committee on Interstate and Foreign Commerce in which he says:

This bill threatens to nullify these inherent advantages (of low-cost water transportation) by imposing taxes and restrictions which will, in the opinion of this Department, unwarrantably sacrifice the public stake in low-cost transportation without any compensating benefits whatever.

He further stated:

As far as this Department is aware, there is no dissatisfaction on the part of the public with the transportation service afforded on the inland waterways; charges are fully compensatory and there is no destructive rate warfare as between carriers.

Water transportation cannot be unified or equalized. It is interrupted and suspended for several months each year in the northern portion of our country by ice and snow.

The amendment to strike out the water section of this bill is in the public interest and ought to be enthusiastically supported to preserve to the people of this country the inherent rights they now have in low-cost water transportation.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Alabama [Mr. PATRICK].

Mr. PATRICK. Mr. Chairman, I rise in opposition to the South amendment. Every time the gentleman from North Carolina [Mr. WARREN] has risen in opposition to this bill, he shouts that this is a "railroad bill." When the railroads alone had to fight this sort of thing, and when the proposition was first started, nobody thought then it was a railroad bill. Indeed, quite the reverse. When motor transportation was brought in for consideration, nobody called it a railroad bill. But when by the same token, by the same logic, and by the same measure of the application to the purposes to regulate general transportation in this Nation we embrace the sacred cow of water, those who represent a few sections of the country jump up and holler that it is a railroad bill.

Mr. Chairman, this is a people's bill. This is no one person's bill. This is no one organization's bill. If we are able to glean facts and estimate values, we must come to the conclusion that this is a bill for 130,000,000 folks, roughly called the United States of America.

Our goal is general coordination of the Nation's transport structure, to build a self-sustaining structure aiming at security and safety, not a thing that will topple over.

The gentleman from Texas told you his cow yarn, in which he gives you the analogy of regulating the grass for the cows. But our effort here is not to take care of the competition for grass, but the milk which the cow gives. This is not an effort to hobble a cow as illustrated by the yoke yarn he gave. The proposition is as to the "fencing in" process. Mr. Chairman, I resent the implication that the men of our Commission are unfair and demagogic. We have two very fine gentlemen, Mr. Caskie and Mr. Alldredge from Alabama on the Commission and there are members quite as splendid who come from other States who have no other reason or purpose except the administration of

justice as each case comes up for consideration. Why should we expect them to give anything but justice?

Instead of following the analogy suggested by the gentleman from Texas, let us get it more properly down to the point. This is not a measure to hobble a cow. This is to put a fence around to regulate the entire group. If you try to build a fence so that one or two cows can get through, the other cows will get through also. You will find that all the cows will get through at the same place. This legislation has been through the years building a fence around the whole structure, except down in the water corner.

But what happens? Why, they all get through the same hole down there. You have to build the fence all around. It is a thing of logic, it is a thing of purpose that we have to accomplish here. Twenty-seven billion dollars are tied up in the railroads, not for the interest of the railroads but for the interest of the people. You hear certain people say, "This is for the little man." You do not hear labor hollering about bearing down on the little man when they are trying to do something to keep the scab from getting in and destroying the very structure organized labor has been building up during the years. There are men in this country who, if you were to do something to do away with termites, would holler, "You are destroying the poor little termites."

Mr. Chairman, this is an effort to bring order out of chaos, and incidentally to bring water out of chaos, and it needs it worse than anybody. The general nature of this legislation is opposed to spot legislation, spotting here or there. Still remembering our illustrative friend, the cow, did you hear my little illustration? It is to the effect that we had a bunch of children draw a picture of a cow all on the same scale and in the same position, and when they finished there was not one picture that was any good, but when we took all 64 of them and put them together they made an astoundingly good picture of a cow. We have to do general legislation here. We cannot adopt spot legislation and get good law. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. WEST].

Mr. WEST. Mr. Chairman, I first want to say that I deeply sympathize with the committee that reported this bill. I sincerely believe they are honest and sincere in their effort, but they have looked through the keyhole at the railroads so long and listened to the crooning of the representatives of the railroads so much that they have lost sight of the public—of the fellow that has to pay the freight rates. They have absolutely disregarded in every sense of the word any benefits that might accrue to the people who live in the sections that benefit by the water rates.

Let me illustrate: I come from a section of Texas on the Mexican border that up until recently, because of the excessively high freight rates, has been unable to ship vegetables or fruits to the Atlantic seaboard. To illustrate: A man produced a carload of beets in that section and shipped it to Boston, Mass. He received $550 for the beets. He paid the railroads $500 for freight, leaving $50 as a return on his investment in the land and the cost of raising, harvesting, and shipping them. In other words, he paid 10 times as much for freight charges as he received for the commodity. This does not make sense.

The Interstate Commerce Commission has drawn an imaginary line between certain sections of the country, and because we are west of that line we pay a differential of $1,750,000 a year on produce shipped out of our section.

Recently, by bonding ourselves to death and with the aid of the Federal Government, we have secured deep-water harbor facilities. With the reduction in freight rates as a consequence we are now able to ship produce to the eastern seaboard. If this bill is adopted in its present form, or if this amendment now under consideration is not adopted, and water transportation is put under the I. C. C., we again lose the benefits of water transportation.

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

Mr. WEST. I yield to the gentleman from Texas.

Mr. MANSFIELD. If the gentleman will apply to the Interstate Commerce Commission he will find that the rail rate on cotton from all south Texas points to the mill towns of Massachusetts and Connecticut is $7.20 a bale, but if the cotton is shipped in the coastwise trade the rate ranges from $1.75 to $2.20 a bale, according to the schedule in effect.

Mr. WEST. I thank the gentleman for the contribution. The really sad part of the story is that some twenty years ago my section of the country applied to the Interstate Commerce Commission for relief. That case is known as the *Southwestern Rate case*. Never to this day has the Interstate Commerce Commission rendered a decision in the case, which is still pending before the Commission.

I ask all that are in favor of a square deal to the public to vote for the adoption of this amendment. [Applause.]

[Here the gavel fell.]

Mr. ROBSION of Kentucky. Mr. Chairman, ladies, and gentlemen, the amendment of Mr. SOUTH, of Texas, proposes to strike out that part of the bill that provides for the regulation of water carriers engaged in interstate and foreign commerce. I am opposed to the South amendment. The provision that this amendment undertakes to strike out is the very core and heart of the bill. Congress has placed the railroads, motor carriers, air carriers, intercoastal and coastal waterways under regulation. Inland waterways that have been subsidized by the Government to the extent of $2,500,000,000 are not under any sort of rate regulation. They can raise and lower rates at pleasure. They can discriminate against communities, towns, and cities. They can engage in cutthroat competition.

President Roosevelt and the committee that he appointed to make a study of the question, the Senate committee, the Senate itself, and the Interstate and Foreign Commerce Committee of the House, after months of study and investigation, have declared that our transportation policy should be a coordinated and unified system of rail, motor, air, and water transportation, and in order that each of these carriers might receive just and fair treatment, and that the public interest might be protected, the Interstate Commerce Commission should be given the power to regulate water transportation as it does rail and motor.

ACTION URGENT AND NECESSARY

It is admitted that the railroads are very essential to the welfare of this country in peacetime and a great arm of defense in time of war. It is conceded that we have the most efficient railroad workers, the most efficient railroad managers, and the most efficient railroad service and the lowest freight and passenger rates of any country of the world providing anything like comparable service, and it is also admitted that our railroads are in the worst financial condition of any of the railroads in any country of the world.

Extensive hearings were held more than a year ago by our Judiciary Committee on matters affecting railroads. There appeared before our committee members of the Interstate Commerce Commission, many leading economists of the Nation who were not stockholders, employees, or managers of the railroads, many representatives of insurance companies, savings banks, and other financial institutions, and many representatives of the railroad managements and the railroad workers. Their evidence disclosed that we had about 240,000 miles of A–1 railroads. Approximately 80,000 miles were in receiverships or bankruptcy courts. Another 80,000 miles were on the verge of being forced into receiverships or bankruptcy. It was stated on the floor of this House during the debate on this bill by one of our Democrat friends that there are now 200,000 of the 240,000 miles of our A–1 railroads either in receiverships or bankruptcy or on the verge of receiverships or bankruptcy. This is a gloomy picture. If there is a remedy, this remedy should be found at once.

Neither I nor any member of my family have any stock in or hold any bonds of any railroad. I have never represented any railroad company as its attorney and have never ridden on a railroad pass. I have no personal interest in either one of these forms of transportation. I want to do that which will serve the best interests of the American people.

The American people have $25,000,000,000 invested in the railroads. A few years ago over 2,000,000 railroad workers were regularly employed with good wages. Today there are less than 1,000,000 workers employed. The railroads as a whole have been going in the "red" for a number of years. Their total net loss for the past year amounted to more than $160,000,000. The railroads of the country have been financed by the issue of bonds. In days gone by these bonds were considered gilt-edged securities. There are more than 60,000,000 insurance policies in force in this country. The laws of the several States require the deposit of security to insure the payment of death benefits and other benefits provided in these millions of insurance policies. Many of the States have large sums in railroad bonds placed with them for the faithful performance of the provisions of these policies. Many of the savings banks have invested large sums in railroad bonds. Many other banks own railroad bonds. I shudder to contemplate the consequences to the country as a whole in the event there should be a general collapse of the railroads of this Nation.

The railroads pay taxes in every school district, village, town, city, township, county, and State through which they pass, and taxing bodies are not always so gentle in fixing assessments and franchise charges against the railroads. These taxing units make them pay. The railroads pay annually more than $350,000,000 in taxes to the Federal, State, county, city, and other taxing units of the Nation. If there should be a collapse of the railroads—and if nothing is done and unless business conditions greatly improve, I do not see how a collapse can be avoided for 70 percent of our railroads—this would mean that the Government would have dumped into its lap this $25,000,000,000 enterprise to finance and operate. How many billion dollars would the Government lose annually in such an undertaking? Who would pay these billions? The taxpayers of the whole Nation. Who would have to assume these $350,000,000 in taxes that the railroads have been paying annually while privately owned? The taxpayers would have to meet this additional burden. What effect would such a catastrophe have on our insurance policies, many of our savings banks, and other banks?

In my study of Government ownership of railroads of the various nations, I have come to one definite conclusion—the service is less efficient, wages to railroad workers are much less, and yet the cost of transportation is higher and in some countries two or three times greater than in the United States.

The railroad situation was such a year ago that there was a great demand for railroad legislation before Congress adjourned. Congress did adjourn without taking action, but the President gave the people to understand that a careful study would be made of the problem and action would be taken at this session of Congress. The President appointed a committee of very able men. They studied the question for a long period of time, and finally submitted their report with recommendations. The Senate took up the recommendations of that great committee and reported and passed S. 2009. The Senate bill then came to the House and was referred to the Committee on Interstate and Foreign Commerce, and after months of hearings and investigation they modified the Senate bill in some respects but retained its essential features and reported out what is now known as the Lea bill, S. 2009. The Interstate and Foreign Commerce Committee of the House is one of its great committees. The membership of that committee is made up of men of long service on that committee and with wide legislative experience. I am informed that the bill before us received practically the unanimous endorsement of that committee after making this thorough investigation.

Of course, everybody knows that the railroads are under very rigid regulation and supervision by the Interstate Commerce Commission. In fact, it is said that the railroads are individually owned but the owners are not permitted to supervise or manage them. Congress has placed motor transportation under the I. C. C. Inland waterways have been and are now without Government regulation. This Committee appointed by the President, in keeping with the opinion of a great many economists and statesmen, recommended that inland waterways, the competitors of rail and motor transportation, should likewise be placed under the I. C. C. It seems that it is manifestly unfair to regulate the freight and passenger rates of rail and motor transportation units and permit the water carriers to run loose. If they are all placed under one regulatory body, then rates can be fixed for all of them that will be fair and just to each of them and the public interest protected. It is clear that this Nation needs all of these units of transportation. I would be the last person in this House to vote for any measure that would destroy either one of them or give one an unfair advantage over the other or permit either one of them to gouge the public or gouge each other.

There is no doubt that we have just about regulated and taxed the railroads to death. Only a few, if any, of the motor-transportation or water-carrier units are in the bankruptcy courts. As we have pointed out, if this problem is not solved so as to continue these agencies of transportation as private enterprises and self-supporting, one of these days they will be governmentally owned and operated, and then the American people will, as they do in other countries, pay some real transportation rates, receive less efficient service, and the workers receive less wages. There will be a big loss, and the American taxpayers will have to foot the bill.

THIS BILL APPROVED GENERALLY

The business people generally of my section, many of the farmers and professional men favor this bill. This bill is also favored by at least 20 of the railroad brotherhoods and organizations, and the railroad managements of the country. One of the brotherhoods opposed the bill urging that it might reduce the number of workers, but we have already adopted the Harrington amendment which must satisfy this one objector of the railroad workers' groups.

The water carriers have been subsidized through the years. They are not taxed as the railroads and motor groups. They furnish no rights-of-way. Docks and harbors are built for them. It has gone through the years without any regulation, and it is very natural for those engaged in this carrier service to oppose this bill.

We are inclined to think that in the long run it will be to the best interests of all of these groups. Under this bill neither the railroads nor motor-transportation units can destroy the water carriers. They will be protected by this law. We have been assured by those who know that this measure will not affect adversely the motor-transportation carriers.

We must have efficient railroads to reach the farmers in all sections of the country and to serve the coal mines, and most of our factories and mills. Should not our people who receive efficient transportation service be willing to pay such a price for this service where it is honestly and efficiently managed as will enable the rail-, motor-, air-, and water-transportation units to pay their workers real American wages and to earn a fair and reasonable return on their investment? If the consumers of the Nation should insist on receiving these products and services at less than the cost of production, there will be a break-down in the production and American standard of wages, and American standard of living, with unemployment.

Industry and transportation with their workers cannot prosper unless the farmers prosper. On the other hand farmers cannot prosper unless their best customers, those engaged in industry and transportation prosper, and wage earners are employed at American wage standards.

I am supporting this bill in the hope that it is to the best interests of these various transportation groups, and to the

best interests of the workers and investors of these groups, and it will thereby promote the general welfare and best interests of the American people as a whole.

INDUSTRIAL, ECONOMIC, POLITICAL, AND SOCIAL CHANGE

The water carriers, with their subsidies from the Government and low transportation rates, are changing the industrial, economic, political, and social structure of this country. Although the population of the Nation as a whole has increased tremendously in the last 10 or 15 years, yet there has been little or no increase in the interior part of our country. Industrial enterprises are leaving the interior of our country and moving to, or near to, the great rivers, the lakes, and the coasts on the Atlantic and Pacific. The population of those States, and especially of the cities in those States, are growing by leaps and bounds. These movements are stripping the interior of the country of its population and its shops, mills, and factories; and, incidentally, it is taking the business away from the railroads and motor carriers. It was for this reason that I spoke and voted in favor of the Pettingill bill to amend the so-called long-and-short-haul clause of the Interstate Commerce Act. This movement from the interior to the water courses is creating great congested centers and adding greatly to the political power of some of the States in Congress. It is throwing our country out of balance. This movement in population is taking away the industries and the people from the smaller cities, towns, and communities, and in that way is doing great harm to the farmers and the rural sections of the interior of our country. In my opinion, the greatest force and influence in bringing this about is the cheap water rates. Of course, these water rates could not be so cheap if the water carriers were not receiving the benefit of the subsidies from the Government.

It is manifestly unfair for the Government to put rail, motor, and air transportation under such strict regulations and, at the same time, to subsidize water carriers and turn them loose to do as they please and help them to destroy their competitors.

This is not a railroad bill; it is a bill in the interest of all the people. The South amendment is against the recommendation of the President—his committee was selected to study this question. It is against the action of the Senate and against the action of the Interstate Commerce Committee of the House. It is against the best interests of the American people as a whole, and I am therefore against the South amendment and shall vote against it and vote to pass this bill. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. HARRINGTON] for 5 minutes.

Mr. HARRINGTON. Mr. Chairman, yesterday my friend the estimable gentleman from Kansas [Mr. HOPE], speaking in behalf of, I presume, the farmers of western Kansas, said that he was opposed to the amendment offered by the able gentleman from Texas [Mr. SOUTH].

The South amendment strikes the inland-water regulatory title from this bill. I am for the amendment, and while not assuming to speak for all the farmers in the State of Iowa, the farmers of northwestern Iowa, northeastern Nebraska, and I am quite certain southeastern South Dakota are strongly in favor of the South amendment.

I wonder if the gentleman from Kansas believes that the Secretary of Agriculture, in speaking of this measure, was talking in the interest of the farmers when he said, quoting from his letter to the Speaker of the House, dated Monday, July 17:

Accordingly, while I believe that maintenance of the controls now exercised over railroad rates is justified by economic considerations, I have grave doubts that identical rate regulation is required of the rail competitors. Regulation of safety and the requirement of public responsibility are without doubt justified. But failure to make proper economic distinctions between these industries only postpones the sound solution of the transportation problem in terms of the public interest. It may be argued that the water carriers are subsidized and, therefore, that their competition with the railroads is not fair or economic. If this be true, the logic of the situation suggests making changes in our promotional policies with respect to transportation, and not adding uneconomic rate regulations to uneconomic transport subsidy. What, then, are the remedies for the so-called transportation problem? In the first place, it should be recognized that the transportation problem is only a part of a larger problem. In reality, the country faces an economic problem, which largely consists of finding ways and means of increasing employment, production, and consumption to the end that our economic system can operate at reasonably full capacity under democratic controls. The railroads and other agencies of transport are significantly affected by and can contribute measurably to the solution to this all-important social and economic problem. Unfortunately, the railroads seem determined to find a solution for the admittedly difficult financial situation of certain rail carriers without regard for the more general solution; in fact, from their public statements it would seem that they are seeking to solve their difficulties at the expense of agricultural and other shippers, consumers, and taxpayers.

Farmers and other shippers should not be required to pay rates based on transportation costs of properties improvidently built, wastefully operated, or partially obsolete. Any effort to improve the condition of the transportation industry should be harmonized with the general welfare. The advocacy of thorough regulation of the minimum rates of motor and water carriers by a centralized agency appears to represent an attempt to use Government power to bring competing transportation agencies into a cartel, and, in this manner, to share traffic and adjust rates in such a way as to earn a return upon all transportation capital of these agencies. Hence, an umbrella would be held over the inefficient plant, and the present high rail-rate level would be protected from the impact of vigorous competition. Undoubtedly such a policy would also result in more rigid rates in times of depression, since the motor carrier and boat line could no longer play their role as an effective competitive force in bringing down rail rates on commodities susceptible to rail or truck, and rail or water movement.

I wonder if the gentleman from Kansas believes that Mr. Brenckman, of the Grange, was speaking in the interest of the American farmer when he said, and I quote from a letter placed in the RECORD by the gentleman from Mississippi, the Honorable WILL M. WHITTINGTON, under date of July 18. Mr. Brenckman has this to say under the heading Agriculture Has a Vital Stake:

There are those who assert that water transportation means little or nothing in the solution of our farm problems. That is a great mistake. As an illustration, L. R. McKee, who has been a grain dealer at Muscatine, Iowa, for a quarter of a century, reports that last year several million bushels of corn were shipped south by boat from his section and the farmers in the vicinity of Muscatine were paid from 3 to 6 cents per bushel more for their corn than they could possibly have received if it had been shipped by rail.

By virtue of the fact that water rates are lower than rail rates, a considerable part of this corn was shipped through the Panama Canal to the Pacific coast, enabling American corn growers to compete with those of the Argentine in this market.

The farther farmers are removed from their markets, the more important transportation rates become. Several years ago I had a conversation with an apple grower who owns an orchard of 46 acres in the Yakima Valley of the State of Washington. He said that during the previous year he had paid the railroads $23,000 for transporting the products of his orchard to market.

I have a letter from C. H. Bailey, editor of the Oregon Grange Bulletin, in which he states that one of his neighbors is a man who came to the Northwest from Arkansas 25 years ago to engage in fruit growing. He has developed a fine orchard of 100 acres, but high freight rates have made his business so unprofitable that he has concluded to give it up and go back to Arkansas. He intends to sell his farm if he can. If not, he declares he will walk away and leave it.

Under present conditions, the farmers and fruit growers of the Pacific coast can effect some savings by shipping their products to southern and eastern markets by way of the Panama Canal. But if water rates should arbitrarily be raised to a level comparable with rail rates, this advantage would disappear and leave them in desperate straits.

We must not lose sight of the fact that the higher transportation costs that would inevitably result from the enactment of the pending bill would react to the detriment of the entire country. Those engaged in agriculture would be hard hit, because the farmer pays the freight both going and coming.

According to the Bureau of Agricultural Economics, last year the farmer received 40 cents out of every dollar spent by the consumer for food. During the depth of the depression, the farmer's share of the consumer's dollar dropped to 33 cents. While those engaged in transportation and distribution perform a legitimate and indispensable service, no fair-minded person can deny that when this service costs vastly more than the share received by the farmer or the producer, it amounts to the same thing as an economic crime.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. DISNEY].

Mr. DISNEY. Mr. Chairman, this is the first time I have ever heard that the gentleman from Kentucky [Mr. ROBSION] was for a bill because the President was for it [laughter], but I notice that both the Secretary of Agriculture and the Secretary of War are most emphatically against this bill. I do not understand why the gentleman invokes the President's recommendation when the Cabinet members are against it.

This is the first time I have ever heard that we must regulate somebody because he is competing with somebody. The telegram that the gentleman from California [Mr. LEA] had read indicates that the reason they need regulation up on the Lakes or some other place is because of the competition between business interests. Well, if we have come to that, then I think regulation has run amuck. The Transportation Act of 1920 laid down a very serious policy, and I wonder when we are going to quit legislating for the minority. That is what this is. It is legislation for a very small minority. The act of 1920 carries this language:

> It is hereby declared to be the policy of the Congress to promote, encourage, and develop water transportation, service, and facilities in connection with the commerce of the United States and to foster and preserve in full vigor both rail and water transportation.

Are we abandoning that policy?

This is not a coordination; this is a strangulation of the waterways, and that is the object of the bill. The gentleman from Michigan [Mr. MAPES] very solemnly announced at the beginning of this debate that this is not a railroad bill, and somebody over here said sotto voce, "it just looks like a railroad bill."

I have discussed this feature of the bill with several of my distinguished colleagues from Kansas. I do not want to make a field day of the speech of the gentleman from Kansas [Mr. HOPE] delivered yesterday. I merely use the reference because that is in my locality, and I am more familiar with that area; but I think the principle relates to all agriculture. The gentleman from Kansas said that he did not see how the preservation of waterways would have an effect on either present or future freight rates in that area. I am ready to accept that challenge and give the gentleman the answer, if he will take my answer instead of that of the railroad lobby. I think I am right. I direct specific attention to the fact that wheat is moving from Kansas City into the Gulf by water for 1.6 mills per ton-mile, and by railroad for 5.3 mills per ton-mile. If that does not affect the rate out of Abilene and Garden City, then reason has ceased to operate.

Their prompt answer is that Kansas City's interest, located as she is on the Missouri River, is not parallel to the interest to the central or western part of that State. Surely they must have overlooked the fact that half of the wheat moving from Kansas and Oklahoma is handled by cooperatives who pay the farmers on the basis of the ultimate sales price, so that any reduction in transport cost is passed on to the farmer.

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

Mr. DISNEY. Mr. Chairman, I ask unanimous consent to proceed for 1 minute more.

The CHAIRMAN. The time has been fixed by agreement.

Mr. DISNEY. That is true, but I make the request.

The CHAIRMAN. The gentleman from Oklahoma asks unanimous consent that he be allowed to proceed for 1 minute more, notwithstanding the agreement heretofore fixed, not to be taken out of the remaining time. Is there objection?

Mr. HALLECK. Mr. Chairman, I reserve the right to object. Is that same privilege to be accorded to other people?

The CHAIRMAN. That depends upon the action of the Committee. The Chair cannot prevent a Member from making such a request. The time has been fixed by the Committee.

Mr. SOUTH. Mr. Chairman, I regret that I shall have to object.

Mr. DISNEY. I have discussed this feature of the bill with several of my distinguished colleagues from Kansas, who told me that they did not see how the preservation of the waterways would have an effect upon either present or future freight rates in their area. I would direct their specific attention to the fact that wheat is moving from Kansas City into the Gulf by water for 1.6 mills per ton a mile, the rail rate being 5.3 per ton-mile. Their prompt answer is that Kansas City's interest, located as she is on the Missouri River, is not parallel to the interest of the central or western part of that State.

Surely they must have overlooked the fact that half the wheat moving from Kansas and Oklahoma is handled by cooperatives who pay the farmers on the basis of the ultimate sales price, so that any reduction in transport costs is passed on to the farmer. This also influences the price paid by others than cooperatives. The same is true of cotton, so far as Oklahoma and north Texas is concerned. The same situation would affect wheat and corn in other portions of the Mississippi and Missouri watersheds.

I am interested in the development of the Arkansas River for water traffic. Once it was a great freight highway, and the time will come, unless by legislation we thwart the interest of the people, when the use of the Arkansas River for water purposes will be of vast value to northern Texas, all of Oklahoma, and Kansas.

Kansas and Oklahoma flour has little outlet to the southeastern part of the United States because of high rail rates. If the present water rates were applied to the Arkansas River after she is opened for river traffic, this would open up a vast new territory for flour to southeastern United States from both Kansas and Oklahoma. I beg of the gentlemen from both States to take this seriously into consideration. If they doubt the statements I have made, let them find out the facts from independent sources. If they are in doubt as to their procedure, why take a chance and strangulate river traffic when they know that the evolution of freight traffic in the United States, if it is carried on in the interest of all people and not in the interest of the small minority, will mean the further development of the waterways in the people's interest. We cannot artificially do for the railroads what they cannot do for themselves under the law of natural competition and supply and demand.

We have heard much about a coordinated transportation system, by putting all elements of transportation under the Interstate Commerce Commission. Mr. Eastman, Chairman of that Commission, says it will not work. He says it would not do the railroads any good, and would hurt the waterways. Substantially, he says that it is not for the benefit of all the people. A coordinated system of transportation? What intellectual integrity is manifested in that statement when by examination only 4 percent of the transportation of the country is involved, and only a small percent of the waterways transportation is affected. How can that, either immediately or in the future, seriously aid the railroads? The Secretary of Agriculture, the Secretary of War, and the Maritime Commission say that this bill is bad. A small minority, the railroads and a minority of their employees are supporting this legislation. We cannot afford to take a chance under this superficial consideration of the bill to pass this legislation without first taking the people more into our confidence and letting the people know what is contained in this legislation.

Section 3 is said to be for the regulation of river traffic, by placing it under the I. C. C. I think it would be more accurate to say that section 3 is designed for the strangulation of river traffic. While some members of the committee would seriously say that this is not a railroad bill, it would be hard to write one more designed to give the railroads a monopoly of the freight traffic of the Nation—to give a minority a monopoly on the business of all the people.

Yes, "strangulation" is the correct word. Fifty percent of the water traffic is by private carrier, 40 percent by contract carrier. If section 3 becomes a law, the contract carrier must file his schedules with the Interstate Commerce Commission. His opponents, chiefly the railroads, can promptly challenge these schedules as being "destructive rates." Then the I. C. C. can suspend the rates for 6 months. In the

lighter and more impatient vein, we would say that 6 months with the I. C. C. means 6 years.

What becomes of the army of contract carriers in the meantime—this army of people who are doing a legitimate business, the competition of which regulates itself? They simply dry up. Their customers, the shippers, will not wait. The shippers either build their own barges, or submit to the inevitable and take the railroad rates. This bill is a bill for a monopoly of freight rates by the railroads, freight rates that are now unsatisfactory to every individual in the United States.

It is not an answer to this argument to say that the bulk barge carriers are protected when they carry not more than three types of bulk material. This is the opening wedge to complete regulation, strangulation, and destruction of the contract carrier. Once the camel gets his nose under the tent with this section, it is the most natural evolution of legislation finally to let the monopoly have its own way by putting the contract water carriers out of business by a slow process of strangulation and starvation.

The inland-waterways business is regulating itself. Competition regulates it. So there is no demand by the people for this bill; there is no demand by the inland carriers themselves. The demand comes from the railroad interests, who have not solved their own problems. I dare say that if the railroads were placed under as efficient management as some of our private business in the United States they would not stay in the red.

The railroads have met the competition of busses without such methods. They have improved their passenger lines, and whereas in the old days the theory was "Let the public be damned," nowadays the public is being courted by the railroads in their passenger traffic by every convenience and accommodation that competition has caused.

Mind you, that in this bill, if the shipper is hampered by this legislation and forced to abandon his business with the contract carriers and cannot afford to buy his own vessels, he cannot escape by chartering, because the charters are not permitted to operate as private water carriers. The charter is under the regulation of the I. C. C. just as effectually as the contract carrier, subject to all the red tape of the I. C. C., all the regulations, all the delays, all the annoyances and nuisances that are involved in the bureaucratic handling of the matter by the I. C. C. I am not surprised that our greatest rate expert, Mr. Eastman, Chairman of the I. C. C., rebels at the very suggestion that the waterways be regulated by the I. C. C., because he knows, as an expert, that the waterways traffic regulates itself by the age-old law of competition.

The distinguished representative from New York [Mr. WADSWORTH] has defied any speaker to point a word in part 3 dealing with water rates that will either currently or in the long run be of any benefit to the railroads or to their employees. To this moment that question has not been specifically answered. The only reply has been a statement of generalities not based upon any factual basis.

Part 3 will mean the retardation of any development of water transportation in the future. The little fellow will be put out of business. No longer will he attempt to go into this business, because he will be "pushed around," as the expression is among the racketeers in the big cities, by powerful competitors, who, when the little fellow attempts to follow the regulations proposed here and obtain a certificate of convenience and necessity, will be faced by powerful influences on the part of the railroads and powerful competitors of the larger type, who, by their very nuisance value, which will be provided under section 3, can and will ultimately destroy the little fellow. The general public will suffer the consequences of the artificial regulation of an already naturally regulated business regulated by the natural law of competition.

How can we complete the development of our waterways under such a false promise by the operation of such a false process? No; this bill is in the interest of a minority and not in the interest of the people.

SAVINGS TO THE FARMER ON SHIPMENTS OF GRAIN BY WATER

MUSCATINE, IOWA

The following is a recent statement made by L. R. McKee, a grain dealer of Muscatine, Iowa:

"It has been said the producer and consumer do not gain from cheap river transportation. I have lived in Muscatine for about 30 years, and have been in the grain business here for about 25 years, and own and operate an elevator at this point on the river. Last year several million bushels of corn were shipped south and the farmers in the vicinity of Muscatine were paid from 3 to 6 cents per bushel more for their corn than they possibly could have received if shipped by rail. It permitted also the consumer of this grain in the South to buy his grain cheaper, thus a saving was effected both ways."

ST. LOUIS, MO.

When the barge line appeared on the Mississippi River in 1918, the rail rate on wheat from St. Louis to New Orleans was 18 cents per 100 pounds. Because of water competition the rail rate on wheat from St. Louis to New Orleans today is 11 cents per 100 pounds, while the water rate is 8 cents per 100 pounds. How long will this rate continue if the Interstate Commerce Commission gets control of port to port water rates?

PEORIA, ILL.

Memorandum prepared by H. H. Dewey of W. W. Dewey & Sons, Inc., grain dealers in Peoria, Ill., showing prices paid for grain during the month of June 1939 at an elevator at Henry, Ill., which has no water connection, and at Pekin, Ill., with both water and rail connections.

[Cents per bushel]

	No. 2 corn		No. 2 wheat	
	Henry	Pekin	Henry	Pekin
June 1	44	46	68	69
2	44	46	68	69½
3	44	45½	68	69
5	44	45½	66	67½
6	44	45½	66	67½
7	44	46	66	68
8	44½	46	64	66
9	44	45½	64	65½
10	44	45½	64	65½
12	43	45	62	64
13	43	45	62	64
14	43	45	62	64½
15	43	45	62	64
16	43	45	62	64
17	43½	45½	60	64
19	43½	45	60	63
20	43½	45	60	62½
21	42	44½	59	61½
22	41	43½	58	60½
23	42½	44	59	61½
24	41½	43	59	61½
26	41½	43	59	62
27	42	43	61	63
28	41	43	59	62½
29	42	43½	60	64
30	41	43	59	63
Average	42.9	44.7	62.2	64.5
	--------	42.9	--------	62.2
Average Pekin price above Henry	--------	1.8	--------	2.3
Price increase to farmer on grain carried by water (percent)	--------	4.2	--------	3.7

LONE TREE FARMERS EXCHANGE,
Lone Tree, Iowa, June 24, 1939.

MR. LACHLAN MACLEAY,
President, Mississippi Valley Association,
511 Locust Street, St. Louis, Mo.

DEAR MR. MACLEAY: We observe from certain reports of the Senate Committee on Interstate Commerce and certain information being circulated by the railroads, that it is questionable as to whether the farmers and producers of grain in territory tributary to the Mississippi River have realized any of the benefits of cheaper water rates. It is our understanding that the above-mentioned organizations have gone on record as stating that the farmers have not received any benefit and, because of this, we wish to tell you of our experiences with the movement of grain out of our territory over the Mississippi River.

During 1938 our organization, a farmers' cooperative grain elevator located 32 miles directly west of Muscatine, Iowa, and owned and controlled by an active membership of 300 farmers, moved a total of 550,000 bushels of corn to Muscatine which was loaded on barges and shipped to various southern points along the Mississippi River and for export. Due to this grain moving by river we were in a position to, and did, pay from 3 to 5 cents per bushel more for grain than we could have paid for it had we been limited entirely to movement of the grain out of our town by rail.

In addition to paying the farmers a premium for their corn of from 3 to 5 cents per bushel, we found that we, because of river movement of this corn, could realize approximately 30 percent more net profits in our handling of this grain to our organization which profit was at the end of our year, returned quite largely to our participating stockholders in the way of stockholders' dividends.

In addition to the grain we moved to Muscatine for river shipment, we know of numerous other similar organizations within a radius of 100 miles of Muscatine, Iowa, that have realized the same benefits to their organization and to their farmers as we have and any statements made by railroads or any Senate committee to the effect that the farmers have not received an immediate money benefit by the movement of their grain on the river is unfounded and would not be made by one who is acquainted with what is actually happening.

Yours very truly,

LONE TREE FARMERS EXCHANGE,
M. GASKINS, *Manager*.
MARJORIE MCMAHON, *Bookkeeper*.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, much has been said about inland waterways during the past few days. There is one thing we all agree on, and that is that inland waterways represents cheap transportation. Let us analyze for a moment this cheap water transportation by comparison with modern rail transportation to ascertain whether or not any inequality exists between the two and who pays the difference.

Let us take, as an example, the Mississippi River, developed at a cost of $145,000 a mile, with an annual maintenance cost of $2,300 a mile.

Next the Missouri River, constructed at a cost of $195,000 per mile, with an annual maintenance cost of $2,900 per mile.

Next the Ohio River: It has cost in construction $142,000 and maintained at a cost of $3,880 per mile.

New York Barge Canal: $337,000 a mile to construct and maintained at a cost of $4,749 per mile.

Cape Cod Ship Canal: $1,500,000 a mile and $20,000 a mile to maintain.

If time permitted, I could proceed at length in analyzing the cost of construction and maintenance of inland waterways, which to date has cost the taxpayers of the country $670,000,000. Do not forget, the taxpayers in every State, in every community, are paying the bill for this so-called cheap water transportation.

Now let us take the railroads. The investment in rail roadway averages about $61,000 for each mile of line, including the cost of sidings, yard tracks, and so forth.

The maintenance of the track and structures averages $1,733 a year for each mile of line—less than half the cost of maintaining the channel of any inland waterway.

The total economic cost of doing the job on the railroads is less than it is on the rivers and canals, even when it is considered that, besides paying their own cost, the railroads pay taxes averaging more than $1,400 per mile of line each year, or approximately 10 cents out of every dollar taken in.

In other words, the railroads pay their own way and are expected to stand idly by and see the taxes they pay used to subsidize a cutthroat competitor.

Let us not forget that the taxes paid by the railroads of this country maintain many political subdivisions of our Government, such as school districts, hospitals, and so forth, while, on the other hand, the inland waterways contribute nothing by reason of the fact they pay no taxes.

Do not be misled by the lobbyists for inland waterways, a mode of transportation that has been living off the taxpayers of this country and refuse to recognize a contribution to their own welfare, as well as the transportation industry in general, by being placed under supervision of the Interstate Commerce Commission.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HAVENNER].

Mr. HAVENNER. Mr. Chairman, I entertain a high regard and esteeem for the able chairman of the committee in charge of this bill, my distinguished colleague from California [Mr. LEA], and for the other members of his committee, but I cannot bring myself to agree with the fundamental premises upon which the philosophy of this legislation is apparently based.

Great emphasis has been laid by the proponents of this measure upon the importance of protecting the investors in railroad securities. Indeed, this argument has been stressed so strongly that it might reasonably be inferred that this is one of the primary purposes of the bill. And a further analysis of the arguments in support of this objective might logically lead to the conclusion that investors in competing enterprises, and the employees of such enterprises, would have to be sacrificed, if necessary, in order to guarantee the welfare of the railroad security holders. This appears to me to be a dangerous doctrine in American legislation.

I would be deeply interested in legislation designed to protect conservative investment of private capital in the legitimate private industries of this Nation, but transportation is not properly a private industry. Indeed, it is in the highest sense of the word a public industry. It is an industry which concerns every individual in the United States, and which has a vital relationship to the life of the Nation.

And unhappily the investment of private capital in American railroad securities has not always been on a conservative basis. I venture the assertion that the railroads would not be in financial difficulty today but for the reckless overcapitalization of many of their properties in years gone by. The people who bought those watered stocks and bonds were in most instances the victims of a cruel fraud, and they deserve the sympathy of all right-thinking persons, but there is no justice or logic in the proposal that the Government should step in and guarantee all railroad security holders a safe return on their investment, even at the expense of other vitally important transportation activities.

What I have said does not imply that I would willingly see private investments in railroad properties impaired or destroyed. Not at all. So long as the American railroads remain in private ownership I would like to see them on a paying basis, but I insist that the first consideration of all transportation agencies must be the efficiency of our Nationwide system of distribution. If the railroads cannot perform their proper function under private ownership in the great complicated scheme of transportation and distribution which modern life demands, then the public welfare will require public ownership of the railroads. I do not urge that immediately, but I predict that if the railroads persist in trying to destroy other essential forms of transportation which they regard as competitive, they are merely heading into inevitable public control.

It is interesting to note that while some of the railroad brotherhoods have given perfunctory endorsement to this legislation—no doubt at the urgent insistence of their employers—other railroad organizations have refrained from so doing, and the maritime labor organizations have entered a most vigorous protest against its enactment. I quote from a letter addressed to all the members of the California delegation by the secretary-treasurer of the Maritime Federation of the Pacific:

The Lea bill, if enacted into law, will destroy intercoastal shipping, and will deprive maritime workers on the West Coast, East Coast, and the Gulf of a livelihood.

I may say that this morning I received from the legislative representative of the railroad trainmen in the State of California a telegram urging me to cast my vote against this bill in the interest of the workers in his organization. I quote the telegram:

SAN FRANCISCO, CALIF., *July 25, 1939*.

Hon. FRANCK R. HAVENNER,
House Office Building, Washington, D. C.:

Understand Lea transportation bill up for consideration this week. Our organization considers consolidation features detrimental railroad employees. Request you vote against bill for this reason.

HARRY SEE.

In objecting to the provisions of this bill, I do not at all dissent from the theory of regulation. Indeed I believe proper regulation to be essential in the field of transportation. But the United States Maritime Commission has been created for the express purpose of developing and expanding the American Merchant Marine, and I believe that the regulation of water-borne commerce should properly come under

the jurisdiction of that Commission. The Interstate Commerce Commission has been absorbed for years with regulation of the railroads and other land carriers. Just as our Aeronautics Authority has been specially created for the regulation and development of our air commerce, so do I believe that for the best interests of the Nation as a whole the regulation of our water commerce should be kept the special sphere of influence of the Maritime Commission.

I shall support the motion made to strike out the sections of this bill which invest the Interstate Commerce Commission with jurisdiction over water-borne commerce.

If these sections are not stricken out I shall vote against the bill. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. BULWINKLE].

Mr. HARRINGTON. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. BULWINKLE. If it is not to be taken out of my time.

The CHAIRMAN. It will be taken out of the gentleman's time.

Mr. BULWINKLE. I do not yield, then.

Mr. Chairman, there is a clear-cut issue presented in this amendment whether or not we will vote to include the regulation of water transportation with railroad regulation and with motor-vehicle regulation. In discussing that in the brief time that I have I want to state that a new procedure has arisen in the House of Representatives unheard of in my 18 years of experience here. While our committee was considering this subject, just as soon as the hearings had closed, and before the subcommittee was appointed, 12 Members of this House—I believe it was 12—sent a letter out to the membership of the House asking them to be against the Wheeler-Lea bill, without knowing what was in it, without knowing whether water was to be included in it. If they say that they knew water was to be included in it, then they had sufficient notice all this time of that, and they were not taken by surprise as they would have you believe now.

Another thing I want to call attention to: They say they do not want regulation. No; but practically every speech says, "We do not want this Interstate Commerce Commission to perfect this regulating." Let us see who composes the Interstate Commerce Commission.

Joe Eastman, from Massachusetts. I ask any man here from New England, does he think that Mr. Eastman is so railroad-minded that he would be unfair to any other carrier that might be included in this? Certainly there is not a man here who would rise and say so.

Clyde Aitchison, of Oregon. There is no man who could say one word against Mr. Aitchison.

Claude Porter, of Iowa, from the State of the gentleman who is opposed to this bill, and the gentleman nor no one else would say that Mr. Porter is anything but a high-minded, upright, clean, outstanding lawyer who would do his duty.

William E. Lee, of Idaho. I challenge anyone to say anything against him or any decision that he has made.

Charles D. Mahaffie, of the District of Columbia, a man of high character; a career man. Nobody would say anything against him, and I challenge them to.

Carroll Miller, of Pennsylvania. There is no man from Pennsylvania who would say aught against Mr. Miller.

Then we have Mr. Walter M. W. Splawn, of Texas. Mr. Splawn says that in order to preserve the transportation for the United States, water regulation should be included under the Interstate Commerce Commission. No man would rise and say aught against Mr. Splawn, and I challenge them to. [Applause.]

And so I could name the three able and efficient Commissioners from the South—Mr. Caskie, Mr. Rogers, Mr. Alldredge as well as the newly appointed member, Mr. Patterson—and no one will say aught against them. The amendment to strike out the entire title should be voted down.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, the chairman of my committee, CLARENCE LEA, of California, is one of the finest men I have ever known. [Applause.] His splendid character and his eminent fairness in the handling of this bill on the floor and in the committee, particularly when contrasted with the attitude of some of the opponents, ought to commend this bill to the favorable consideration of every Member of this House. [Applause.]

Perhaps I am taking a little too much on myself, but I would like to suggest to some of my friends on the other side of the aisle that I have been led to believe from the beginning that this legislative proposal is an administration proposal, favored by the administration and by the President of the United States, and asked for to coordinate and unify the transportation regulation of this country.

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

Mr. HALLECK. The Members of the minority have gone along trying to perfect this bill.

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

Mr. HALLECK. I cannot yield. I only have a few minutes.

When this bill is put on the statute books you people will take credit for the advance that is made. The efforts of those of us in the minority, as we have labored, have been in the public and national interest, and in no other interest.

Now, let us go back a little further. From whence came the demand for this legislation? It stems from the fact that some time ago all the transportation agencies of this country found themselves in severe economic and financial trouble. The railroads, representing investments of billions of dollars of literally millions of our people, were particularly hard hit.

It was recognized that something should be done. Our committee went to work and we have brought in a bill that is fair and proper. Have you heard any of these opponents of regulation of water carriers point out any unfair provisions in this bill? Not one. The only thing they complain about is that they do not want regulation. This is the issue presented by this amendment. Passage of this bill will not destroy water transportation. It will promote and stabilize it. Its economic advantages will be preserved.

This country is committed to a policy of regulation of transportation agencies. In my time in Congress I have seen it extended to motor carriers in interstate commerce. Interstate pipe lines of natural gas have also been regulated. Air carriers are now regulated. Today water carriers alone are substantially unregulated. They are free to carry where they will at whatever price they choose in competition—direct competition—with the regulated transportation agencies of the country. Is this fair?

As a matter of simple justice, as a matter of equity, as a matter of fairness, I say that if regulation is good in one part of the field of transportation, then regulation should be applied evenly over the whole field of competing transportation systems. We have exempted from this bill now those parts of water transportation that are noncompetitive. We have been fair in this bill.

Now let me say something else to my friends on the committee. I suppose a lot of people would characterize me as something of a conservative, and I am frank to say that I frequently have trouble getting myself to the point where I can believe in the further extension of government in the direction of regulation. I have opposed a lot of it, but after careful, deliberate, and complete consideration of this problem I am convinced that in the interest of fairness, in the interest of the preservation of all of our systems of transportation, and in the interest of the very economy of our country it is imperative that we have a unification and coordination of control for competing systems of transportation. It is nothing more than fair.

This amendment should be voted down and this title kept in the bill. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. SIROVICH].

Mr. SIROVICH. Mr. Chairman, the fundamental principle underlying this interesting debate has been the propo-

sition, Shall water transportation be regulated in order to preserve the railroad transportation of our Nation?

Pretty nearly every speaker who has thus far spoken has commented upon this principle.

In order that there may be no confusion, I shall attempt to clear the muddy waters and talk about the four different groups of water transportation. I have no objection against the railroad provisions in this bill and would be pleased to vote to help the railroads if water transportation would be eliminated from the category of regulation under the supervision of the Interstate Commerce Commission.

Let me briefly discuss the four methods of water transportation. First, we have foreign transportation, otherwise known as international transportation, which deals with the foreign commerce of the world. This transportation is regulated by the Maritime Commission, through the medium of construction differentials, operating differentials, and trade-route regulations imposed upon our oceangoing carriers that convey passengers and cargoes to all parts of the world.

The second form of water transportation is called intercoastal. Why? Because these ships travel from the Atlantic or Pacific Oceans but they must go through the Panama Canal. The rates on these intercoastal ships are regulated by the Maritime Commission through an act passed by the Congress of the United States in 1933.

The third form of water transportation is known as coastwise or coastal transportation. This form of shipping deals with ships that pass either along the Atlantic coast, the Gulf, or the Pacific coast but do not travel through the Panama Canal. In coastwise shipping we have regulation by the Maritime Commission of all rates, both maximum and minimum, passed by an act of Congress in 1935. Thus, Mr. Chairman, we behold international, intercoastal, and coastal shipping regulated by the Maritime Commission. This sentiment has not been called to the attention of the Members of the House.

Fourth, we have inland-water transportation, which deals with private carriers, contract carriers, and common carriers whose commerce pass through all the inland waters of the United States from the Atlantic to the Pacific and from the Gulf to the Great Lakes.

This form of water transportation deals with 3 percent of all transportation that is carried in the United States. Against this inland water transportation of 3 percent, the railroads, the busses, the trucks, carry 97 percent of all transportation of our Nation. Now, of the 3 percent of inland water transportation, 50 percent is carried by private carriers. These private carriers are controlled and owned by great corporate interests such as oil, coal, lumber, and countless other organizations. According to this bill these private carriers are exempt from the provisions of regulations. That leaves, therefore, only 1½ percent of inland waterways that could be regulated by the Interstate Commerce Commission. The contract carriers carry 40 percent of inland water transportation and if you regulated these contract carriers you would destroy them, because all their owners would become private carriers.

It therefore leaves the balance of 10 percent of the 3 percent of inland waterway transportation that belongs to common carriers who would be regulated by the Interstate Commerce Commission if this bill is enacted into law.

Summarizing it all together, therefore, it would bring one-third of 1 percent of inland waterways under regulation by the Interstate Commerce Commission.

I appeal to you, ladies and gentlemen, as intelligent Members of the House of Representatives, to let me know whether one-third of 1 percent of small common carriers are today destroying the transportation of the railroads, busses, and trucks which carry 99⅔ percent of the transportation of our Republic. It seems ridiculous. This bill will destroy the common carrier of inland waterways throughout the Nation. It would be the same as if I told you I could disinfect the Mississippi River by throwing a teaspoon of carbolic acid into its waters to bring about complete disinfection. The passage of this bill will make it impossible in the future for common carriers, who carry small products produced by Nature's soil and small manufacturers, from being conveyed on inland waterway transportation. It will compel the small common carrier if he wants to go into the inland waterway business to secure from the Interstate Commerce Commission a certificate of necessity and convenience, which they would refuse to give him because there would be no necessity for his existence.

Mr. Chairman, even inland water transportation which would come under regulation by the Interstate Commerce Commission, which as I have called to your attention is one-third of 1 percent, is already regulated, because of a bill that our Merchant Marine Committee passed unanimously and which is now before the Rules Committee of the House awaiting a rule to bring it out on the floor for final passage.

We, therefore, behold the four forms of water transportation—international, intercoastal, coastal, and inland-waterway—all regulated today by the Maritime Commission, which has done remarkable work in trying to regulate rates between the different competitive groups that utilize the waters of our Nation to help the agricultural, industrial, and commercial interests. Because only one-third of 1 percent of our inland waterways would be regulated in this bill, I appeal to you to eliminate it from the provisions of this legislation and make inland water transportation as free and independent as aviation is today. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON of New Jersey. Mr. Chairman, the time at my disposal being so brief, I regret that I will be unable to yield until I have finished.

The issue that is raised by this amendment, to strike out the water-carrier section of the bill, strikes at the very heart of the bill. If this amendment should prevail the purpose of the bill, namely, a coordinated national transportation system fails.

This bill seeks to establish a national transportation policy in the public interest. The necessity for such a policy has been recognized and recommended by every group, within or without the Government, that has given the subject impartial study and consideration.

The President, on every occasion that he has spoken on the transportation problem and that has been frequent during his administration, has recommended a policy that would include railroads, motor and water carriers, in a coordinated national transportation system under the regulatory jurisdiction of the Interstate Commerce Commission.

The opponents of this program have not sought to dispute the advantages of such a policy insofar as it relates to railroads and motors, but only as to water carriers.

Their objection to the inclusion of the latter has been based upon the false premise that the purpose of the bill is to give an advantage to railroads over water carriers. There is nothing in this bill to justify such a conclusion. A careful reading of the bill will demonstrate to any impartial mind that the regulation provided is neither unfair nor unjust in its application to water carriers. It provides for even less regulation of water carriers than now applies to railroads and motortrucks and busses.

The Committee in drafting this legislation has sought to provide no more regulation than is absolutely necessary to accomplish the purpose of a national transportation system wherein the inherent advantages of each form of transportation are recognized and preserved, to be administered in the public interest, by a Government agency that through more than 50 years of experience is better equipped to accomplish the purpose than any other.

All of our transportation agencies, by rail, by highway, by water, by pipe line, and by air have developed independently and in piecemeal fashion. As each originated and each grew, there was little or no thought of the general national situation.

In the beginning our rivers near the seacoast and the high seas were practically our only means of transportation.

Movement by roads was slow and tedious and greatly limited in extent. Some of the opponents of this bill have based their conclusion of the right of water carriers to be excluded from regulation upon a declaration of policy enunciated during the existence of the Confederation, prior to the adoption of the Constitution and the formation of our present Government thereunder. At that time waterways, as I said, were practically the only means of transportation. At that time the roads existed only along the seaboard. None that were capable of any considerable travel existed in the interior. The individuals who in that day recognized the supremacy of waterways and made the declaration of policy that recognized them as having such a status did not and could not envision the vast network of transportation facilities that exists today, consisting of railroads with 240,000 miles of tracks, thousands and thousands of miles of improved roads over which move millions of motor vehicles every day, and with thousands of aircraft throughout the Nation flying hundreds of thousands of miles every year. Indeed, that policy upon which the opponents of this bill base their present-day claim, of the right of water carriers to be exempt from regulation, is in a very true sense a "horse and buggy" day policy as compared to present-day need growing out of a complex and complicated system of transportation. Those former days presented no problems that made necessary any form of regulation. But that time has long since disappeared.

During the years that have intervened there have been distinct transition periods in methods of transportation. Following the water-carrier period came the railroads opening a vast domain to settlement, then the motor, and finally the aircraft—all of these existing agencies of transportation have a permanent place and a definite sphere within which each can operate most effectively. What is that place? What is that sphere?

While the railroads are the backbone of our transportation system, yet trucks and busses are here to stay and will develop, and likewise our great natural resources in navigable streams must be more fully utilized, and transportation by air, now in its infancy, must be developed and encouraged to expand. Each of these have had their advocates who have pressed the claims of each to the exclusion of the others until, as the President pointed out in his message to Congress on June 7, 1935:

> It is small wonder that in a transportation picture so confused the public has been inadequately served.

He then proceeded to recommend the passage by Congress of a series of bills providing for the regulation of air carriers, motor carriers, and coastwise, intercoastal, and inland water carriers under the jurisdiction of the Interstate Commerce Commission.

> It is high time—

Said the President in that message to Congress—

> to deal with the Nation's transportation as a single, unified problem.

This bill seeks to do that very thing. Since that message motor carriers and aircraft have been brought under regulation by legislation reported to this House by the committee that now presents this bill. Water carriers—coastal and intercoastal—have also been partially regulated. Railroads have been under regulation for more than 50 years. This present legislation seeks to complete the unified system that will provide coordinated transportation in all its branches.

Time and again the charge has been made that there is no demand for this legislation with respect to its application to water carriers. That is not so. The truth is that substantial water carriers, almost without exception, are anxious and willing for regulation that will stabilize an industry that is sorely depressed by the present cutthroat practices of the chiselers within the industry.

General Ashburn, president of the Federal Barge Line, a Government-owned and operated water carrier, as I said on Saturday last during general debate, in testifying before the House Committee on Merchant Marine and Fisheries on May 8, 1935, said:

> I advocate all forms of shipping should be placed under the Interstate Commerce Commission.

Similar views, as to the necessity and advisability of regulation of water carriers were expressed by L. W. Childress, president of the Mississippi Valley Barge Line, testifying before a Senate committee; he said:

> Conditions prevailing in the transportation industry persuade me to believe that stabilization of rates—a matter in which the public has a very vital interest—can come only through Federal regulation.

He then stated that 95 percent of the common-carrier traffic on the Mississippi and Ohio Rivers is handled by his company and the Federal Barge Line, both of which were in favor of Federal regulation.

Now, as to the charge that coastal and intercoastal carriers were opposed to regulation, Mr. John J. Burns, counsel for the American Merchant Marine Institute, when testifying before the Senate committee on S. 2009, said:

> It may be conservatively stated, therefore, that a majority of the substantial waterway carriers are in favor of regulation by the Interstate Commerce Commission.

The charge has also been made that shippers were not in favor of regulation of water carriers. Mr. Childress, in his testimony before the committee, already referred to, said:

> That the shippers are overwhelmingly in favor of regulation appears to be evidenced by the vote on a referendum on the subject taken by the United States Chamber of Commerce. One thousand six hundred and fifty-four local chambers of commerce voted in favor of regulation, while but 286 voted against it.

The charge has also been made that the purpose of the bill is to destroy water carriers—drive them out of business. The charge is so ridiculous that it needs no answer. Would representatives of the water carriers, such as I have mentioned, favor legislation the purpose of which was to destroy them? Would the "Committee of Three" appointed by the President, consisting of Chairman Splawn, Commissioners Eastman and Mahaffie, recommend legislation to drive water carriers out of business, or, would the President recommend this legislation to destroy water carriers to promote the interests of the railroads? No fair or impartial mind would harbor such a thought much less express it.

It has also been said that this bill would raise the rates of water carriers to the level of rail rates. This is just as preposterous as the charge that the bill seeks to destroy water carriers. Opponents of motor regulation when that bill was under consideration by this House made similar statements. The administration of the act in the succeeding years has proved the falsity of the charge. I do not hesitate to say that no one engaged in the motor carrier industry would want that act repealed. Why? Because regulation has stabilized the whole industry to the mutual advantage of carriers and shippers. It eliminated the "chiselers" whose operations had brought chaos and distress. The administration of this act will prove just as beneficial to the water carriers and the shippers who utilize their service. It is the "chiseler" in the water-carrier industry, as in others where they exist, who oppose regulatory measures such as this bill provides.

I wish to say a word or two in answer to the charge that regulation of water carriers would mean higher rates to the farmer. This was emphatically denied by Senator REED of Kansas, when speaking on S. 2009 in the Senate. He said:

> I am saying that nobody has ever been able to point out how any benefit has been derived by a farmer in the State of Kansas from the water rate. I think the statement applies equally to Minnesota, to North and South Dakota, and the rest of the so-called grain States. It has never been possible for anybody to show that the farmer got any benefit out of the water rate and General Ashburn's letter to me dated May 10, 1939, is a complete demonstration of that fact.

Senator REED further said that he made that statement:

> Without fear of successful contradiction, having tried for 20 years the class of cases in which the question of marketing costs and effect of water transportation rates upon the price of grain to the farmer is involved.

This bill represents the honest and sincere effort of a committee that has sought after weeks of hearings to present to this House a bill that will be helpful to railroads, motor carriers, water carriers, and beneficial to the public at large. It deserves your support and we ask that the emasculating amendment now before the House be voted down.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. CROSSER].

Mr. CROSSER. Mr. Chairman, the bill now before the House for action is an earnest attempt to systematize and coordinate the transportation agencies of the country, so that the general public, the transportation workers, and the transportation agencies of all kinds may enjoy the greatest possible measure of justice in connection with the transportation business.

We have open to us but two ways to control transportation agencies of all kinds. Either the public must own and operate them or, if they are privately operated, the public must regulate them.

There are some who are opposed to both regulation and public ownership. They insist that private owners of transportation agencies should have a free hand and that there should be no interference by way of regulation.

Even those who are opposed to public regulation must admit, however, that if one kind of transportation agency is subjected to regulatory laws, then all competing transportation agencies should be governed in accordance with the same principles.

Although railroad workers would benefit as much as any group from just regulation, it was indicated by one of those opposed to the bill that the railroad workers of the Nation are not wholeheartedly in favor of the measure. One or two letters have been received indicating that some members of the brotherhoods, the heads of which constitute the Railway Labor Executives' Association, are not in favor of the legislation. No doubt that is true, for there never was a case in which every member of any organization agreed with the majority action of such organization. There is no doubt, however, that the great majority does approve this legislation.

Let me call attention to the last issue of Labor, a publication devoted to the welfare of railway workers. I read a few excerpts from the editorial as follows:

House urged to ignore propagandists' pleas, and pass rail bill.

That is the headline. The editorial further states that—

It has the support of the President of the United States.

It is earnestly endorsed by the Railway Labor Executives' Association, speaking for the Standard Railway Labor Organizations, with close to 1,000,000 members.

In the matter of railroad consolidations, the bill safeguards all interests. The element of Government compulsion is removed, the carriers are permitted to submit plans for mergers, but the I. C. C. is designated a watchdog to protect the public interests.

The Lea bill has the solid backing of the Railway Labor Executives' Association.

I have a telegram which I received from George M. Harrison, president of the Brotherhood of Railway Clerks, Cincinnati, Ohio, reading as follows:

WASHINGTON, D. C., *July 17, 1939.*

ROBERT CROSSER,
House Office Building, Washington, D. C.:

On behalf of 150,000 members of my organization, I urge your support of Lea bill on railroad legislation. The railroad industry must, if it is to survive, be stabilized; regulation of competition is imperative. Don't permit adjournment until this legislation is enacted into law.

GEORGE M. HARRISON,
President, Brotherhood of Railway Clerks, Cincinnati, Ohio.

While it may be true, as I have said, that there is lack of support on the part of a few members of brotherhoods constituting the Railway Labor Executives' Association, let me call attention also to a letter written to me by a member of the brotherhood which is officially opposed to the bill.

BROTHERHOOD OF RAILROAD TRAINMEN,
OHIO CITY LODGE, NO. 237,
Lakewood, Ohio, July 20, 1939.

Hon. ROBT. CROSSER,
Congressman, Twenty-first District of Ohio,
House Office Building, Washington, D. C.

DEAR SIR: I have been informed that the Committee on Interstate and Foreign Commerce of the House of Representatives have before them an amendment to the Interstate Commerce Act that will extend governmental regulations, under the Interstate Commerce Commission, to waterway carriers operating on the inland and coastwise waterways of this country, the reason for this being to place these carriers under Government regulations similar to those now governing the railroads as well as other forms of transportation.

It seems to me that in these days of intense competition in the transportation field fairness and justice require favorable action on the proposal in order to stop cutthroat competition and stabilize the industry on a fair competitive basis.

I know of no better qualified or more capable governmental agency to direct this regulation than the Interstate Commerce Commission and my constituents and myself are heartily in favor of giving them this most important job.

We trust the proposal may, therefore, have your approval and support.

Yours very truly,

F. E. NEHRENZ,
Legislative Representative, 2182 Olive Avenue.

Please note that this was received in the ordinary course of the mail and is written by F. E. Nehernz, who is legislative representative of Lodge 237 of the Brotherhood of Railroad Trainmen.

So much for that.

This bill is the outcome of a serious effort to coordinate transportation agencies. The transportation business is not the mere private concern of any one of these agencies. What the committee has tried to do is to establish a firm, sound basis of operation for all of the transportation agencies of the country. You cannot control one and ignore the other. Suppose, for instance, that the railroads were paid for by the United States and then given free to a private company which would not have to make a single cent return for capital; do you suppose either the waterways or other transportation agencies could then operate successfully against the competition of the railroads?

Mr. Chairman, we must consider the transportation agencies of the country as a unit. The regulation must be done by a single regulatory authority, one that applies the same principles and the same logic to each of the transportation agencies of the Nation.

Mr. Chairman, I ask that this amendment be voted down.

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Texas [Mr. SOUTH].

The question was taken; and the Chair announced it was in doubt.

Mr. WARREN. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. SOUTH and Mr. PEARSON to act as tellers.

The Committee divided; and the tellers reported that there were—ayes 144, noes 167.

So the amendment was rejected.

Mr. WARREN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WARREN: On page 266, line 17, strike out "2" and insert "3."

Mr. MAPES. Mr. Chairman, I make the point of order that this amendment comes too late. Perfecting amendments should be offered before a motion to strike out the section.

Mr. WARREN. Mr. Chairman, I would like to be heard upon that if there is any doubt.

The CHAIRMAN. The Chair is of the opinion that while the gentleman had the privilege of offering this amendment before a vote was taken on the motion to strike, the action taken on the motion to strike does not preclude the offering of a perfecting amendment.

The Chair will read section 7 of rule XVI, as follows:

A motion to strike out and insert is indivisible, but a motion to strike out being lost shall neither preclude amendment nor motion to strike out and insert.

Mr. BULWINKLE. Mr. Chairman, I ask unanimous consent that the amendment may be read again.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina [Mr. BULWINKLE]?

There was no objection.

The Clerk again reported the Warren amendment.

Mr. WARREN. Mr. Chairman, this will probably be the last amendment offered to this particular title. It deals with the statute of limitations on the filing of claims by shippers where there have been overcharges involved. Bear with me, if you will, when I say to you that the present Federal law allows a shipper 3 years in which to file a claim. This is just another evidence in this bill of discrimination against the shippers and consumers of the country.

A freight overcharge is a debt which the carrier lawfully and morally owes the injured party, and there is absolutely no reason why the carrier should be preferred in a debt of this nature. The statute in practically all of the States provide from 3 to 8 years for recovering of freight overcharges. Due to claim complications and audit requirements, and so forth, any reduction in the present 3-year time limit would bring great hardship upon the majority of shippers. It certainly cannot be maintained that any evil will be remedied by a law precluding the injured shipper from collecting a just debt by further restricting the present period to 2 years.

Now, get this: In the House committee print, dated March 29, 1939, the Interstate Commerce Commission definitely disapproves any reduction in the present 3-year time limit. The reduction is also opposed by the National Industrial Traffic League, the National Retail Dry Goods Association, and other nationally known organizations. As against all this, the only ones in favor are the carriers, and without any proper justification. Their real reason is to extinguish these claims at the earliest possible date, and thereby retain in their treasury large sums of illegal revenue.

The sole purpose of this section is for the carriers to rake in the dollars of the small merchants and shippers throughout the country, when anyone who has had any experience with the I. C. C. knows that sometimes it takes at least 2 years in order to even file your claim there.

Mr. LEA. Mr. Chairman, I have no objection to this amendment. The committee reduced the period of limitations to 2 years for the carriers, and left it the same as it was for the shippers. There is some question about the time involved in these overcharge cases. The committee tried to leave it the same, although it was in other provisions of the bill.

There is not any substantial objection, so we have no objection.

The amendment was agreed to.

Mr. GEYER of California. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. GEYER of California: Page 260, insert the following sentence after the amendment offered by Mr. WADSWORTH: "In the prescribing of rates, fares, and charges of any carrier subject to this act, as much of the salary of any employee of such carrier as is in excess of $20,000 per annum shall not be considered to be an operating expense or part of the cost of rendering the service of such carrier."

Mr. GEYER of California. Mr. Chairman, this is a very simple amendment. We have been talking both yesterday and today about doing something for the little fellow. I believe here is an opportunity to do just that. My amendment says that when the Commission fixes rates it shall not take into consideration any salary for rate-making purposes of any employee who receives more than $20,000.

When you stop to consider some of the salaries you will begin to see, perhaps, why we are trying to bail the railroads out, as we are in this bill today. I have in my possession a report of the salaries paid to some executives. The Greyhound Corporation, for instance, paid to one man $62,275, and to another $49,878. As I read this list of salaries think of your own salaries. We find here another salary of $60,000 paid to an official, to another official $40,000, and to another $50,000. I could go on and on and read many of these salaries.

Let us remember this. By the Federal statutes the T. V. A. is limited to $10,000 in paying salaries to its employees. We are allowing here in my amendment twice that amount. A great deal has been said about the efficiency of Government-operated projects such as the T. V. A. If it is right and fair to limit those executives to $10,000, surely a two-to-one shot is not unfair as far as these others are concerned.

Let us remember that these salary payments are reflected in the rates. Many things are reflected in the rates. The very legislative representatives that are here working for this bill have their salaries reflected in the rates. That is not all. The interest on the bonds is reflected in the rates, dividends on watered stock are reflected in the rates, and there are many other costs that are reflected in them. Let us give the railroads an opportunity here to come to us with clean hands. This applies to the other carriers as far as that is concerned. It will apply to all of them, water carriers and all. Let us help them to set their own house in order. Let us say that $20,000 for an employee's salary is enough money to charge against the rates or to charge against the salaries of the lower-paid employees and against the consumers.

Mr. Chairman, I ask that this amendment be supported.

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

Mr. GEYER of California. I yield to the gentleman from Texas.

Mr. MANSFIELD. Can the gentleman tell us about how many officers are drawing salaries in excess of $20,000 a year?

Mr. GEYER of California. No; I cannot give you the exact number, but a considerable number of them are here in this long list I hold in my hand. I am sure the amount involved is enough to reflect a lower rate to our consumers and at the same time there will be more money with which to pay more workers in the lower brackets. At least we have no right to give the roads a right to raise their rates, which this bill really does, until we have closed every leak. This amendment of mine will stop one leak and show to our people that we are really concerned with the employment problem. We will be at least on record as being opposed to a few bilking the public while this Congress voted in the W. P. A. bill to doom to starvation thousands of our fine people. I cannot see how any can oppose a limit of $20,000 on these salaries. I hope you will support the amendment.

Mr. LEA. Mr. Chairman, I rise in opposition to the amendment.

This amendment means almost nothing as a practical matter. The requirement that in computing charges for rate-making purposes compensation of employees in excess of $20,000 must be eliminated, when the roads are annually meeting operating expenses of more than $3,000,000,000, would look ridiculous in a piece of legislation passed by the Congress. It shows what might be done by improvident performance here on the floor affecting a serious business situation.

Mr. GEYER of California. Mr. Chairman, will the gentleman yield?

Mr. LEA. I yield to the gentleman from California.

Mr. GEYER of California. The gentleman believes, then, that we are justified in allowing these immense salaries to be paid when the railroads are coming to us and asking to be bailed out of their predicament? Does the gentleman wish to go on record to that effect?

Mr. LEA. No; that is not the question. The Congress does not assume to legislate salaries for these railroad companies. If we should determine to go into that field, let us do it considerately and on some effective plan that would really prevent excessive salaries.

Mr. GEYER of California. Evidently it is not. It seems not to be.

Mr. POAGE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I find again that I must resort to the practice of rising in opposition to an amendment which is not the matter I want to discuss in order to gain the floor. I again wish to call the attention of the members of the Committee, many of you being here who were not here on a previous occasion when I called attention to the provisions of this bill, waiving the advantages the United States

Government retains by reason of its contracts in connection with the tremendous land grants heretofore made by the Government.

Many years ago the United States Government followed a policy, possibly a correct policy at the time, possibly the only policy that could have been pursued at that time that would have given us immediately the transportation facilities that we needed at that time, of making grants of public lands on certain conditions to those who would enter into certain contracts with the Government. Among the conditions was the condition precedent of constructing certain miles of railroad. Of equal importance, as has been held by our Supreme Court on several occasions since that time, was the provision written into those contracts that the railroad and all its branches should remain a public highway at all times, open to the transportation of goods and troops of the United States without cost to the Government. Since that time we have relieved the railroads of one-half of the burden of their contract and have paid the railroads 50 percent of the regular transportation cost, but this bill proposes to waive the remaining 50 percent, not because the railroads have to have it to operate without loss, not because it is not profitable to haul Government property at 50 percent of the regular transportation cost. There are only 27 land-grant railroads in the United States today which are required by law to transport goods for the Government at 50 percent, yet there are more than 200 railroads in the United States that have voluntarily filed equalization agreements or waivers whereby they voluntarily come in and ask for the privilege of transporting Government property at 50 percent of the regular commercial rates. Do you think for one moment those railroads would have come in and asked for this privilege had it not been profitable business to do so?

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

Mr. POAGE. I yield to the gentleman from North Carolina.

Mr. WARREN. Could not this section of the bill which the gentleman is discussing be properly termed a rape of the public domain under the gentle guise of law?

Mr. POAGE. It certainly might.

We have given very little consideration to this subject today. Every one of us recalls the burning criticism that was properly directed against those who gave away the original 50-percent privilege. Those men have been held up to scorn all during history. Yet you are called upon today to give away the remaining 50 percent. And you are called upon to do it before your people have a chance to hear what you are giving away. No, it is not done to help the railroads immediately because it does not amount to more than $7,000,000 to $10,000,000 a year to the railroads. It cannot bail them out of any important immediate financial crisis which is confronting them, but it can mean billions to the people of America throughout the years for which the Government has already paid, and paid well.

Are you going to be a party to that kind of transaction? I took this time that I might call upon this committee that has not yet discussed this problem, that has not yet stood before this House and told us why this provision is in this bill. I took this time that I might suggest to the committee that I am going to offer an amendment to strike it out and I would be glad if some member of the committee would rise before we reach that point and tell us why this provision is in here; tell us why it is in the interest of the people of the United States; tell us why we should give away the only remaining advantage that the people retain from our great public domain.

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

Mr. POAGE. I yield.

Mr. SOUTH. I will ask the gentleman if it is not a fact that this provision is not found in the Senate railroad bill.

Mr. POAGE. That is right. The Senate did not put it in here. The Senate has three separate bills, two of them attempting to do this thing and another bill expressly protecting the public domain, and I understand it was not in some of the committee prints, but it just came out here after we got it on the floor. I can be wrong on that, but I understood that in the third print it was not there, or if it were that it was in language that the average reader would not catch in reading.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. GEYER].

Mr. GEYER of California. Mr. Chairman, I ask unanimous consent that the amendment may be again reported.

The Clerk read the Geyer amendment.

The question was taken and the amendment was rejected.

Mr. HARE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARE: On page 274, at the end of line 10, in section 312, add the following: "*Provided*, That hereafter, notwithstanding any other provision of law, no certificate of public convenience or necessity shall be issued, transferred, or assigned to an existing competing carrier engaged in a different system of transportation or to any person or corporation financially interested directly or indirectly in the operation of interstate transportation other than that provided in such certificate."

Mr. HARE. Mr. Chairman, assuming that this is to be a transportation bill and not merely a railroad bill and that we are to hereafter have three systems of transportation known as the railroad system, the motor-bus lines, and water transportation, the purpose of this amendment is to prevent either one of these agencies or systems of transportation from securing a complete control or monopoly over the other. In other words, this amendment is offered for the purpose of preventing the railroad system from getting control of the bus lines and thereby putting the bus-line system out of existence. Should this develop we will have the railroads operating their own system and in addition will be operating the bus-line system over highways constructed and maintained by the States and the Federal Government.

This amendment simply provides that no certificate of public convenience or necessity shall be issued, transferred, or assigned to an existing competing carrier engaged in a different transportation system; that is, for example, if I should obtain a certificate to operate a bus line from station A to station B, which parallels a railroad line, it would then be unlawful for me to transfer or assign that certificate to that particular railroad line. On the other hand, if a person should obtain a certificate giving him the right to operate a bus line from A to B, then it would be unlawful for the Commission to issue a certificate to a competing railroad paralleling such line. It would not prevent the Commission from issuing a certificate to any other man who wanted to operate a bus line, if the conditions and circumstances warranted it, but it would prevent them from issuing a certificate to the adjoining or competing railroad line.

My reason for offering this amendment is that if we are to maintain and protect these three systems of transportation, and I am not prepared to argue against either one, I can conceive that within a reasonably short time, not over 10 years from now, our railroad system will own and operate all the bus lines of this country. They will operate them over roadbeds constructed and maintained by the States and the Federal Government, and then the public will be deprived of that fair and just competition that arises, or is supposed to arise, from the operation of these two systems. Therefore, I think this amendment is highly important and absolutely essential if the three systems are to be maintained, and if there is to be continued fair, honest, and legitimate competition between these systems with any hope of securing cheaper freight rates. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I rise in opposition to this amendment. It is another instance in which a vague amendment is presented dealing with a complicated question, where we already have adequate provisions under which the Interstate Commerce Commission grants these certificates only on the basis of public convenience and necessity, and where they adopt rules governing the transfer. If an amendment like this is to be offered, it should be presented to the committee so that we would have a chance to

consider it. It is an improper way of legislating on a question like this on the floor of the House. I think the amendment is open to serious objection, because it is so vague, referring to "a person interested in transportation" as one of those against whom the prohibition would run.

The Interstate Commerce Commission is a regulatory body, and we must give it a wide discretion if we are to have a successful administration of the act and not have it tied up too much by arbitrary rule.

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

Mr. LEA. Yes.

Mr. HARE. Is there any provision in the bill anywhere that would prevent a bus line from transferring its certificate to a railroad line or a water line?

Mr. LEA. That can be done only by the consent of the Commission. Railroads are prohibited from securing control of competing line water carriers except by approval of the Commission.

Mr. HARE. But there is nothing in the law to prevent it.

Mr. LEA. Except the authority we have given the Commission. They must have discretion. If we are to bind them by arbitrary rules or prohibit them, perhaps in some cases they would be forced to do an injustice.

Mr. HARE. Under the provisions of the bill I see where they are permitted to be transferred in accordance with the regulations that the Commission may permit.

Mr. LEA. If we were to put an arbitrary bar against the transfer, in cases where there should be a transfer, an injustice might be done, and that is why it is necessary to have discretion lodged in the Commission.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from South Carolina.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word. In Massachusetts at the present time we are witnessing one of the harmful results of the unscrupulous financial control of our railroads in the past, when there existed a complete disregard in many cases of the interest of the stockholders, the bondholders, and the general public and the community served. It is such mismanagement in the past that is mainly responsible for the present predicament of the railroads. I have a strong suspicion that much of the legislative efforts of recent years, and the present bill, is for the purpose of laying the foundation for the Government to ultimately purchase the roads, not because the executives of the railroads believe in public ownership but because they deem that such is the only way of bailing the bankrupt roads out of their present financial condition—a condition due mainly to mismanagement. It is the duty of Congress to watch this situation closely in the future.

My main purpose in rising is to show the shameful result of the past mismanagement so far as Massachusetts is concerned at the present time. In Massachusetts at the present time we are witnessing the terrible result of such mismanagement. We have seen in recent weeks the abandonment of passenger service in 88 communities served by the Old Colony Railroad Co., and the intention to abandon in September service in from 50 to 55 more communities. This affects the whole southeastern part of Massachusetts, in which area served by this railroad live hundreds of thousands of persons.

In a recent meeting held in Boston the Attorney General of Massachusetts, Hon. Paul V. Dever, accused the officials ordering such termination of service of "open defiance of the State laws in failing to comply with the provision which requires the written approval of the department of public utilities for all abandonment of service." This action affects what is known as the south shore of Massachusetts, in which lives the distinguished minority leader, and in which section lives the distinguished gentleman from Massachusetts [Mr. GIFFORD], extending to the very tip of Cape Cod.

The results of this action, if successful, will mean disaster to the people of the area affected. This is not a question of discontinuance of service of some stations which could be done through consolidation of services with other stations, but is a complete termination of the passenger in this large area of Massachusetts with its density of population. It is a disgraceful situation. It is an arrogant assertion of power in complete disregard of the interest of the people of the great area of Massachusetts. It is actions of this kind which prompts the general public and their public officials to view with suspicion legislation sponsored or supported by railroad executives. Those in control of the Old Colony Railroad would act wisely if they would voluntarily reconsider their past action and their intended action and instead of complete termination of passenger service in this large area of Massachusetts they would consolidate their stations where they can, and assure to this area and its people affected at least the basic passenger service to which they are entitled and which they so badly need.

[Here the gavel fell.]

Mr. PIERCE of Oregon. Mr. Chairman, I move to strike out the last two words.

Mr. LEA. Mr. Chairman, will the gentleman yield that I may make a unanimous-consent request?

Mr. PIERCE of Oregon. I yield.

Mr. LEA. I ask unanimous consent that all debate on this amendment close in 9 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PIERCE of Oregon. Mr. Chairman, I rise to support the amendment offered by our colleague from South Carolina [Mr. HARE].

I hold in my hand a series of letters and replies from a man living in a town close to where I live in Oregon, who wanted to put on a little truck line of three or four trucks, to do some work through southern Idaho and Oregon. That man filed his petition with the Interstate Commerce Commission for a certificate. He had to employ a lawyer, which he could not afford. It was a year before he could get his certificate. Now, the object of this amendment is simply to attempt to keep the railroads from monopolizing also motor traffic as they will continue to do if they can buy up certificates granted to their agents and hirelings for the purpose. Without this amendment the railways will be enabled to monopolize the traffic, and there will be no competing bus and truck lines. The Congress placed the trucks under the control of the Interstate Commerce Commission a few years ago. Now, water transportation has to be regulated by this same group and subjected to the same delays. It will be as impossible to get quick justice or to get a decision as it used to be a few hundred years ago in the courts of England before they were reformed. I am asking my colleagues on this floor to give serious consideration to this amendment. Adopt the amendment that has been offered by our colleague from South Carolina. It is in the interest of public service. It is in the interest of the people. If we had the management of these roads in the hands of actual railroad men instead of bankers it would be different. Today the management is all in the National Capital and in Wall Street. Time was when our railroads in Oregon were controlled from the headquarters in Portland. Then we could present our cases. Now it is simply impossible.

I am asking for a vote in favor of this amendment offered by the gentleman from South Carolina [Mr. HARE]. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Minnesota [Mr. ALEXANDER] is recognized for 4 minutes.

Mr. ALEXANDER. Mr. Chairman, I am glad to see the gentleman from South Carolina [Mr. HARE] offer this amendment, although it is doubtful if it will be agreed to. I say I am glad to see it, because it points out the fear of monopoly inherent in this bill, which is in the hearts and minds of the Members. I know as you know that this bill is sponsored by the un-American monopoly inerests of Wall Street. I was surprised as I saw Members going through the turnstile here today, who on frequent occasions have come down here in the well and harangued us against the

same un-American international banker clique and against other monopolies of Wall Street financiers against the interests of the people.

Still they would support this bill and vote against all amendments which would serve to protect the interest of the public and of the employees of the railroads. Is it any worse for this bloodthirsty gang of Wall Street to take us to the cleaners one way or another? I submit that it is not.

I can understand why some men would vote for this bill, some of my colleagues who have railroad interest and background, and some Democrats, but for the life of me I cannot understand why any of our Republican friends from the Midwest, especially from the heart of this country, would support this measure, because it is absolutely detrimental and opposed to the best interests and welfare of that section of the country.

I want to call the attention of the Members from the East, Members from the New England States, from New York and Pennsylvania, and other Eastern States who are supporting this measure, to this fact: You are worrying about supporting the relief demands of the central section of the country, the South, and the Midwest, and we all agree that it is a bad situation, a very bad picture; but when you pass laws of this type you are making the situation more acute. You are going to destroy and drive out more business, force more people on the relief rolls in the central section of the country, and further destroy agriculture. You will have to support that disaster with more dollars from the Public Treasury collected mainly from east of the Mississippi.

I have before me the figures of the States which are getting the most per capita relief. It is a surprising thing that almost without exception those States are in the central section of the country, States which have enormous natural wealth and resources. There is absolutely no reason based on justice and common sense why those States should be in the mess they are today. They are occupied by good, hard-working farmers and businessmen. They have every natural advantage and facility, except that they have been hamstrung.

They have been killed off, as it were; business and industry, commerce and trade have been destroyed until today the central section of your Nation is struggling along under this great handicap of unfair and artificial rates set up by the I. C. C. and the eastern interests until you people of the East and of the New England section are being asked to dig down into your pockets more and more, month by month, and year by year to support this relief burden of the Middle West. I have the figures of the per capita loans to States, and with but one exception these per capita loans have been greatest to the States of the Middle West. There is absolutely no reason for this, for they possess great wealth and natural resources. It is only because you people of the East are not farsighted enough, you are too narrow-minded, you have not the foresight to see that when you hamstring the people of the Middle West you are going to have to support them with more and greater relief.

RELIEF IN MINNESOTA

Between March 4, 1933, and December 31, 1937, the Federal Government spent for recovery and relief in the United States $16,436,865,417, or a per capita average of $127.16. Of this sum, $411,202,967 was spent in Minnesota, a per capita average of $155.05. This is nearly $30 above the United States average and ranks Minnesota fifteenth out of 38 States outside the Solid South. During this same period Federal loans to the amount of $12,609,896,323 were made—a per capita average of $97.49. Of this, loans of $318,383,623 were made in Minnesota, a per capita average of $120.05. This ranks Minnesota sixteenth out of the 38 States here considered.

There is an extraordinarily wide range both in per capita expenditures and per capita loans within individual States. Thus, in the matter of per capita expenditures in the 38 States considered, Nevada stands highest with $888.21, while Connecticut is lowest with only $80.39. Other States with high per capita expenditures are the following: Montana, $449.12; Arizona, $426.58; Wyoming, $366.26; South Dakota, $304.27; New Mexico, $297.07; Idaho, $284.74; North Dakota, $280.90; and Utah, $223.47.

In the matter of per capita loans the range is from $235.03 in North Dakota—the highest—to $33.37 in New Hampshire—the lowest. Other States with high per capita loans were: South Dakota, $215.37; Nevada, $214.88; Nebraska, $206.96; Montana, $194.39; Wyoming, $181.12; Idaho, $168.87; California, $165.50; Michigan, $158.20, and Iowa, $156.93. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina [Mr. HARE].

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

Mr. LEA. Mr. Chairman, I ask unanimous consent to dispense with the reading of part I of title III, ending on page 299, the same to be printed in the RECORD at this point, and amendments to any section of part I to be in order.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Part I of title III follows:

TITLE III—MISCELLANEOUS

PART I—BRIDGES OVER NAVIGABLE WATERS

DEFINITIONS

SECTION 301. When used in this part, unless the context indicates otherwise—

(1) The term "bridge" means a lawful bridge over navigable waters of the United States, including approaches thereto, used and operated for the purpose of carrying railroad or highway traffic, or both railroad and highway traffic.

(2) The term "bridge owner" means any corporation, association, partnership, or individual owning any bridge, and in the case of a bridge which is in the possession or under the control of any trustee, receiver, trustee in bankruptcy, or lessee, said term includes both the owner of the legal title and the person or entity in possession or control of such bridge.

(3) The term "Secretary" means the Secretary of War, acting directly or through the Chief of Engineers.

OBSTRUCTION OF NAVIGATION

SEC. 302. No bridge shall at any time unreasonably obstruct the free navigation of any navigable waters of the United States.

NOTICE, HEARINGS, AND FINDINGS

SEC. 303. Whenever a bridge shall, in the opinion of the Secretary, at any time unreasonably obstruct navigation, either on account of insufficient height, width of span, or otherwise, or if, in the opinion of the Secretary, there be unreasonable difficulty in passing the draw opening or the lift span or drawspan of any such bridge by rafts, steamboats, or other watercraft, it shall be the duty of the Secretary, after notice to the interested parties, to hold a hearing at which the bridge owner, those interested in water navigation thereunder or therethrough, those interested in railroad or highway traffic thereover, and any other party or parties in interest shall have full opportunity to offer evidence and be heard as to whether any alteration or changes of said bridge are needed, and, if so, what alterations or changes are needed, having due regard to the necessity of free and unobstructed water navigation and to the necessities of the rail or highway traffic. If, upon such hearing, the Secretary shall determine that any alterations or changes of such bridge are necessary so as to render navigation through or under it reasonably free, easy, and unobstructed, having due regard also for the necessities of rail or highway traffic thereover, he shall so find and shall further make a finding of fact as to what alterations or changes of said bridge are reasonably necessary for the purposes of navigation, and shall notify all parties concerned of his finding.

SUBMISSION AND APPROVAL OF GENERAL PLANS AND SPECIFICATIONS

SEC. 304. It shall thereupon be the duty of the bridge owner to prepare and submit to the Secretary, within 90 days after notification of his finding of fact, general plans and specifications to provide for the alteration of or changes in or reconstruction of such bridge in accordance with such finding, and for such additional changes in, or alteration of, such bridge as the bridge owner may desire to meet the necessities of railroad or highway traffic, or both. The Secretary may reject said general plans and specifications, in whole or in part, and may require the submission of new or additional plans and specifications, but when the Secretary shall have approved general plans and specifications, they shall be final and binding upon all parties unless changes therein be afterward approved by the Secretary and the bridge owner or by a court of competent jurisdiction.

CONTRACTS FOR PROJECT; GUARANTY OF COST

SEC. 305. After approval of said general plans and specifications by the Secretary, and within 90 days after notification of such approval, the bridge owner shall, in such manner as the Secretary may prescribe, take bids for the alteration or reconstruction of such bridge in accordance with said general plans and specifications. All bids, including any bid for all or part of the project submitted by the bridge owner, shall be submitted to the Secretary, together with a recommendation by the bridge owner as to the most competent bid or bids, and at the same time the bridge owner shall submit to the Secretary a written guaranty that the total cost of the project, including the cost of such work as is to be performed by the bridge owner and not included in the work to be performed by contract, shall not exceed the sum stated in said guaranty. The Secretary may direct the bridge owner to reject all bids and to take new bids, or may authorize the bridge owner to proceed with the project, by contract, or partly by contract and partly by the bridge owner. Upon such authorization and fixing of the proportionate shares of the cost as provided in section 306 the bridge owner shall, within a reasonable time to be prescribed by the Secretary, proceed with the work of alteration or reconstruction, and the cost therof shall be borne by the United States and by the bridge owner, as provided in sections 306, 307, and 308.

APPORTIONMENT OF COST

SEC. 306. At the time the Secretary shall authorize the bridge owner to proceed with the project, as provided in section 305, and after an opportunity to the bridge owner to be heard thereon, the Secretary shall determine, and issue an order specifying the proportionate shares of, the total cost of the project to be borne by the United States and by the bridge owner. Such apportionment shall be made on the following basis: The bridge owner shall bear such part of the cost as is attributable to the direct and special benefits which will accrue to the bridge owner as a result of the alteration, and the United States shall bear the balance of the cost, and after an opportunity to the bridge owner to be heard thereon, the Secretary shall determine the proportionate parts of the total cost of the project to be borne by the United States and by the bridge owner. Said apportionment shall be on equitable principles, that is to say (1) that the United States shall bear that part of the cost attributable to the necessities of navigation; (2) that the bridge owner shall bear that part of the cost attributable to the requirements of traffic by railroad or highway, or both, including any expenditure for increased carrying capacity of the bridge, and including such proportion of the actual capital cost of the old bridge or of such part of the old bridge as may be altered or changed or rebuilt as the used service life of the whole or a part, as the case may be, bears to the total estimated service life of the whole or such part.

PAYMENT OF SHARE OF THE UNITED STATES

SEC. 307. When the Secretary shall have approved the general plans and specifications of such bridge and accepted the guaranteed estimate of cost, and shall have fixed the proportionate shares thereof as between the United States and the bridge owner, he shall furnish to the Secretary of the Treasury a certified copy of his approval of said plans and specifications and of said guaranteed estimate, and of his order fixing the proportionate shares of the United States and of the bridge owner, and the Secretary of the Treasury shall thereupon set aside, from amounts appropriated for such purpose, the share of the United States payable under this part on account of said project. When the Secretary shall find that such project has been completed in accordance with his order, he shall cause to be paid to the bridge owner, out of the amount of Federal funds set aside for said project, the proportionate share of the total cost of the project allocated to the United States, or he may, in his discretion, from time to time, cause payments to be made on such construction costs as the work progresses; but the total payments out of Federal funds shall not exceed the proportionate share of the United States of the total cost of the project paid or incurred by the bridge owner, or, if said total cost shall exceed the cost guaranteed by the bridge owner, shall never exceed the proportionate share of the United States of said guaranteed cost, except that if the cost of the work exceeds the guaranty, due to emergencies, conditions beyond the control of the owner, unforeseen or undetermined conditions, the Secretary will, after full review of all the circumstances, fix the participation of the United States in such excess cost as may be reasonable and proper, and shall certify such additional participation to the Secretary of the Treasury for payment. All such payments to the bridge owner herein provided for shall be made by the Secretary of the Treasury on warrants drawn by the Secretary, payable to the bridge owner.

APPROPRIATION AUTHORIZED

SEC. 308. The appropriation of such money, from time to time out of the Treasury of the United States, as may be necessary to carry out the provisions of this part, is hereby authorized.

FAILURE TO COMPLY WITH ORDERS; PENALTIES; REMOVAL OF BRIDGE

SEC. 309. Any bridge owner who shall willfully fail or refuse to remove a bridge, or so much thereof as may have been found by the Secretary to be an unreasonable obstruction to navigation, or to comply with any lawful order of the Secretary, made in accordance with the provisions of this part, shall be deemed guilty of a misdemeanor and on conviction thereof shall be punished in any court of competent jurisdiction by a fine not exceeding $5,000, and every month such bridge owner shall remain in default shall be deemed a new offense and subject such persons to additional penalties therefor; and in addition to the penalties above prescribed the Secretary may, upon refusal of any bridge owner to comply with any lawful order issued by the Secretary in regard thereto, cause the removal of such bridge and accessory works at the expense of the bridge owner and suit for such expense may be brought in the name of the United States against such bridge owner and recovery had for such expense in any court of competent jurisdiction, and the removal of any structures, erected or maintained in violation of the provisions of this part or the order or direction of the Secretary made in pursuance thereof, may be enforced by injunction, mandamus, or other summary process upon application to the district court of the district in which such structure may, in whole or in part, exist, and proper proceedings to this end may be instituted under the direction of the Attorney General of the United States at the request of the Secretary; and in case of any litigation arising under this part, or under any order of the Secretary made in pursuance thereof, the cause or question arising may be tried before the district court of the United States in any district which any portion of said bridge touches.

REVIEW OF FINDINGS AND ORDERS

SEC. 310. Any finding or order made or issued under this part may be reviewed by the circuit court of appeals for any judicial circuit in which the bridge in question is wholly or partly located, if a petition for such review is filed within 3 months after the date such order is issued. The judgment of any such court shall be final except that it shall be subject to review by the Supreme Court of the United States upon certiorari, in the manner provided in section 240 of the Judicial Code, as amended (U. S. C., title 28, sec. 347). The review by such Court shall be limited to questions of law, and the findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive. Upon such review, such Court shall have power to affirm or, if the order is not in accordance with law, to modify or to reverse the order, with or without remanding the case for a rehearing as justice may require. Pending the final determination of any such court review no liability for penalties under this part shall be incurred and the powers thereby conferred upon the Secretary to remove or cause the removal of bridges shall be stayed.

RELOCATION OF BRIDGES

SEC. 311. If the owner of any bridge used for railroad traffic and the Secretary shall agree that, in order to remove an obstruction to navigation or for any other purpose, a relocation of such bridge or the construction of a new bridge upon a new location would be preferable to an alteration of the existing bridge, such relocation or new construction may be carried out at such new site and upon such terms as may be acceptable to the bridge owner and the Secretary, and the cost of such relocation or new construction, including also any expense of changes in and additions to right-of-way, stations, tracks, spurs, sidings, switches, signals, and other railroad facilities and property, and relocation of shippers required for railroad connection with the bridge at the new site, shall be apportioned as between the bridge owner and the United States in the manner which is provided for in section 306 hereof in the case of an alteration and the share of the United States paid from the appropriation authorized in this part.

APPLICATION OF PROVISIONS

SEC. 312. The provisions of this part shall apply to all bridges, the construction, reconstruction, or alteration of which had not begun before July 1, 1939, notwithstanding any prior order of the Secretary authorizing or requiring any such construction, reconstruction, or alteration, and compliance with the terms of this part shall constitute compliance with any such authorization or requirement of the Secretary under any other provision of law.

Mr. LEA. Mr. Chairman, I ask unanimous consent to return to pages 240 and 241 to offer amendments. These are in substance the amendments offered by the gentleman from New York [Mr. WADSWORTH] yesterday. We have agreed on language that is satisfactory to us. They are offered to carry out the purpose we had in the discussion on the Wadsworth amendment.

The CHAIRMAN. The gentleman from California asks unanimous consent to return to pages 240 and 241 for the purpose of offering amendments. Is there objection?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. LEA: On page 240, lines 15 and 16, strike out "within terminal areas of transfer, collection, or delivery services", and insert in lieu thereof the following: "of towage, freightage, lighterage, car-ferry transfer, or terminal operations."

The amendment was agreed to.

The Clerk read as follows:

Amendment offered by Mr. LEA: Page 241, lines 20 and 21, strike out "within terminal areas of transfer, collection, or de-

livery services" and insert in lieu thereof the following: "Of towage, freightage, lighterage, car-ferry, transfer, or terminal operations."

The amendment was agreed to.

The Clerk read as follows:

Amendment offered by Mr. LEA: On page 242, line 1, strike out, "common carrier by water" and insert in lieu thereof "water carrier."

Page 242, line 5, after "common carrier", insert a comma and the following: "water carrier."

The amendment was agreed to.

Mr. LEA. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by my LEA: Insert:

"SEC. 312. Any bridge, the construction, reconstruction, or alteration of which is required by an order of the Secretary issued prior to July 1, 1939, and has not been completed on such date, shall be constructed, reconstructed, or altered as required by such order, and not in accordance with the provisions of this part. In the case of any such bridge, however, the Secretary shall apportion the cost of the project between the bridge owner and the United States, and the payment of the share of the United States shall be made, in the same manner as if the provisions of this part applied to such construction, reconstruction, or alteration, subject to the following limitations:

"(a) In case such construction, reconstruction, or alteration has not begun on the date of enactment of this act, such apportionment of cost shall be made only if (1) the construction, reconstruction, or alteration is carried out in accordance with the plan and specifications, and pursuant to bids, approved by the Secretary, and (2) the bridge owner has submitted to the Secretary a written guaranty of cost similar to that provided for in section 305.

"(b) The Secretary's determination as to such apportionment, and as to such plans and specifications and bids, shall be final.

"(c) Such apportionment shall not be made if such construction, reconstruction, or alteration is not completed within the time fixed in such order of the Secretary or within such additional time (not to exceed 25 percent of the time allowed in the order for such completion) as the Secretary for good cause shown may allow."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

Mr. LEA. Mr. Chairman, I ask unanimous consent that the reading of part II, down to and including line 14, on page 301, may be dispensed with, it to be printed in the RECORD at this point, and amendments to be in order to any section thereof.

Mr. POAGE. Mr. Chairman, reserving the right to object, is this the part that relates to land grants?

Mr. LEA. Yes.

Mr. POAGE. I shall not object, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Part II reads as follows:

PART II—RATES ON GOVERNMENT TRAFFIC

GOVERNMENT TO PAY FULL RATES

SEC. 321. (a) Notwithstanding any other provision of law, but subject to the provisions of section 22 of the Interstate Commerce Act, as amended, the full applicable commercial rates, fares, or charges shall be paid for transportation by any common carrier subject to such Act of any persons or property for the United States, or on its behalf, and the full compensation determined by the Interstate Commerce Commission as reasonable therefor shall be paid for the transportation by railroad of the United States mail: *Provided, however,* That any carrier by railroad and the United States may enter into contracts for the transportation of the United States mail for less than such compensation: *Provided further,* That section 3709, Revised Statutes (U. S. C., 1934 ed., title 41, sec. 5), shall not hereafter be 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.

(b) If any carrier by railroad furnishing such transportation, or any predecessor in interest, shall have received a grant of lands from the United States to aid in the construction of any part of the railroad operated by it, the provisions of law with respect to compensation for such transportation shall continue to apply to such transportation as though subsection (a) of this section had not been enacted until such carrier shall file with the Secretary of the Interior, in the form and manner prescribed by him, a release of any claim it may have against the United States to lands, interests in lands, compensation, or reimbursement on account of lands or interests in lands which have been granted, claimed to have been granted, or which it is claimed should have been granted to such carrier or any such predecessor in interest under any grant to such carrier or such predecessor in interest as aforesaid. Such release must be filed within 1 year from the date of the enactment of this act. Nothing in this section shall be construed as requiring any such carrier to reconvey to the United States lands which have been heretofore patented or certified to it, or to prevent the issuance of patents confirming the title to such lands as the Secretary of the Interior shall find have been heretofore sold by any such carrier to an innocent purchaser for value or as preventing the issuance of patents to lands listed or selected by such carrier, which listing or selection has heretofore been fully and finally approved by the Secretary of the Interior to the extent that the issuance of such patents may be authorized by law.

DEDUCTION OF OVERPAYMENTS

SEC. 322. Payment for such transportation of the United States mail and of persons or property for or on behalf of the United States by any common carrier subject to the Interstate Commerce Act, as amended, shall be made upon presentation of bills therefor, prior to audit or settlement by the General Accounting Office, but the right is hereby reserved to the United States Government to deduct the amount of any overpayment to any such carrier from any amount subsequently found to be due such carrier.

Mr. POAGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POAGE: On page 299, line 4, strike out all of part II of title III of the bill, being all of lines 4 through 24, inclusive, on page 299, and all of lines 1 through 24, inclusive, on page 300, and lines 1 through 14, inclusive, on page 301.

Mr. POAGE. Mr. Chairman, I call the attention of Members to page 299 of the bill and ask them to read that section to see just exactly what is done.

I call upon the committee in charge of this bill, when and if they ever get ready, to explain why they put this provision in the bill. They will not explain it until after all opportunity for further discussion on my part has been passed, although I have called it to their attention publicly and privately.

I call upon you to look at pages 299 and 300, and see if you can tell just what this bill does. I call upon the committee to tell you if I am wrong when I say that this bill definitely and completely gives away the last vestige of advantage that the Government now has in the way of preference in railroad rates given in consideration of turning over to the railroads some 132,000,000 acres of public lands.

I call upon this committee to tell you if I am wrong when I say to you that this bill, if you pass it with this part of the title in it, will give away all the United States Government has left of approximately one-tenth of the total area of the United States.

I call upon this committee to show you, which they have not done to this late hour, why this Congress should give away all we have left of one-tenth of the imperial domain of this country.

I call upon them to tell you wherein it will save the railroads from a crisis; wherein it will serve the people of America.

I call upon them to tell you why the people of America should pay 50 percent higher freight rates for all goods that the United States Government ships in order to make an additional gift to the railroads of America, particularly when that gift will be spread out over a long period of years. It cannot be successfully maintained that we are doing something that will save the railroads from an immediate crisis. This thing is of little importance to the railroads in 1 year or 2 years, and it will not save the railroads from any crisis which they may be facing today. I call upon the committee to explain how it will.

On the other hand, it will involve a tremendous burden upon the United States Government, the greatest shipper of freight in the United States, over a period of generations to come. Talk about burdening our children's children with taxes and debts, and talk about the $40,000,000,000 debt we have. Talk not to me about those things and then vote to give away all that we have left of one-tenth of all the area of America. The United States Government has given 132,000,000 acres of land to the railroads in return for the rights that this bill gives away. My own State has given

away nearly 30,000,000 acres of State lands, and many other States have given away larger parts of their public domains. This proposal comes to you without one single voice being raised in its defense, and the committee waits now until I have to yield the floor to come to you and tell you why you should give away more than was ever given away in the Teapot Dome scandal, more than was given away during the days of the reconstruction era, more than was given away in the Georgia land scandals, and more than was ever given away in the history of the United States. [Applause.]

[Here the gavel fell.]

Mr. LEA. Will the gentleman yield for a unanimous-consent request?

Mr. HINSHAW. I yield to the gentleman.

Mr. LEA. Mr. Chairman, I ask unanimous consent that debate on this amendment be limited to 40 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California [Mr. LEA]?

Mr. TERRY. Mr. Chairman, reserving the right to object, that request does not apply to other amendments than this?

Mr. BULWINKLE. All amendments to the land-grant provision.

Mr. TERRY. There are several other amendments which will be offered.

Mr. LEA. Mr. Chairman, I will make the request that debate close on all amendments to this section in 1 hour.

The CHAIRMAN. The gentleman from California asks unanimous consent that debate on this amendment and all amendments thereto close in 1 hour. Is there objection?

Mr. HINSHAW. Mr. Chairman, reserving the right to object, I had intended to ask unanimous consent to proceed for an additional 5 minutes, in view of the fact the gentleman offering the amendment took 5 minutes previously on this amendment.

The CHAIRMAN. That will have to come in a separate request.

Mr. HINSHAW. This comes out of all the time anyway.

The CHAIRMAN. Is there objection to the request of the gentleman from California [Mr. LEA]?

Mr. POAGE. Mr. Chairman, if this House were to go wild and vote this tremendous subsidy to the railroads then, of course, we want to ask that these railroads refund the loot they have in their hands now, which will be in the form of other amendments and certainly we want the opportunity to speak.

The CHAIRMAN. There will be no objection to amendments being offered at the proper time.

Mr. POAGE. If we take an hour discussing this amendment, then if the House were to go wild, which I do not anticipate it will, and not agree to my amendment, then we will want time to at least show the House what the next amendment is.

Mr. TERRY. Mr. Chairman, reserving the right to object, would not the chairman of the Committee on Interstate and Foreign Commerce make his request with reference to the amendment now pending. Then we will know what time we will want on the others.

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on the amendment now pending and all amendments thereto close in 40 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California [Mr. LEA]?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HINSHAW] for 5 minutes.

Mr. HINSHAW. Mr. Chairman, I ask unanimous consent that I be permitted to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HINSHAW. Mr. Chairman, I hope to shed some light on this question without too much heat, in order that you may be able to understand better just what this proposition amounts to.

I should like to take you back in your mind's eye to the Congresses prior to the year 1850. At that time and up until that time the United States had acquired something in the neighborhood of 1,500,000,000 acres of land in the far western domains beyond the Appalachian and the Allegheny Mountains, a tremendously broad territory inhabited by wild Indians, wild animals, buffaloes, and so forth. Up until then there had been very few railroads built in the United States, very few canals, and very few highways, and it was considered by the Congress a wise step to open up that territory by aiding in the building of roads, railroads, and canals into it so that the settlers who would follow along would have some means of transportation not only to get themselves to the lands but to get their products to market.

In the course of the next 21 years the United States Government granted some 36,000,000 acres to certain States of the United States for regranting to private groups who could be induced to construct such agencies of transportation as railroads and canals in order to promote the building of those facilities. The Congress of the United States also granted to prospective railroad builders direct some 96,000,000 acres of land in order that they might have not only a right-of-way, but funds to aid in conquering that vast country.

The Government granted this land in large part in alternate sections, six sections wide on either side of the proposed rail line. The value of the land at the time it was granted averaged approximately 95 cents an acre. In order to repay itself the Government raised the price of the lands in those alternate sections which were retained by the Government to $2.25 and $2.50 an acre.

Mr. Chairman, this land was granted at a time when this country was wild and woolly, at a time when it cost anywhere from 5 cents to 35 cents a ton-mile to move freight in that area, a time when the Government was called upon frequently to provide troops to protect the movement of freight. The Government of the United States even in that time felt that the Government and the people had been amply repaid for these land grants. For example, the hauling of Government freight around the Horn to San Francisco then was costing the Government $7,000,000 a year, and after one railroad was built across the country the cost of such carriage was reduced to $2,000,000 per year.

In the meantime these railroads were built and the lands were granted. Most of the lands were patented, although a part of them were not. The lands were in turn sold by the railroad builders at very low prices to the settlers who came out and took over the lands. These were lands purchased from the railroads. The alternate sections of land were sold to settlers by the Government.

These new railroads could not survive even with the grant of those lands and receiverships were gone through. The railroads were unable to meet their expenses, because the traffic did not build up fast enough. Therefore the present holders of these railroad securities and the employees of the railroads concerned are in a way not responsible for what happened 70 to 90 years ago. It is a very different situation that we have today. Today nearly all these lands have been disposed of and, with the exception of one large block, practically none of them remain in the hands of the railroads.

When the lands were originally granted, the Government was given the right in exchange to transport its troops and materials and mails free of charge in perpetuity. The courts of the United States decided that this free transportation amounted to the free use of the roadbed and rails, but did not amount to the free use of the vehicle of transportation. The courts decided that the Government has the right to run its own railroad trains over the road, if it so desires, and transport its own mail, troops, and freight in its own engines and cars, but the Government has chosen to hire the railroads to do that and the courts have decided that 50 percent of the regular rate is the proper rate for the use of these engines, cars, and equipment.

Since all of this has taken place, the Government has gone into the freight-moving business more and more. The trans-

port of troops and the transport of materials is a very small matter now, and has been a small matter over many years. Now, the Government of the United States is transporting in the hundreds and thousands of tons every conceivable kind of commercial freight you can imagine—steel, cement, food products, and everything else, for the building of roads, dams, post offices, schools, and so forth—so the Government has put upon these roads a tremendous burden which was not contemplated when the lands were originally granted.

The question now is whether the United States Government has been repaid for these grants. It is the belief of the very large majority of your committee—I believe there is only one exception—that the Government has been repaid; and that, in view of the fact the Government is transporting all kinds of freight, which was not originally conceived of, this freight should bear the regular tariff, except that this section provides that the Government of the United States may make a deal with any railroad for the carriage of this freight at a lower price than the regular schedule.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield gladly to the gentleman from California.

Mr. VOORHIS of California. Does not the gentleman believe that in considering this question some consideration should be given to the tremendously increased value of a lot of these lands—I mean through the discovery of minerals and the increase in population, and in many other ways of that kind—so that it is not just a question of the land; it is also a question of the tremendous increment in the value of the land?

Mr. HINSHAW. I may say to the gentleman that there is a great deal of public land that has been prospected by private individuals, who have received a great deal more by accident of discovery than the railroads have.

Mr. VOORHIS of California. That is not true always.

Mr. LELAND M. FORD rose.

Mr. HINSHAW. I am sorry, I cannot yield further just now.

It has been figured out that this section would mean a possible additional payment for transportation by the Federal Government of something in the neighborhood of $10,000,000 per annum, if the mail is taken into consideration, or $7,000,000 if it is not. It is not a great sum in proportion to the whole bill for transportation that the Government pays.

The present bill for handling mail alone for the United States is about $96,000,000 a year. There is $150,000,000, I believe, in money paid annually by the several departments of the Government without considering the P. W. A. and the W. P. A., and so forth.

Now, what would happen if this section remains in the bill is that the traffic of the United States Government will be routed directly from the point of origin to the point of destination. The United States Government has until now routed traffic sometimes four or five or six hundred miles out of the way in order to use land-grant railroads and save a few nickels thereby.

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

Mr. HINSHAW. I cannot yield. The gentleman has his own time.

Mr. POAGE. No; I have not any time.

Mr. HINSHAW. The gentleman had his own time and plenty of it and I must refuse to yield. To you in the Middle West, who have heard this impassioned plea of the gentleman from Texas, I will say to you that in the hearings you will find where Mr. C. E. Childe, representing the Mississippi Valley Association, O. K.'s this provision.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. The gentleman spoke a moment ago about the fact that each alternate section had been granted for a certain distance on each side of the line.

Mr. HINSHAW. Except in the lieu land cases where the distance was limited to 15 miles.

Mr. MURDOCK of Arizona. Was not that done by Congress with the basic understanding that because each alternate section was granted to the railroads, such a grant would enable the roads to be built and the roads would in turn increase the value of the Government's own land?

Mr. HINSHAW. Exactly so.

Mr. MURDOCK of Arizona. So the Government actually gave away nothing, because by the building of these railroads they more than doubled the value of the lands still belonging to the Government.

Mr. HINSHAW. The railroads set out in advance of civilization and did not follow civilization in this instance, and when they went out in was not worth anything and they made it worth something by virtue of the fact that a railroad was constructed.

Mr. MURDOCK of Arizona. Quite true, and I appreciate what the railroads have meant to the Southwest. If the builders have sinned, I believe we should not visit the sins of a former generation on the railroads of today. They are so very vital to our country.

Mr. HINSHAW. I would not want to do that and I would not want to return to the "horse and buggy" days either.

Mr. MURDOCK of Arizona. I agree with the gentleman and I may say also that it was the whistle of the locomotives that civilized the West, opened up a vast empire and chased away barbarism.

Mr. HINSHAW. That is right.

[Here the gavel fell.]

Mr. LEAVY. Mr. Chairman, I am confident that if the membership of this House fully understood the import of the language written into section 321 of this bill, and which is sought to be taken out by this amendment, the support of the amendment would almost be unanimous.

Let me say at the outset that it is unpleasant for me to oppose the genial, considerate, and gentlemanly chairman of the Interstate and Foreign Commerce Committee [Mr. LEA of California]. I dislike to do it, but there is no reason under the sun why this section should be in this bill at all, other than to permit the land-grant railroads of the United States to step out from under a legal and a moral obligation that now exists. If these railroads were to meet, dollar for dollar, that which the Government gave them in grants, they could never do it. The Northern Pacific Railroad Co. was the greatest beneficiary; the record of the hearings on this bill shows that 47,000,000 acres of land, an area greater than all of New England combined, was granted to them. It was so great in area that they have not been able even to this late date to make final selection, and they are still in process of selection. They have taken lieu lands in the forests of my district containing white pine timber worth, in some instances, from $25,000 to $40,000 per 640 acres, or section of land.

The issue as to whether they should live up to their part of this contract was taken to the Supreme Court of the United States twice and the Court said this in *I. & N. Railroad Co.* v. *United States* (267 U. S. 395):

> The grant made many years ago in aid of railroad enterprise was not a mere gift or a gratuity. The carriers' obligations to haul the property of the United States at reduced rates was a part of the consideration for which the grant was made.

Now to permit this section to remain in this bill is to compel Uncle Sam to make millions of dollars of additional appropriations to carry on the activities of our Army, our C. C. C., our reclamation, our flood control, and the scores of things we are doing as a Government. It upsets the entire program based upon a rate schedule, the Government believed existed, and as I say, the land-grant railroads will never render to the Government a service commensurate with the grant to them from Uncle Sam.

The Northern Pacific cost, according to the evidence in the hearings, $70,000,000 to build west, and they have sold $140,000,000 worth of land that was given them to build a

$70,000,000 railroad, and still they own hundreds of thousands of acres. In the Northwest it is scattered through the forest reserves. They should have sold this land under the grants. They broke faith then. The Government granted them these odd sections with the distinct understanding that they would sell to any bona fide applicant 160 acres of land at not to exceed $2.50 an acre. That was the Northern Pacific Railroad Co. The railroad company went into the hands of a receiver, it liquidated, and its successor in interest was the Northern Pacific Railway Co, and the courts held that the railway company was not obligated by the limitation in the congressional grant to the railroad company. In other words, in changing from a "railroad" to a "railway," they were able to shed obligations of many million dollars. We are here called upon to ratify such conduct. But now, for this Congress to permit the railroads to step out from under an unperformed contract obligation, that many of us think was of a questionable character to begin with, would be the height of the unreasonable. This amendment should prevail. [Applause.]

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

The Chair recognizes the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, these lands were granted to encourage the building of railroads, which made possible the winning of the West. In return for the lands, the railroads which received them have since granted the Government reduced rates and fares. What was the value of those land grants and to what extent has that amount been paid off by the railroads?

In the period from 1850 to 1871, during which the land grants were made, the Government received on an average of 94.5 cents per acre for the sale of lands in the States and Territories involved in the grants. That is the only reasonable and logical method of arriving at the value of the lands. We must take the money value of the lands at the time they were granted, for, naturally, the coming of the railroads greatly enhanced the value of the lands in later years. At the rate of 94.5 cents per acre, the 130,000,000 acres would have been valued at $122,850,000 at the time the grants were made.

Now, a study of the savings to the Government from land-grant rates and fares, including mail, covering all American railroads, showed the amount to be about $5,000,000 a year. Recently the Interstate Commerce Commission estimated the total reduction in rates to the Government to be $7,000,000 annually. If mail and express were added, the annual savings to the Federal Government would not be less than $10,000,000.

If we assume the lands were worth $122,850,000 at the time they were granted by the Government, then, at the rate of $5,000,000 a year in reductions of transportation costs on Government traffic, the railroads would have paid off the total value of the land grants in 24½ years. If the figure of $10,000,000 a year is taken, the railroads would have paid in full for the lands in 12¼ years.

Recently I saw the figure 184,000,000 acres used in connection with the land grants. Even taking that figure, it is obvious that the lands granted to the railroads in aid of construction have been paid for many times over in reduced rates and fares on Government traffic.

The House bill, in effect, provides for the repeal of some of these land-grant provisions. That will mean an expected increase in railroad revenues from five to ten million dollars a year. And either figure would pay the wages of many railroaders and buy plenty of bread and butter, bacon, and beans for their wives and children.

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

The Chair recognizes the gentleman from Oregon [Mr. PIERCE].

REPEALING LAND-GRANT REPAYMENT REQUIREMENTS

Mr. PIERCE of Oregon. Mr. Chairman, I wonder how much of a gift we are making Wall Street, and if we have any right to spend public money in this manner, under subterfuge. I refer to the proposal to discontinue the half-rate charge now made the Government over land-grant railroads as a partial payment for the tremendous land grants. We will take the figures of one of the proponents of the magnificent hand-out to the railroads, of the gift of $10,000,000 annually. Ten million dollars a year capitalized at 2½ percent a year is how much? We do borrow money at less than 2½ percent, but at that interest rate it means $400,000,000 that we are giving away, today, and it is not an appropriation bill and has not been before the Appropriations Committee. It has the same effect as a direct appropriation of a half billion dollars, if interest is figured at 2 percent. Where are the Members who have talked economy? How can they justify this gift to Wall Street bankers when they have cut W. P. A. and other necessities? It really means that we are making Wall Street a present of around a half billion dollars. You already curtail the bus lines, and now you hamper water lines, and freight rates will go up. The present Government rates which are only a partial payment for rich gifts in the past are of great value to the United States in shipping goods into C. C. C. camps, and it is a great saving in shipping for the Commodity Credit Corporation, and for the Army. This will eat into numberless Government appropriations already made. Next session they must come to us for the money to make this good. So you are going to repeal the repayments for land grants. Will railway labor get any of the money? Not a nickel. The object is to get more money into the hands of a group which has manipulated railroad finances to the detriment of the roads and of shippers. Men who vote for this have no right to make speeches on this floor in the future about curtailing expenses. This Congress seems to be perfectly willing to spend lavishly for the privileged few and determined to economize on the needy.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. CASE] for 2 minutes.

Mr. CASE of South Dakota. Mr. Chairman and members of the committee, I have listened to more debate and read more of the CONGRESSIONAL RECORD on this particular bill, and said less in proportion, than on any other bill that has taken 5 legislative days, because this is the first word I have spoken. But I was forced to take this time to reply to two challenges that have been made, one by the gentleman from Washington [Mr. LEAVY] and one by the gentleman from Oregon [Mr. PIERCE] when they said, first, that there was no reason for this section being in the bill, except to make a gift to those roads that had already received land grants; and second, that we had no right to talk about curtailing expenses if we supported this section in the bill.

The reason this section should remain in the bill is so that the weak non-land-grant railroads of the country which are discriminated against by this section, and industries in the sections which they serve, which are correspondingly discriminated against, can have a chance to exist.

The Chicago, Milwaukee, St. Paul & Pacific, and the Chicago & Northwestern Railroads are two of the largest systems in the country. They serve the great Northwest in a large way. Neither of them is a land-grant railroad. They face one of two situations. Either they cannot get any of this Government business, or else they must reduce their rates to meet the rates of the land-grant roads. The industries in my country which those railroads serve cannot sell to the Government, because they cannot compete with the rates that are in effect for industries on the land-grant railroads.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. MURDOCK of Arizona. I want to add to your list two other transcontinental railroads, the Santa Fe and the Southern Pacific, one being a land-grant railroad and the other not. At least the Southern Pacific got no land grant in Arizona so far as I know. I agree there should be equal-

ization there if this land grant for one throws a burden on both.

Mr. CASE of South Dakota. I hope the committee will support the section as it is in the bill, and defeat the pending amendment.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, this matter has been under discussion before the Committee on Interstate and Foreign Commerce for 2 years. We were prepared to legislate upon it, as I recall, at the last session of Congress. It was contained in a separate measure then. We have had a great deal of testimony before the committee, and, as a result of it, I reached the conclusion long since that this particular provision is wise and just. I would like to call the attention of the Members of the Committee of the Whole to an extract from a letter written by three members of the Interstate Commerce Commission, Commissioners Splawn, Eastman, and Mahaffie, on April 11, 1938. That letter can be found in House Document No. 583, at page 32:

> For many years land-grant reductions, usually 50 percent of the revenue accruing to that portion of the line which is Government aided, have been made on Government traffic. Through an equalization arrangement competing roads make the same reduction on Government traffic in order to participate in the business. The reduction on this account for 1937 is estimated at $7,000,000. For the most part it affects roads in the western district, where, as above noted, financial conditions are worst. The increase in Government shipments in recent years has made this reduction from the normal rates assume important proportions.

May I interpolate, that for the last 5 or 6 years Government shipments have increased tremendously. Not only do the normal shipments continue, but every time the Government makes a grant for the building of a schoolhouse or the construction of a new waterworks in some town the raw material for the construction is shipped under a Government tag, and the railroad must carry it at a 50-percent reduction. You all realize what an enormous amount of that has been going on in the last 3 or 4 years, and apparently, unless certain conditions change, there will be no end to it.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. CASE of South Dakota. May I say that I have seen materials shipped from hundreds of miles away to communities and underbid existing industries in those same communities where the material was to be used.

Mr. WADSWORTH. And I may say that the testimony before our committee brings out facts exactly like that.

These Commissioners say further:

> No good reason appears why such reduction should continue. After all, the country must support whatever transportation system it uses. The Government, as a shipper, may well pay reasonable rates. We recommend appropriate amendments to existing statutes to remove the requirement for land-grant reductions.

That is the considered opinion of three of the leading members of the Interstate Commerce Commission.

Now, we struck rather interesting things about this in the committee. First, as has been indicated by the gentleman from South Dakota [Mr. CASE], the thing has an extraordinarily unfair effect as between competing producers. If a cement factory happens to be on a land-grant railroad, it can bid on a Government contract for the delivery of cement at a lower rate than a cement factory which is not on a land-grant railroad. That is greatly to the disadvantage of industries not situated upon land-grant roads, unless those non-land-grant roads yield to compulsion and reduce their rates by 50 percent in order to hold the traffic.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, it is a rather comforting condition to have your mind made up beyond the shadow of a doubt so that you cannot be swayed one way or the other by argument. I can state in one sentence why I am in favor of the title of this bill repealing land-grant rates, and I have lived out in the land-grant country for a whole lot longer time than some people think I ought to be lingering on the scene, especially the young fellows who would like to come down to Washington.

I am in favor of repeal of the land-grant rates because the consideration moving to the railroads for them has long since been exhausted, while the obligation is permanent and growing. I do not believe that any such condition ought to exist.

Statutes of limitation have had to be invented by law to set things at rest. It is true that it is a continuing legal obligation, but it is an obligation that is not conscionable and ought to be no longer countenanced in the law, because it is an obligation that would never end. The railroads would be continuing to pay for this 132,000,000 acres of sagebrush and jack-rabbit country 1,000 years from now if the Nation endures that long. But, as has been well stated by gentlemen who factualized their statements, the consideration has long since been exhausted. The land is gone, most of it 40 and 50 years ago, and nothing left to show for it. The land, in the first place, was not worth over $200,000,000 at a very liberal price. Most of it for productive purposes was not worth anything. The building of the railroads from the Missouri River to the Pacific coast reclaimed that whole country. It added to the value of every acre of it, it allowed the settlement and development of it, it increased its worth manyfold. In my opinion, the Government has been paid back and overpaid in many ways for the land grants that induced the spanning of the continent by the transcontinental railroads.

Mr. MOTT. Mr. Chairman, will the gentleman yield for a question?

Mr. MARTIN of Colorado. I yield.

Mr. MOTT. The gentleman said something about the railroads getting sagebrush and jack-rabbit land. Is it not a fact that for every acre of sagebrush and jack-rabbit land the railroads got, under legislation passed by Congress, they were allowed to trade it for other land in the public domain, which was worth hundreds of dollars an acre?

Mr. MARTIN of Colorado. I know what they got in the Middle West. There were no mines underground and no timber above ground, nothing to trade for.

Mr. MOTT. That was traded for timberland out in Oregon.

Mr. MARTIN of Colorado. That was just an uninhabited waste over nine-tenths of its area. The building of the railroads through it was the thing that brought population and civilization and added value to it. There may have been some timber spots in the Northwest. I would not deny it.

I feel that there ought to be an end sometime to the obligation, that it should not continue permanently, be clothed with immortality, and increasing with the growth of Government business from year to year. The entire picture has changed since the land grants were made over 70 years ago. There is absolutely no comparison between conditions then and now, yet the obligations of the railroads will increase permanently. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. SOUTH]

Mr. SOUTH. Mr. Chairman, there are several facts involved in this amendment upon which we can all agree. Let us see what they are. First, the Government granted more than 132,000,000 acres of land to the railroads for two purposes: First, to encourage railroad construction; and, second, the railroads receiving such lands contracted to transport Government property free. Later on that was modified by the courts, and perhaps by agreement of both parties, to 50 percent of the regular transportation charges, which is now the law. It is agreed that, unless this amendment is adopted, the railroads will be relieved from their contractual obligation to haul Government property at a reduced rate, although the railroads will be permitted to retain benefits from all lands granted to them by the Government, as payment for these concessions. It is also agreed that there is

now held by the railroads not less than 12,000,000 acres, and some authorities place it much higher. Mr. M. L. Wilson, Under Secretary of Agriculture, in a recent letter to Senator WHEELER, states:

Of that total acreage approximately 19,600,000 acres remains in the ownership of the railroads to which granted or in that of subsidiary companies.

Dr. Splawn, member of the Interstate Commerce Commission, has stated, as shown in the hearings, at page 1372:

From grants of right-of-way and other such concessions and from the total land grants, the railroads did realize nearly $450,000,000 in cash and about $87,000,000 in land for their own use.

Commissioner Eastman testified, as shown in the same hearings and on the same page:

If all the facts are taken into consideration the railroads have not, in my opinion, anywhere near reimbursed the Government for the values which it surrendered when the lands were donated, and much less have they paid back the values which they realized from the lands.

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

Mr. SOUTH. I am sorry; I cannot yield in the short time at my disposal.

The question for us to decide is: Should the Government of the United States give over to the railroads this $450,000,000 worth of property and at the same time surrender the remaining benefits which it now has, namely, a reduced freight rate? I do not believe we should do that. If we want to give the railroads $450,000,000, or any other amount, Mr. Chairman, I believe we ought to handle the transaction over the table, and open and above board. If we come in at the back door, so to speak, someone is going to want to know why we did it that way. It is unquestionably a gratuity. The land-grant roads are required to haul Government property at a reduced rate.

The Supreme Court of the United States has held that it was a valid contract based upon a valuable consideration, and, therefore, enforcible. Does anyone question this statement? The only question remaining for us to determine, therefore, is whether we would be justified in giving over to the railroads this valuable right—a service they contracted to perform indefinitely. That is all there is to it. As a public representative I do not propose to approach any question so important as this by what some people would term the back-door method.

So, I believe that however much the railroads may be in distress the better plan for us as representatives of the people would be to stand upon the terms of this valid contract.

If it is an unfair contract, and the land-grant roads want to have us set it aside, let them return the lands now held by them, and at least the consideration, or money received for the land sold. The benefits which the Government has received to date amounts to approximately 4-percent interest on the value of the lands involved.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. LEA].

Mr. LEA. Mr. Chairman, in view of all that has been said, I desire to take very little time. Nearly 100 years ago the Government began to make these grants with the idea of developing the territory that was affected by the railroads that were to be constructed. At that time the land was of very little value. Some of this land the Government offered at less than $1 an acre. Some of it in subsequent years became valuable. Some of it was timber land, which became valuable in subsequent years, but did not have much value at that time. Eighty percent of all the land granted was sold by 1890, 40 or 50 years ago, and 90 percent was sold by 1900. The beneficiaries of that grant have long been dead.

Originally the purpose of making these grants was for reserving the right to free or reduced rates on Government traffic and to give the Government the right to operate its own equipment over the railroads. It was not contemplated that the railroad itself would operate the equipment. It was to provide a free service to the Government. In subsequent years, after the Supreme Court had clarified that question, an arrangement was made by which 50 percent of the charges were paid by the Government on the theory the cost of maintaining the roadbed was about 50 percent of the cost of operating the railroad and to that extent the Government should be free of charges. So the practice of giving 50-percent rates was put into operation.

Inasmuch as that took traffic from competing roads, the ultimate result was that both the land-grant roads, of which there were 17, and other roads affected also granted this 50-percent rate. At the time those grants were made the traffic for the Government was trivial. The main thing under contemplation was the movement of military men and supplies.

In subsequent years, of course, the movement on behalf of the Government has greatly increased. For the last 70 years the annual reduced cost on the average movement of freight has been worth about $2,000,000 a year. That has been the benefit to the Government. In 1937 there were $7,000,000 in freight and about $3,000,000 in mail advantage to the Government, making a total for the Government of about $10,000,000 a year on account of this concession. That figure for 1937 reflects the greater Government tonnage, due largely to construction activities.

There is no question about the legal right of the Government to these reduced rates, and I think the proponents of this legislation raise no question as to that. The question is whether it is an equitable thing to do in view of the changed circumstances that now prevail and the further fact that these roads are transporting Government property at below the actual cost, on the average. The rate could only be sustained on the out-of-pocket theory, if at all.

The question presented to the House is whether or not it is right, equitable, and just to the taxpayers of the United States to continue to insist on the advantage that is nominated in the bond. It is a question of whether or not it is not the equitable and just thing to relieve these railroads from carrying this property below cost for the benefit of the Government of the United States. In other words, should not the Government, in view of the situation of the carriers, pay what the carriage of its freight is worth? The amendments added to this bill permit the Government hereafter to make contracts with the rail carriers at reduced rates, both for the transportation of property and persons.

Mr. SOUTH. Will the gentleman yield?

Mr. LEA. I yield to the gentleman from Texas.

Mr. SOUTH. Has the gentleman given consideration to the matter of whether it would be fair and equitable to the railroads that now own at least 13,000,000 acres of land, which they now hold, that they be relieved of this land?

Mr. LEA. Yes.

Mr. SOUTH. What is the gentleman's idea in that respect?

Mr. LEA. My idea is that the railroads which still hold this land are in no more favorable position than the railroads that parted with it years ago. The primary purpose of the land grants was to penetrate these remote sections, provide transportation, and thereby open them up for settlement for the benefit of the country. The roads did what they agreed to do. They constructed the roads and made settlement possible. Having done what they agreed to do the roads are not under obligation to return the consideration for which they acted. Much of the land retained is not worth even the taxes on it. Some of it is valuable, but only part of the roads have any of it left. The claim against the roads that sold the grant lands 40 years ago is just as good as against the roads which still retain part of the lands. So, if we treat them all alike, we could not demand back the 12,000,000 acres without discriminating against the different roads involved. The land-grant scheme went wild. It was an improvident use of Government property that had the unfortunate effect of inducing roads where unwarranted.

But the Government got what it bargained for. Where there was fraud the beneficiaries are now dead.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Texas [Mr. POAGE].

The question was taken; and on a division (demanded by Mr. POAGE) there were—ayes 39, noes 63.

So the amendment was rejected.

Mr. WARREN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, from the opening of the debate on this measure it was charged that this is a railroad bill, containing everything they wished, forced on the floor through the impetus of a great lobby, and that the American people have been completely ignored in its effect on them. Through every sentence and paragraph, discrimination and partiality run rampant. The few favorable amendments written into the bill on the floor were secured over the determined opposition of the committee. If it goes to conference they will all be taken out by unfriendly conferees.

This bill has been exposed in all its inequities and the white light of publicity has glaringly pointed out the sorry mess it is.

To recapitulate, it is opposed by the Secretary of Agriculture as being highly inimical to the farmers of the country. It is opposed by the Secretary of War as being against the public interest. It is opposed by the Maritime Commission as unnecessary and grossly unfair. It is opposed by the National Grange. It is opposed by the Brotherhood of Railroad Trainmen, the largest of all the brotherhoods. It is opposed by the Central Trades and Labor Council of New York City, with its 700,000 members. It is opposed by all the maritime and longshoremen unions. It will throw out of employment thousands and thousands of workingmen. It is opposed by those north, south, east, west, and center who have felt the beneficent effects of the low-cost transportation caused by the development of our natural resources.

It is a hodgepodge of uncertainties, contradictions, and unfair exemptions. It is a further step toward unbridled bureaucracy. It creates a select oligarchy and monopoly of transportation. It does away with competition and places the American people in the maw of a monopoly that has always contemptuously flouted them. It turns over perhaps the most vital problem in the Nation to the overlordship of a Commission that has never been able to see the public interest.

Why the haste? Even those in charge of this legislation will readily agree that there will be no bill at this session. Some of its provisions do not even have to go into effect until July 1941. No political party would have the gall or daring to try to foist this measure on the country in a Presidential election year. I would not want a better issue than this. You can hammer the head of an opponent off with it.

This bill ought to be recommitted. Let the committee go back and bring in a measure that has due regard for all forms of transportation. Let a bill come out that is fair to the railroads, to the trucks, to all forms of transportation, to labor, and above all to the people who have been entirely forgotten in this proposed legislation.

I reiterate that this measure is an outrageous sell-out of the producers and consumers of the Nation. [Applause.]

[Here the gavel fell.]

Mr. RANDOLPH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RANDOLPH: On page 301, line 6, strike out "such", and in line 9, after "amended", insert "or the Civil Aeronautics Act of 1938."

Mr. RANDOLPH. Mr. Chairman, the amendment I have offered goes to only a few lines in section 322, and I desire to direct your attention to them:

Payment for such transportation of the United States mail and of persons or property for or on behalf of the United States by any common carrier subject to the Interstate Commerce Act, as amended, shall be made upon presentation of bills therefor, prior to audit or settlement by the General Accounting Office, but the right is hereby reserved to the United States Government to deduct the amount of any overpayment to any such carrier from any amount subsequently found to be due such carrier.

This section, as a practical matter, principally goes to the case of the railroads. The air carriers of the United States are in exactly the same position as are common carriers subject to the Interstate Commerce Act. Air carriers constantly carry mail under strict supervision. In event of any overpayment to air carriers, it could be corrected by deductions, the same as in its application to rail or water carriers. I believe we do not, in this bill, desire to direct an unfair act or commit an injustice to the air carriers of this country, a rapidly developing and an increasingly important industry of the Nation. I have reason to feel that the chairman of the committee will see to it that there is an agreement on this amendment.

Mr. LEA. If the gentleman will yield, I may say that we have no objection to the amendment. It places the carriage of mail by airplanes on a parity with other forms of transportation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia [Mr. RANDOLPH].

The amendment was agreed to.

Mr. LEAVY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEAVY: On page 300, line 9, after the comma, insert the following: "a conveyance to the United States of such of the granted lands as have not been sold to an innocent purchaser for value and are not needed nor used in the actual operation of the said railroad but which continue in the ownership of said railroad or of a corporation owned by said railroad; and a relinquishment of pending and unperfected filing, listing of selection made under the provisions of said land grant; and."

Page 300, line 17, delete the last word and all of the remainder of the language of the section; lines 18 to 24, page 300; lines 1 to 4, page 301. In lieu of the language thus deleted, substitute the following: "All lands reconveyed or relinquished under the provisions of the section which are within the boundaries of a national park, national forest, wildlife refuge, or other Federal reservation shall thereafter be administered as parts of said reservations and subject to all laws applicable thereto."

Mr. LEAVY. Mr. Chairman, this amendment still permits section 321 to remain, but modifies it to this extent, and this extent only, and the modification is based upon the argument of equity that has here been made. It requires those railroads that now either hold in fact or have a claim to land grants to return those grants to the Government, and in consideration of such a return they may charge the regular tariffs. If you propose to base this upon equity, what could be more equitable than to say to one of the contracting parties who seeks to step out from under contract obligations, "You have at least a portion of the fruits of your contract in your possession. Now, return those and we will place you in the same position your competitors are."

This amendment specifically provides that all conveyances made in good faith to holders of any of the land grants anywhere shall be recognized and confirmed. Then it provides that such lands as are returned that are now located on game refuges or in our great national parks and in our national forests shall be a part of such refuge, such park, or such forest, as the case may be, and shall be administered by the appropriate governmental agency.

For the life of me, Mr. Chairman, I cannot see how anyone can deny that this is a fair proposition and that it should be done.

If we accept the argument made, I think, by the gentleman from South Dakota [Mr. CASE], that it is unfair to the non-land-grant railroads to have to compete with a land-grant railroad because of tonnage that it gets from the Government, then it would be even more unfair to take a land-grant railroad and permit it to hold millions and millions of dollars' worth of property in no way involved in transportation and at the same time pay the same rate its less fortunate competitor gets for a like service.

I hope this amendment will prevail.

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

Mr. LEAVY. I yield.

Mr. WADSWORTH. The gentleman has just stated that this property is worth millions and millions of dollars.

Mr. LEAVY. I know it is in my State and in the State of Idaho.

Mr. WADSWORTH. Do the railways, generally, enjoy any income from it?

Mr. LEAVY. They are selling thousands of dollars' worth of some of the finest virgin timber in America, both in western Oregon and in northern Idaho and in Washington.

Mr. WADSWORTH. Is that the case generally among the 13,000,000 acres?

Mr. LEAVY. Most of the 13,000,000 acres or a good portion of it, is held by the Northern Pacific Railroad Co. and they are now in litigation asking for more. If this legislation is passed they would naturally waive that claim; we would give them the same rate for service that other roads get. They can then charge 100 percent for Government service, instead of 50 percent. We permit them here to break a contract, under which they have assumed a legal and moral obligation, but we ask that the loot that they got be returned to Uncle Sam from whom they took it. [Applause.]

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. LEAVY. I yield to the gentleman from California.

Mr. VOORHIS of California. If it be true that the land is not worth much, then certainly the railroads should not complain about returning it to the Government.

Mr. LEAVY. No. But the facts are that it is worth many millions of dollars.

Mr. VOORHIS of California. On the other hand, I agree with the gentleman that in many cases some of this land is very valuable for the reason it has coal and other minerals.

Mr. LEAVY. Some of the railroads actually built miles and miles of additional trackage in order to get a greater amount of grant lands, and then did not make selection from contiguous lands, but took lieu lands miles away that were very valuable.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. LEAVY. I yield to the gentleman.

Mr. MURDOCK of Arizona. Is this an optional matter with the railroads that they may return what is unsold? Does it mean that if the railroads give up their claims, then they may charge 100 percent freight?

Mr. LEAVY. It does. It means exactly that, and if they do not give them up they will have to live up to their contractual obligations. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on this amendment and on the section close in 20 minutes..

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SOUTH. Mr. Chairman, I rise in support of the pending amendment. Whatever may be said, either for or against the railroads, I think it would seldom be urged that they have not been pretty good traders.

The railroads of this country entered into a valid and binding contract with the United States Government to haul its property, as the matter now stands, at 50 percent of the regular rate. This committee has seen fit to repeal, largely, that entire provision of this bill, and now we are asking you in this amendment to require the railroads to return to the Government the 12,000,000 or more acres now held, out of a total of 132,425,574 acres. The distinguished chairman and other members of this committee have intimated that this land has but little value. If that be true, which I do not concede, I do not see why they would mind giving it up. As a matter of fact, officials of this Government have testified that this land is very valuable, that some of it contains valuable minerals, that much of it is fine forest lands, and much of it is valuable for grazing purposes. If it is not worth much, the least the railroads could do would be to come in here and say, "We are welshing on a contract," and that is what they are doing, "We are welshing on a valid contract we made with the Government of the United States, but we are willing to hand back what little we now have left." Can you go home and explain to your people why you not only voted to have the Government pay them full charges, when they agreed to haul for half, and why you did not require them to return that part of the contract price which they now have in their possession? I could not do it, and I do not propose to try it.

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

Mr. SOUTH. Yes; if I have any time left.

Mr. MOTT. I supported the Poage amendment, as did the gentleman, but since that amendment failed of adoption, the amendment of the gentleman from Washington now is better than nothing at all.

Mr. SOUTH. Yes; that is my position.

Mr. MOTT. So it would be logical to vote for his amendment.

Mr. SOUTH. That is my position, exactly. It is better than getting nothing.

[Here the gavel fell.]

Mr. CASE of South Dakota. Mr. Chairman, I am interested in knowing what the effect of this amendment would be when thought of in connection with the first part of the paragraph. The first part of the paragraph reads:

> If any carrier by railroad furnishing such transportation, or predecessor in interest, shall have received a grant of lands from the United States to aid in the construction of any part of the railroad operated by it, the provisions of law with respect to compensation for such transportation shall continue to apply to such transportation as though subsection (a) of this section had not been enacted until such carrier shall file with the Secretary of the Interior, etc.

The gentleman's amendment, as I heard it, places its conditional limitation at that point. So, it would apparently mean that those previous rates of transportation would apply until the carrier had relinquished these lands. Is that the effect of the gentleman's amendment?

Mr. LEAVY. I think that is a proper interpretation.

Mr. CASE of South Dakota. What would that do if a railroad in the fortunate situation the gentleman describes some railroads to be possessed lands of great value and should determine that it preferred to hold the lands rather than accept the full rate? What would be the effect then on the situation with which I am concerned?

Mr. LEAVY. Such a railroad, of course, would hold the fruits of its contract with the Government and accept the Government rate on the 50-percent rate.

Mr. CASE of South Dakota. And continue to take it out of the very weak nongrant railroads by getting traffic that would normally go to them. Those railroads are in a very strong position, if they have these very valuable lands, and I am not worrying about them, but the thing that concerns me is the nongrant roads and getting for them, who built only on their faith in the country, their normal traffic.

It is a vital problem in my State, because 97 percent of our railroad mileage is operated under some form of receivership today and yet those railroads are the main cash taxpayers we have. They are the taxpayers today who are keeping the schools going. In many counties the farmers are not able to pay their taxes, nor are the small-business men. School district after school district is utterly dependent upon the railroads as the sole cash taxpayer of size, and I am concerned with trying in some way to put those railroads in a position so that they can maintain the contribution they are making and at the same time help develop business and industry.

We have situations where some town or school district will get together a little money to sponsor a P. W. A. project or a W. P. A. project, and then find that bidders in the State are underbid by out-of-State bidders who ship almost to the State line over a land-grant railroad, and, free from our 3-percent sales tax, take from the local businesses what little public business they ever get a chance to see.

Let me give you an actual recent case. A small lumber mill, operating on a national forest, buying all of its stumpage from the Government, paying to the Government three times the stumpage fees on the west coast, bid on a little material for a P. W. A. project in Nebraska. On the face of the bids opened he seemed low bidder. But an Oregon mill got the contract. Shipping from private timberlands or paying a low stumpage rate, and shipping over a land-grant railroad, it could actually send its products seven times the distance and underbid.

Today most of the heavy-materials business is public buying. Everybody knows that. There is little private construction. And W. P. A. and P. W. A. materials, bought even with local sponsor's funds, are bought by the Procurement Division of the United States Government, giving industries on land-grant lines and the roads themselves an unequal, discriminatory, and destructive advantage over railroads that, in the first place, never had the benefits of land-grant subsidies.

I am not saying that the railroads are angels. I am not so hot about some of their practices, past and present, but the aim of any new railroad legislation should be to abolish discrimination and unfair advantage; and these roads, now down at the heels, deserve a fair chance at this public business, and the industries and businesses struggling to carry on deserve a fair chance in bidding on Government business. I am not trying to give the strong roads both lands and full rates, but I do not want to see these roads that never had lands shut out of all public business. That is the situation I am concerned with, and if the gentleman's amendment would close the door or postpone opening it to these weak railroads, I am opposed to the amendment.

Mr. TERRY. Mr. Chairman, in retaining the section in the bill, by the adverse action of the Committee on the amendment of the gentleman from Texas [Mr. POAGE] a while ago, we have done what the railroads wished to have done, and that is to repeal that provision which requires them to carry Government property at 50 percent of commercial rates. I feel that the Congress having taken this generous action, and having given up what the hearings show amounts to a consideration of from seven to ten million dollars a year, savings that the Government made by reason of the 50-percent reduction in rates, the railroads should in turn be fair to the Government. The gentleman from New York [Mr. WADSWORTH] a while ago quoted Mr. Eastman on this question as being in favor of the repeal of this section. On page 62 of the hearings on bills S. 1915 and S. 1590, which were bills to repeal this section, on the question of whether or not the railroads should give up the land-grant lands which they now have, and for which they have no outstanding contracts of sale, Mr. Eastman expressed the opinion that it would be a fair thing for the railroads to do. In a memorandum by Mr. Kneipp of the Forest Service on March 29, 1939, he states:

> On March 28, during the period 2 to 2:30 p. m., Mr. Rothery and I discussed with Mr. Joseph E. Eastman and Dr. C. S. Morgan, of the Interstate Commerce Commission, the proposed legislation to relieve land-grant railroads from the necessity for transporting Government freight and personnel at half rate, and the merit and equity of the proposition by the Forest Service that if such relief were granted the railroads, the railroads should convey to the United States the parts of the land grants still in their ownership and not needed for the operation of the railroads.
>
> As to the Forest Service proposal, Mr. Eastman expressed the opinion that it was equitable and logical. He remarked that he had discussed it with certain prominent railroad officials at a recent banquet and that said officials did not demur to the idea at that time. He further stated that he might be quoted to Representative LEA or Senator WHEELER or any other party in direct interest as having the belief that the proposal was an equitable one.

So I say to you members of the Committee that the proposal that the railroads turn back to the Government the land which they have now in their possession is perfectly fair and proper. They have in their possession about 12,000,000 acres of land of the 132,000,000 which they acquired from the Government by land grant, over 4,000,000 acres of which are within the national forests.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Texas [Mr. POAGE] is recognized.

Mr. POAGE. Mr. Chairman, it seems rather a vain thing to come back before this apathetic gathering this afternoon pleading that you do not become parties to a repetition of one of the most scandalous pages in the history of America. I know that the reason we are passing this sort of stuff this afternoon is simply due to the apathy of the membership. I know that if the membership of this House realized that you were giving away all that America has left of about one-tenth of her land area, you would rise up and smite this sort of thing. I know that this House is not made up of men and women who want to repeat the Teapot Dome scandal. I know that this House is not made up of men who want to repeat the Georgia land scandals, but I know, and you know when you stop to think of it, that when you go home next summer you will find somebody who is ready and willing to explain that the reason the House slept through the debate on this important subject was that there were some railroad lobbyists up in the gallery. The intimation is going to be bandied around that somebody "got to somebody." Now, I know that is not true, and you know that it is not true. I know that it is simply because you do not know what you are voting on, but the people back home are not going to be so charitable with you. They are always ready to believe some of the things suggested about the membership which you know are not true. If you want to go home and try to explain why you gave away one-tenth of America, you have an opportunity right here and now. You cannot go home and say you did it in order to bail out some bankrupt railroads from an emergency. You cannot go home and say that you did it in order to save the railroads from immediate collapse, because the very proponents of this proposal have told you it does not involve more than $7,000,000 to $10,000,000 a year. You cannot save a $25,000,000,000 railroad structure on $10,000,000 a year, but you can cost your Government hundreds of millions of dollars over the time over which these contracts are supposed to run.

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

Mr. POAGE. I yield.

Mr. SOUTH. Is it not a fact that the total amount which the railroads have received or have saved would be about 4 percent on the value, and that the entire saving to the Government has only amounted to $150,000,000, or one-third of the value of the land?

Mr. POAGE. That is about right. In other words, the railroads have already received at least three or four times as much in the way of interest as the total savings to the Government in the reduced freight rates. At the present time the value of the land now left in the hands of the railroads is probably nearly as great as the value of all of the lands at the time of the grants and has been estimated at at least $400,000,000. Interest on that at 4 percent runs about $16,000,000 a year, yet the saving to the Government is less than $10,000,000 a year. In other words, the railroads now are getting from the loot that they still have in their hands at least 50 percent more than the Government is being saved by the existing contract. Why should we accord the railroads any different treatment than we accord anybody else? The whole argument that has been proposed is that the Government made a good trade with the railroads, and that the railroads were going to lose something. Now, this amendment only seeks to apply equity to this thing. If you catch a thief with part of the stolen property, you are at least going to get back the part of your property he still has before you buy him a meal. Let the United States Government take back that part of the public lands that is still in the hands of the railroads, who are to receive the benefits of this section.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. LEAVY].

The question was taken; and on a division (demanded by Mr. LEAVY) there were ayes 43 and noes 76.

So the amendment was rejected.

The Clerk read as follows:

PART III—AMENDMENTS TO RECONSTRUCTION FINANCE CORPORATION ACT

SEC. 331. (a) Section 5 of the Reconstruction Finance Corporation Act, as amended, is amended by amending that portion of the third sentence, of the third paragraph, which precedes the last proviso in such sentence to read as follows: "The Corporation, with the approval of the Interstate Commerce Commission, may, to aid in the financing, reorganization, reduction, or readjustment of principal or interest charges, consolidation, maintenance, or construction thereof, purchase for itself, or for account of a railroad obligated thereon, or of a receiver or trustee of a railroad, the obligations, including equipment trust certificates, of railroads engaged in interstate commerce, whether or not such railroads are involved in receivership or reorganization proceedings, or of receivers or trustees thereof, with such maturities as the Corporation may approve notwithstanding any other provision of law, or guarantee the payment of the principal of, or interest on, such obligations, or both, including equipment trust certificates, or, when in the opinion of the Corporation funds for the particular purpose are not available on reasonable terms through private channels, make loans to such railroads or to receivers or trustees thereof with such maturities as aforesaid for the purposes aforesaid: *Provided*, That in every case of such a loan, or purchase, or guaranty of obligations, including equipment trust certificates, the Interstate Commerce Commission and the Corporation shall, in connection with the approval or authorization thereof, find that the prospective earning power of such railroad, together with the character and value of the security offered, furnish, in the opinion of the Interstate Commerce Commission and the Corporation, respectively, reasonable protection to the Corporation:".

(b) Such section 5, as amended, is further amended by adding at the end of the third paragraph thereof the following sentence: "The title of any owner, whether as trustee or otherwise, to any property leased or conditionally sold to a railroad, or a receiver or trustee thereof, which the Corporation has financed, or in the financing of which the Corporation has aided, any right of such owner to take possession of such property in compliance with the provisions of any such lease or conditional sales contract, and the title of any owner of a collateral note evidencing a loan to a railroad, or a receiver or trustee thereof, from the Corporation heretofore or hereafter made by the Corporation and the right of any such owner to acquire title to the collateral securing such note, free and clear of any equity of redemption, in compliance with the contract of pledge, and thereafter to deal with the same as the absolute owner thereof, shall not be affected, restricted, or restrained by or pursuant to the provisions of the act of July 1, 1898, entitled 'An act to establish a uniform system of bankruptcy throughout the United States,' as amended, or by or pursuant to any other provision of law applicable to any proceedings thereunder."

(c) The first sentence of section 3 of the act approved January 31, 1935 (49 Stat., ch. 2, pp. 1–2), is hereby amended by striking out "January 31, 1945" and inserting in lieu thereof "January 31, 1955."

Mr. MARTIN of Massachusetts. Mr. Chairman, I ask unanimous consent to proceed out of order for 1 minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Chairman, I take this time simply to announce to the Republican membership of the House that the conference which was called for this afternoon is postponed until next Friday following the day's work.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 302, line 1, after the word "purchase", strike out "for itself", and on page 302, line 8, after the word "law", strike out "or guarantee the payment of the principal of, or interest on, such obligations" down to and including the word "certificates", in line 10, page 302.

Mr. TABER. Mr. Chairman, in my opinion if we authorize the R. F. C. to go ahead on its own motion and buy securities of railroads we shall be embarking upon Government ownership and operation of the railroads. To this I am opposed. I can see no other possible construction or desirability of having these words in the bill.

If we permit, as is done in lines 8, 9, and 10, the Reconstruction Finance Corporation to guarantee the payment of the principal or interest of the obligations of the railroads, or both, including equipment trust certificates, we are doing just the same thing. I think we should not authorize the R. F. C. to guarantee the payment of these obligations in any way.

I hope this amendment may be adopted and that this may be regarded as a bill to help the rehabilitation of the transportation systems of our country, not one to destroy service and destroy the maintenance and equipment of the properties by Government ownership. That would be the worst dilemma we could lead this country into at this time. I hope this amendment will be adopted.

Mr. LEA. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have discussed this matter with Mr. Jones. The purpose of this provision is to permit the Reconstruction Finance Corporation to use its funds for the purpose of buying obligations of the railroad companies provided the Interstate Commerce Commission and the R. F. C. approve of the security. The particular advantage of buying securities of railroad companies would be to reduce their fixed charges and their capitalization. It is not the purpose to go out and buy securities in the ordinary way. The plan followed would probably provide that no obligations would be bought unless a sufficient quantity were offered to accomplish substantial results to the railroad company to help reduce its fixed charges or capitalization.

Mr. Jones believes that this is probably the best method available for reducing the fixed charges of the railroads. It has the advantage of quick, businesslike judgment without all the complications of bankruptcy and reorganization proceedings. If the security is approved by both the Interstate Commerce Commission and the R. F. C., the R. F. C. would take the obligations. Under the second section of the bill the securities would be salable in the open market even though the company might be in receivership.

So far as the equipment notes are concerned, they are salable property at the present time. They are available in the market today because there is security enough behind them. What we really want to do is to enable the R. F. C. to make these purchases, turn over the obligations, and not hold them. There is no purpose whatever to use this power of purchase with the idea of acquiring Government ownership.

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. LEA. I yield.

Mr. TABER. What I propose to do is to strike out those words that might permit just that situation. I have stricken out the words "for itself" but I have not attempted to strike out the words "for account of a railroad obligation."

With reference to this guaranty proposition, if these securities are readily salable in the market there is absolutely no excuse for the guaranty of these securities by the R. F. C.

Mr. LEA. The gentleman means the equipment notes?

Mr. TABER. Yes.

Mr. LEA. The first suggestion the gentleman made about purchasing from the R. F. C. is the very essence of the plan that Mr. Jones believes is one of the most favorable methods available for continuing these operations. Mr. Jones assures me that in his judgment this sort of financing can be carried on without the loss of one cent to the Government in the ultimate result; and certainly it is the quickest and simplest way of aiding these carriers without an injury to the Government.

[Here the gavel fell.]

Mr. JOHNS. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Wisconsin is recognized for 5 minutes.

Mr. LEA. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. JOHNS. I yield.

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on the remainder of the bill and all amendments thereto close in 25 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JOHNS. Mr. Chairman, I think this proviso is one of the most vicious things we could possibly write into any

bill, whether it applies to the railroads or something else. When we reach the pass in this country where we are going to have the Federal Government guarantee the obligations of corporations, I think it is about time we look for another form of government, because our form of government never contemplated that at all. I know of no reason in the world why we should guarantee the obligations of railroad companies and leave waterways out. Some of them may be in a difficult position financially; and, according to reports we have heard in the arguments, such is the case. It may be true also of trucking companies. I know of no reason why the railroads should be picked out and have their securities guaranteed any more than water-transportation companies or truck companies.

I am opposed to it in principle. We have heard a great deal here about guaranteeing some obligations of the small-business man. There has been a lot of opposition to that proposition, so much so that I think the idea has just about departed from the minds of people who originally had it in their heads.

If we are coming down to the point where we are going to establish a precedent in the House of Representatives of having the Government of the United States purchase securities or guarantee the securities of any corporation, then I say we are treading on very dangerous ground. I hope that thought will be voted down in the House. If it is not, some of us are going to hear from the people back home when we get home, and when and if we run again for a Member of the House of Representatives. And I say that we should hear from them.

Mr. KELLER. Will the gentleman yield?

Mr. JOHNS. I yield to the gentleman from Illinois.

Mr. KELLER. Have we not been guaranteeing a good many millions of dollars of bonds in the last few years?

Mr. JOHNS. Yes; but I think it is wrong. The only purpose of guaranteeing this amount is to get away from the limit of $45,000,000,000 that exists at the present time.

Mr. KELLER. How has it worked out where we have guaranteed bonds? It has worked out well, has it not?

Mr. JOHNS. Not if the figures I read in the newspapers are correct. We have not made any money on anything we have invested in during the last few years, and have lost millions of dollars.

Mr. THORKELSON. Will the gentleman yield?

Mr. JOHNS. I yield to the gentleman from Montana.

Mr. THORKELSON. Is it not a fact that we have guaranteed already some $13,000,000,000 of bonds?

Mr. JOHNS. I do not know the exact amount, but I understand we have guaranteed at least $5,000,000,000 and I think that is enough. In my opinion it is more than we should have guaranteed and it is about time we quit. I do not think we should guarantee anyone's obligations. We have companies that make a specialty of guaranteeing other people's obligations, but the Reconstruction Finance Corporation is not one of those.

Mr. Chairman, I hope the amendment will be agreed to and a bill of this kind never introduced again.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER].

Mr. CASE of South Dakota. Mr. Chairman, I ask unanimous consent that the amendment be again reported by the Clerk.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota [Mr. CASE]?

There was no objection.

The Clerk again reported the Taber amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 49, noes 51.

So the amendment was rejected.

Mr. HARE. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HARE: Page 302, at the end of line 14, add the following: "*Provided further*, That loans granted to any transportation company in receivership shall first be applied to the payment of valid judgments taken against such transportation companies for personal injuries."

Mr. HARE. Mr. Chairman, I read from page 302 of this bill that when in the opinion of the Corporation funds for the particular purposes are not available on reasonable terms through private channels it may make loans to such railroads or to receivers or trustees thereof, to aid in the financing, reorganization, reduction, or readjustment of principal or interest charges, indebtedness, consolidation, maintenance or construction of road.

That is, if the Reconstruction Finance Corporation finds that a railroad or any other transportation company does not have funds available to refinance itself, then the Reconstruction Finance Corporation may make loans for the purpose of paying or reducing interest, paying or reducing principal, or for the purposes of maintaining their roadbed and for other purposes. The purpose of my amendment is this: Where loans are made to transportation companies in the hands of a receiver by the Reconstruction Finance Corporation, they shall first be required to pay outstanding judgments against them held by people who obtained such judgments on account of personal injuries.

Judgments obtained against these receivership roads may stand for 10 years, 20 years, or they may stand for 30 years, or until the statute of limitation has run. Where a person has been injured or possibly lost his life, his children or dependents may have a judgment against the transportation company for damages sustained. Now the transportation company hides behind its receivership and refuses to pay the judgment; yet the Congress of the United States is providing in this bill that such transportation company may go and borrow money from the Treasury of the United States to pay outstanding indebtedness for money borrowed years ago, but makes no provision for paying these minor children or helpless fathers for judgments obtained and unpaid, although they are just as binding as any other indebtedness. In other words, if a child has a valid judgment because of the loss of the life of its father, that claim is just as honest, and payment should be urged as much as if it had loaned the company $100,000.

You are making provision in this bill that the Government shall furnish money to a transportation company to pay the principal or reduce the principal, pay the interest, pay its bonded indebtedness, or pay any other indebtedness, but nothing is said or done about paying these valid judgments or claims by persons who have obtained judgments for personal injuries. I insist, Mr. Chairman, that this amendment should be accepted, passed, and included in this bill.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, the sweeping condemnation of this bill by the very able gentleman from North Carolina [Mr. WARREN], and a number of other Members who have appeared on the floor, reminds me of a story I used to hear Champ Clark tell about a man in Missouri who, for the sake of the general welfare of the community, had to be lynched by his neighbors. After they had lynched him they put a big placard on his breast, which read: "In some respects this was a very bad man." Then they put another placard on his back, which read: "And in others he was a damn sight worse." [Laughter.]

They say the devil is never as black as he is painted, and certainly this bill could not be.

When gentlemen assert there is not one redeeming feature in a bill on which able, conscientious, and experienced men have worked for months, the trouble may not be so much with the bill as with a certain state of mind. I am used to hearing the boys from the Pacific Northwest in action against the railroads, and they do a good job; but this is the first

time I have seen the river boys from the South let their hair down; and case-hardened though I am, it almost scared me. Teamed up, these groups have just about made the railroads public enemy No. 1.

That is not all. In this condemnation they join the Interstate Commerce Commission. Apparently, if what they say is true about the Interstate Commerce Commission, the first regulatory body in this Government, it ought to be abolished; but I wonder if the record would sustain that condemnation.

I told you yesterday about a typical case out in my State where the Colorado Fuel & Iron Co., because it could not get a reduction in rates to Houston, Tex., where it had built a warehouse in anticipation of fourth-section relief to be granted to the railroad to meet water rates from the eastern seaboard, had to close its warehouse and go several hundred miles back up into northern Texas before it could meet the cheap water rates to the port of Houston. That application was filed by the Colorado Southern Railway Co., a subsidiary of the Burlington, one of the powerful railway systems of the United States. The steel corporation is a Rockefeller property, belonging to one of the most powerful financial and industrial interests in America. Yet those two great, powerful interests, acting jointly, were turned down by the Interstate Commerce Commission in favor of a few one-horse coastwise shipping lines.

The highest praise I have heard paid the Interstate Commerce Commission since I have been on this committee is that they are criticized by every group appearing before us as being favorable to the other groups, so this indicates to my mind they strike a pretty fair average, and I give full faith to the following statement by Mr. Eastman before our committee on this bill:

> The Commission believes in the equal and impartial public regulation of all important forms of transportation, and is also confident that much can be done to stabilize and improve conditions through proper use of the power to fix minimum rates and of the power to control the right to engage in new operations; but I think I reflect the opinion of the Commission when I say that there is no reason to believe that such policies will be any more beneficial to the railroads than to other types of carriers.

During my service on this committee I believe the top men in every field in the United States involved in interstate commerce in any way have appeared before us. The Interstate Commerce Commissioners are always called on. They were called on in connection with this bill, and they have been called on in connection with past measures affecting interstate commerce. There appeared before the committee each time Mr. Joseph B. Eastman and Dr. Walter M. W. Splawn. I say without hesitation that in my opinion they are the two outstanding authorities on interstate commerce and transportation in the United States, barring none; yet Members get up on the floor and talk about them as if they did not know anything about their business and could not be trusted to do anything in the public interest and berate them like pickpockets.

It reminds me of an incident in connection with a little old Dutch locomotive engineer out in my home city. His name was Fred Eusey. Fred ran a passenger train between Pueblo and Canyon City. One day when the switchman cut his engine off the train at the depot to pilot him to the round house old Fred did not obey the car signals to suit him, and he commenced jumping up and down and shouted, "I wish I was master mechanic around here for about 15 minutes." Old Fred said, "Yes, that's schust about so long you would last." [Laughter.]

If some of these critics of the Interstate Commerce Commission had to sit down across the table from Mr. Eastman and Dr. Splawn and discuss the provisions of this bill, "that's schust about so long they would last." [Laughter and applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Chairman, I rise for the last time in connection with the debate on this very important bill, and I imagine you are all glad of that.

A few moments ago the gentleman from Ohio [Mr. CROSSER] referred to a letter from a member of the Brotherhood of Railroad Trainmen. I imagine the railroad boys had to hunt a long way before they found that single member of the Brotherhood of Railroad Trainmen who would stand up and go against the mandate of the national convention of the grand lodge. The Brotherhood of Railroad Trainmen, at Cleveland at their national convention, took action, of which you have all been advised, and sent this letter which I hold in my hand to all Members of Congress. It is dated July 19, 1939, which is sufficiently recent to be reliable and authentic, I believe. The facts are that not a single local lodge of the Brotherhood of Railroad Trainmen has voted in favor of this bill. They have all opposed it from beginning to end. Of the 140,000 members of that brotherhood throughout the United States, the railroads finally found one obscure member who would write a letter which the gentleman from Ohio could bring in here and read to convince you that the Brotherhood of Railroad Trainmen were for this bill. Do not be fooled.

I have been asked why my interest in this bill. My interest is simply because I am interested in the welfare and future of the great masses of the people of this Nation. I have no ax to grind, I have no personal or financial interest in any kind of bus line or waterway, and I hold or own no stock in any transportation facility, but I have for years made a deep and continued and a sincere study of these great problems of transportation rates which confront America, and especially as they affect the Central States of America, from which I come. This deep and sincere study which I have carried on over a period of many years was one of the elements which resulted in my election to Congress, because I carried the same message to the people of my district that I have carried to you during these past few days, and my conclusions gained from such study have resulted in my decision to oppose this measure and to oppose any further turning over of control and of monopolistic power to either the railroads or the Interstate Commerce Commission.

I have in my hand a pamphlet that was issued recently by the administration of the city of Minneapolis, which recites some of the vital facts and statistics in connection with that administration during the past 2 years. On page 1 is an item which states that from September 1, 1937, to September 30, 1938, the short period of 1 year, six large industrial concerns have moved from that city, and they employed 1,475 men and women. This is only one illustration of what is happening to my city and to my section of the country, and to the section of the country from which many of the Members come who are supporting this bill. There is also an item in this booklet which reads as follows:

> The month of December 1938 witnessed the highest aggregate case load in the history of the city of Minneapolis, amounting to a total well in excess of 39,500 cases on direct relief, W. P. A., and old-age assistance.

I have here also a letter from Mr. C. C. Bovey, who is one of the great leaders in the flour milling industry in Minneapolis. Under date of May 11, 1938, Mr. Bovey gives the following figures to show the decline in the production of flour at Minneapolis since 1930:

	Barrels
1930	10,797,194
1931	9,121,571
1932	7,227,187
1933	7,283,244
1934	7,081,830
1935	6,636,159
1936	6,378,928
1937	5,721,695

Or a total decline in 8 years of over 5,000,000 barrels.

The following figures indicate the great increase in the amount of flour coming into Minneapolis since 1930. You

will notice that from 1930 to 1937 the shipments of flour into Minneapolis have more than doubled.

	Barrels
1930	222,341
1931	212,625
1932	344,838
1933	312,333
1934	326,271
1935	351,072
1936	472,255
1937	482,096

Why did they ship flour into the greatest flour milling center in the world? Because of unfair freight rates which we have in my city or in my section of the country, and still you people here insist that we continue to turn over control of our rates on all transportation to an organization which has destroyed business almost completely and which wishes to continue to destroy it and drive it from the central section of the United States.

You ask why I am interested in this bill. I am interested in it because of my interest in the business and industry there and in protecting it so as to prevent further unemployment and relief. I am interested in it because of my interest in the farmers of the State and of the great Northwest area which surrounds my city and feeds it with business when the farmer has surplus money to spend. I am interested, because I am interested in democracy and in preserving it for coming generations, and because I know if this bill is passed that it will be just another step in the destruction of the Northwest and of constitutional government, for a chain is only as strong as its weakest link. And judging from the unrest, the economic stress and strain, the bloodshed and strikes, and the condition of the Public Treasury, we are forging a very weak link there which by our action here today may serve to break it the sooner. I therefore am opposed to this bill and hope it will be voted down. [Applause.]

Mr. SCHAFER of Wisconsin. Mr. Chairman, I move to strike out the last three words.

The CHAIRMAN. Time has been fixed by a unanimous-consent agreement, but the gentleman from North Carolina did not use all of his time.

Mr. BULWINKLE. Mr. Chairman, I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. Mr. Chairman, our Republican colleague, the distinguished gentleman from Minnesota [Mr. ALEXANDER] has taken the floor and indicated that the employees of the railroads are opposed to this bill, because of the position taken by the president of one of the many recognized railroad labor organizations, Mr. A. F. Whitney, president of the Brotherhood of Railroad Trainmen. In view of the company which Mr. Whitney has been keeping, the opposition of Mr. Whitney to this bill should be a good argument in favor of its enactment.

It appears that many of our New Deal Democratic brethren are going to run out on the President on this bill. I shall be pleased to fill one of the vacancies in his ranks when the roll is called, as I intend to vote for it, Mr. Whitney's opposition to the contrary notwithstanding.

I have here a letter from the national labor committee of the American League for Peace and Democracy, which is a Communist-sponsored and dominated organization.

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

Mr. SCHAFER of Wisconsin. This letter shows Mr. A. F. Whitney, president of the Brotherhood of Railroad Trainmen, is the chairman of the National Labor Committee of the Communist-created and Communist-directed American League for Peace and Democracy. Among his directors are many of the C. I. O. fellows who have been traveling with the Communist brethren, including Vice Chairman Joseph Curran, president of the National Maritime Union, in which the well-known alien Communist Harry Bridges is a big shot. Vice Chairman Jerome Davis is a member of the national committee, the membership which also includes Albert Edwards, Jack Berey, Lewis Alan Berne, James B. Carey, Michael Coleman, Sol Fishko, Abram Flaxer, Miguel Carriga, Ben Gold, Donald Henderson, Alexander Hoffman, Roderick L. Johnson, Morris Katz, Samuel Kaufman, M. A. Lakofsky, Natale Masi, Lewis Merrill, Jacob Mirsky, Morris Muster, Harold Pritchett, Mervyn Rathborne, Reid Robinson, Isidore Sorkin, and Americo A. Tomei.

In view of the fact that Mr. Whitney——

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

Mr. SCHAFER of Wisconsin. I regret that I cannot as I have only 2 minutes and you have been speaking most of the afternoon. [Laughter.]

Mr. Chairman, in view of the fact that Mr. Whitney is a big shot in the Communist created, directed, and controlled American League for Peace and Democracy, I think those who are interested in the welfare of the workingmen who work on the railroads, the railroads, and the general public should support and vote for this bill in compliance with the request made by the heads of all of the other great recognized railroad labor organizations.

Mr. Chairman, I hold in my hand a 72-page Communist pamphlet entitled "Why Communism?" Page 72 of this pamphlet definitely states that the Communist Party in America is tied with the Communist Party in Soviet Russia through the International. This publication, without mincing words, outlines the plan under which our American constitutional system of government is to be replaced by a Moscow form of Communist autocracy under a blood-curdling life-taking revolutionary movement. Page 56 of this pamphlet indicates that the American League Against War and Fascism was formed to take part in the Communist united-front action. Subsequently the American League Against War and Fascism changed its name to the American League for Peace and Democracy. Mr. Chairman, this manifesto and program of the American League Against War and Fascism, which now functions under the name of the American League for Peace and Democracy, contains the program adopted at Chicago, Ill., in September 1934, pledge No. 5 of which reads as follows:

> To support the peace policies of the Soviet Union for total and universal disarmament, which today with the support of masses in all countries constitute the clearest and most effective opposition to war throughout the world; to oppose all attempts to weaken the Soviet Union, whether these take the form of misrepresentation and false propaganda, diplomatic maneuvering, or intervention by imperialist governments.

Mr. Chairman, I do not believe that the rank and file members of the Brotherhood of Railroad Trainmen concur in Mr. Whitney's opposition to this transportation bill. It is unbelievable that the heads of all the other great national railroad labor organizations are wrong and Mr. Whitney is right. At any rate, it can be truthfully said that a preponderant majority of the railroad workers in America are in favor of this legislation, and I shall therefore be very happy to vote for it in the interest of the welfare of the railroad employees, the railroads, and the general public, the opposition of Mr. Whitney, the chairman of the national labor committee of the American League for Peace and Democracy, to the contrary notwithstanding. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina [Mr. HARE].

The question was taken and the amendment was rejected.

The CHAIRMAN. The question now recurs on the substitute amendment of the Committee to the Senate bill.

The question was taken and the amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises automatically.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. JONES of Texas, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill S. 2009, and, pursuant to House Resolution 262, he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, and was read the third time.

Mr. WADSWORTH. Mr. Speaker, I offer the following motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WADSWORTH. I am.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. WADSWORTH moves to recommit the bill S. 2009 to the Committee on Interstate and Foreign Commerce.

Mr. LEA. Mr. Speaker, on that I move the previous question.

The previous question was ordered.

Mr. WARREN. Mr. Speaker, I demand the yeas and nays on the motion to recommit.

The yeas and nays were ordered.

The question was taken; and there were—yeas 99, nays 273, answered "present" 3, not voting 53, as follows:

[Roll No. 145]

YEAS—99

Alexander	Dondero	Johns	Peterson, Ga.
Allen, Pa.	Doxey	Johnson, Luther A.	Pfeifer
Andersen, H. Carl	Dworshak	Johnson, Lyndon	Pierce, N. Y.
Andrews	Eberharter	Johnson, Okla.	Pierce, Oreg.
Angell	Ellis	Kee	Pittenger
Barden	Evans	Kennedy, Michael	Plumley
Barry	Fay	Kerr	Poage
Beckworth	Flaherty	Kirwan	Rankin
Bland	Ford, Thomas F.	Kitchens	Rogers, Okla.
Bloom	Garrett	Kleberg	Sandager
Bolles	Gathings	Leavy	Sirovich
Boykin	Gavagan	McArdle	Somers, N. Y.
Buckler, Minn.	Gehrmann	McCormack	South
Byrne, N. Y.	Geyer, Calif.	Mansfield	Sparkman
Cartwright	Gossett	Marcantonio	Starnes, Ala.
Celler	Guyer, Kans.	Mason	Sullivan
Chandler	Harrington	Mills, Ark.	Taber
Coffee, Nebr.	Hart	Moser	Thomas, Tex.
Coffee, Wash.	Havenner	Mott	Thorkelson
Colmer	Heinke	Myers	Wallgren
Culkin	Hendricks	Nichols	Warren
Cullen	Hill	O'Leary	Welch
Delaney	Hoffman	Oliver	West
Dickstein	Hull	Parsons	Whittington
Disney	Izac	Patton	

NAYS—273

Allen, Ill.	Church	Fries	Jensen
Allen, La.	Clark	Fulmer	Johnson, Ill.
Anderson, Calif.	Clason	Gamble	Johnson, Ind.
Anderson, Mo.	Claypool	Gartner	Johnson, W. Va.
Andresen, A. H.	Clevenger	Gearhart	Jones, Ohio
Arends	Cochran	Gerlach	Jones, Tex.
Arnold	Collins	Gibbs	Kean
Ashbrook	Cooper	Gifford	Keefe
Austin	Corbett	Gilchrist	Keller
Ball	Costello	Gillie	Kelly
Barnes	Courtney	Gore	Kennedy, Md.
Bates, Ky.	Cox	Graham	Kilday
Bates, Mass.	Crawford	Grant, Ala.	Kinzer
Beam	Creal	Grant, Ind.	Knutson
Bell	Crosser	Green	Kocialkowski
Bender	Curtis	Gregory	Kramer
Blackney	D'Alesandro	Griffith	Kunkel
Boehne	Darden	Gross	Lambertson
Boland	Darrow	Gwynne	Landis
Bolton	Dempsey	Hall	Larrabee
Bradley, Pa.	Dirksen	Halleck	Lea
Brewster	Ditter	Hancock	LeCompte
Brooks	Doughton	Hare	Lemke
Brown, Ga.	Douglas	Harness	Lesinski
Brown, Ohio	Dowell	Harter, Ohio	Lewis, Colo.
Bryson	Drewry	Hartley	Lewis, Ohio
Buck	Duncan	Hawks	Luce
Buckley, N. Y.	Dunn	Healey	Ludlow
Bulwinkle	Durham	Hess	McAndrews
Burch	Edmiston	Hinshaw	McDowell
Burdick	Elliott	Hobbs	McGehee
Burgin	Elston	Hope	McKeough
Byrns, Tenn.	Engel	Horton	McLaughlin
Byron	Englebright	Houston	McLean
Cannon, Mo.	Faddis	Hunter	McLeod
Carlson	Fenton	Jacobsen	McMillan, John L.
Carter	Ferguson	Jarman	Maas
Case, S. Dak.	Flannagan	Jarrett	Mahon
Casey, Mass.	Folger	Jeffries	Maloney
Chapman	Ford, Leland M.	Jenkins, Ohio	Mapes
Chiperfield	Ford, Miss.	Jenks, N. H.	Marshall
Martin, Colo.	Randolph	Scrugham	Tolan
Martin, Iowa	Rayburn	Seccombe	Treadway
Martin, Mass.	Reece, Tenn.	Seger	Van Zandt
Merritt	Reed, Ill.	Shafer, Mich.	Vincent, Ky.
Michener	Rees, Kans.	Shanley	Vinson, Ga.
Miller	Rich	Shannon	Vorys, Ohio
Mills, La.	Richards	Sheppard	Vreeland
Monkiewicz	Risk	Simpson	Walter
Monroney	Robertson	Smith, Conn.	Ward
Mouton	Robinson, Utah	Smith, Maine	Weaver
Mundt	Robsion, Ky.	Smith, Ohio	Wheat
Murdock, Ariz.	Rockefeller	Smith, Va.	Whelchel
Murdock, Utah	Rodgers, Pa.	Smith, W. Va.	White, Idaho
Murray	Rogers, Mass.	Snyder	White, Ohio
Nelson	Romjue	Spence	Wigglesworth
Norrell	Routzohn	Springer	Williams, Del.
Norton	Rutherford	Steagall	Williams, Mo.
O'Brien	Ryan	Sumner, Ill.	Winter
O'Connor	Sabath	Sweeney	Wolcott
O'Day	Sacks	Talle	Wolfenden, Pa.
O'Neal	Sasscer	Tarver	Wolverton, N. J.
Osmers	Satterfield	Taylor, Tenn.	Wood
Pace	Schaefer, Ill.	Tenerowicz	Woodrum, Va.
Patrick	Schafer, Wis.	Terry	Youngdahl
Pearson	Schiffler	Thill	Zimmerman
Polk	Schuetz	Thomason	
Powers	Schulte	Tibbott	
Ramspeck	Schwert	Tinkham	

ANSWERED "PRESENT"—3

Harter, N. Y. Keogh Wadsworth

NOT VOTING—53

Barton	DeRouen	McGranery	Short
Boren	Dies	McMillan, Thos. S.	Smith, Ill.
Bradley, Mich.	Dingell	Maciejewski	Smith, Wash.
Caldwell	Eaton, Calif.	Magnuson	Stearns, N. H.
Cannon, Fla.	Eaton, N. J.	Martin, Ill.	Stefan
Cluett	Fernandez	Massingale	Sumners, Tex.
Cole, Md.	Fish	May	Sutphin
Cole, N. Y.	Fitzpatrick	Mitchell	Taylor, Colo.
Connery	Flannery	O'Toole	Thomas, N. J.
Cooley	Hennings	Patman	Voorhis, Calif.
Crowe	Holmes	Peterson, Fla.	Woodruff, Mich.
Crowther	Hook	Rabaut	
Cummings	Kennedy, Martin	Reed, N. Y.	
Curley	Lanham	Secrest	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Reed of New York (for) with Mr. Eaton of New Jersey (against).
Mr. Wadsworth (for) with Mr. Cole of New York (against).
Mr. Keogh (for) with Mr. Martin J. Kennedy (against).
Mr. Harter of New York (for) with Mr. Bradley of Michigan (against).
Mr. Cluett (for) with Mr. Thomas S. McMillan (against).
Mr. Stefan (for) with Mr. Woodruff of Michigan (against).
Mr. Fitzpatrick (for) with Mr. Cooley (against).
Mr. O'Toole (for) with Mr. Cole of Maryland (against).
Mr. Curley (for) with Mr. Martin of Illinois (against).
Mr. Cannon of Florida (for) with Mr. Maciejewski (against).

General pairs:

Mr. Lanham with Mr. Short.
Mr. McGranery with Mr. Fish.
Mr. Rabaut with Mr. Holmes.
Mr. Caldwell with Mr. Stearns of New Hampshire.
Mr. Dingell with Mr. Barton.
Mr. DeRouen with Mr. Thomas of New Jersey.
Mr. May with Mr. Crowther.
Mr. Hook with Mr. Eaton of California.
Mr. Voorhis of California with Mr. Sutphin.
Mr. Mitchell with Mr. Hennings.
Mr. Flannery with Mr. Magnuson.
Mr. Smith of Illinois with Mr. Cummings.
Mr. Secrest with Mr. Connery.
Mr. Dies with Mr. Boren.
Mr. Massingale with Mr. Crowe.
Mr. Sumners of Texas with Mr. Fernandez.
Mr. Taylor of Colorado with Mr. Smith of Washington.

Mr. WADSWORTH. Mr. Speaker, on this question I have a pair with the gentleman from New York, Mr. COLE. Were he present he would have voted "no." Under the circumstances I withdraw my vote of "yea" and ask to be recorded "present."

Mr. KEOGH. Mr. Speaker, I was paired with the gentleman from New York, Mr. MARTIN J. KENNEDY, who is absent because of official business. If he were present he would have voted "no." I voted "yea." I therefore ask to be recorded "present."

Mr. HARTER of New York. Mr. Speaker, I have a pair with the gentleman from Michigan, Mr. BRADLEY. If he were present he would have voted "no." I withdraw my vote of "yea" and answer "present."

Mr. HORTON changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

The title was amended so as to read:

An act to amend the act to regulate commerce, approved February 4, 1887, as amended, so as to provide for unified regulation of carriers by railroad, motor vehicle, and water, and for other purposes.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. St. Claire, one of its clerks, announced that the Senate insists upon its amendment to the bill (H. R. 4998) entitled "An act to amend the Packers and Stockyards Act, 1921," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BULOW, Mr. GILLETTE, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Vice President had appointed Mr. BARKLEY and Mr. GIBSON members of the Joint Select Committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of executive papers in the following agencies:

1. Farm Credit Administration.
2. Federal Trade Commission.
3. The Panama Canal.
4. United States Civil Service Commission.
5. Works Progress Administration.

PENSIONS TO MEMBERS OF REGULAR ARMY, NAVY, MARINE CORPS, AND COAST GUARD DISABLED BY REASON OF SERVICE

Mr. LESINSKI. Mr. Speaker, I call up for present consideration the bill (S. 522) to provide pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein, equivalent to 75 percent of the compensation payable to war veterans for similar service-connected disabilities, and for other purposes.

The SPEAKER. This bill is on the Union Calendar.

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent that the same be considered in the House as in Committee of the Whole.

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

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That effective on the 1st day of the month following the month in which this act is enacted, paragraph II of part II of Veterans Regulations No. 1 (a), as amended, is amended to read as follows:

"II. For the purposes of part II, paragraph I (a) hereof, if the disability results from injury or disease—

"(a) If and while the disability is rated 10 percent the monthly pension shall be $7.50.

"(b) If and while the disability is rated 20 percent the monthly pension shall be $15.

"(c) If and while the disability is rated 30 percent the monthly pension shall be $22.50.

"(d) If and while the disability is rated 40 percent the monthly pension shall be $30.

"(e) If and while the disability is rated 50 percent the monthly pension shall be $37.50.

"(f) If and while the disability is rated 60 percent the monthly pension shall be $45.

"(g) If and while the disability is rated 70 percent the monthly pension shall be $52.50.

"(h) If and while the disability is rated 80 percent the monthly pension shall be $60.

"(i) If and while the disability is rated 90 percent the monthly pension shall be $67.50.

"(j) If and while the disability is rated as total the monthly pension shall be $75.

"(k) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or the loss of the use of only one foot, or one hand, or one eye, the rate of pension provided in part II, paragraph II, (a) to (j), shall be increased by $18.75 per month.

"(l) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands, or of both feet, or of one hand and one foot, or is so helpless as to be in need of regular aid and attendance, the monthly pension shall be $112.50.

"(m) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands and one foot, or of both feet and one hand, or if the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, the monthly pension shall be $131.25.

"(n) If the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, and has suffered the anatomical loss or loss of use of one hand or of one foot, the monthly pension shall be $150.

"(o) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use as provided in subparagraphs (l) to (n), inclusive, of part II, paragraph II, of this regulation, and/or blindness in both eyes, having only light perception, which conditions under subparagraphs (l) to (n), inclusive, entitled him to two or more of the rates provided in those subparagraphs, no specified condition being considered twice in the determination, the monthly pension shall be $187.50."

The bill 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.

EXPLANATION

Mr. BULWINKLE. Mr. Speaker, my colleague the gentleman from North Carolina [Mr. COOLEY] is absent. Had he been present he would have voted "no" on the motion to recommit and "aye" on the passage of the bill.

EXTENSION OF REMARKS

Mr. ROBSION of Kentucky. Mr. Speaker, I ask unanimous consent to extend my remarks briefly on the bill just passed at this point in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ROBSION of Kentucky. Mr. Speaker, I am glad to have an opportunity to give my support to Senate bill 522, which heretofore has passed the Senate and which has been recommended to the House by the Invalid Pensions Committee of the House.

There are several hundred of these veterans of the Regular Establishment living in my district who incurred their disabilities in line of duty, and there are many thousands of these throughout the Nation. These disabled Regulars are trying to get by on the inadequate pensions they are receiving under the present law, and there are scores of thousands of dependents of line-of-duty deceased Regulars who are receiving inadequate compensation for the loss of their husband, father, or son. I have taken many of the claims of these disabled veterans from my district before the Veterans' Administration to try to secure some increase, but have been unable to secure for them an increase because of the provisions of the present law. It is the duty of Congress to amend the law so that we may give more adequate pensions to these veterans who have sacrificed their limbs or their health for the Nation.

Congress has not given the consideration to the personnel of the Army, Navy, Marine Corps, and Coast Guard that they deserve. We should let those who are serving in these four branches of the service know that if they are disabled in line of duty they will receive adequate compensation.

I am sure there is no Member of the House who will raise his voice against the passage of this bill. The rates are still less than they ought to be. The President should not hesitate to affix his name to this bill and grant relief to these needy disabled line-of-duty veterans and to their dependents.

It has been my pleasure to interest myself ever since coming to Congress in helping these veterans and their dependents as well as the other veterans and their dependents to get more adequate compensation; and therefore it affords me great pleasure, as I am sure it does every Member of the House, to support this deserving bill.

Under this bill the disabled Regulars in line of duty will receive pensions, as follows:

If and while the disability is rated 10 percent, the monthly pension shall be $7.50; 20 percent, $15; 30 percent, $22.50;

40 percent, $30; 50 percent, $37.50; 60 percent, $45; 70 percent, $52.50; 80 percent, $60; 90 percent, $67.50; total, $75. If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or the loss of the use of only one foot or one hand or one eye, the rate of pension shall be increased by $18.75 per month. If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands or of both feet or of one and and one foot, or is so helpless as to be in need of regular aid and attendance, the monthly pension shall be $112.50.

If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands and one foot or of both feet and one hand or if the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, the monthly pension shall be $131.25.

If the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, and has suffered the anatomical loss or loss of use of one hand or of one foot, the monthly pension shall be $150.

If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use and/or blindness in both eyes, having only light perception, entitling him to two or more rates, the monthly pension shall be $187.50.

EXTENSION OF REMARKS

Mr. HARE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXPLANATION

Mr. WHITE of Idaho. Mr. Speaker, understanding that there would be a roll call on the passage of the bill, I voted "no" on the motion to recommit. Had there been a roll call on the passage of the bill I would have voted "no."

EXTENSION OF REMARKS

Mr. LAMBERTSON. Mr. Speaker, I ask unanimous consent that the extension of remarks granted the gentleman from Missouri [Mr. SHORT] on Monday, which were a little too long under the rule, be allowed at this time. The gentleman from Missouri is out of the city temporarily.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. THILL. Mr. Speaker, I ask unanimous consent to extend my own remarks and include an editorial from the Buffalo Evening News.

The SPEAKER. Is there objection?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include an editorial on the work of the C. C. C. in combatting a very destructive forest fire.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a brief editorial.

The SPEAKER. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made previously this afternoon.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McARDLE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include a short address by Albert Atocknie, a full-blooded Comanche Indian, before the Committee on Indian Affairs a day or two ago in support of House Joint Resolution 290.

The SPEAKER. Is there objection?

There was no objection.

ORDER OF BUSINESS

Mr. MARTIN of Massachusetts. Mr. Speaker, may I ask the majority leader what the program will be for tomorrow?

Mr. RAYBURN. The first matter will be a conference report presented by the gentleman from Idaho [Mr. WHITE]. Next, as I understand it, although I do not know whether the gentleman from Tennessee has spoken to the Speaker or not, will be a conference report on the so-called railroad-reorganization bill, which I understand is a unanimous report. Then the rule for the consideration of the so-called rubber-cotton barter; and after that we will go along on the rule that was adopted recently on the Smith bill providing for the registration of aliens.

EXTENSION OF REMARKS

Mr. CHANDLER, Mr. HOFFMAN, and Mr. JOHN L. MCMILLAN asked and were given permission to revise and extend their own remarks.

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein proceedings at the first broadcast by the radio correspondents.

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

There was no objection.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. CROWTHER (at the request of Mr. MARTIN of Massachusetts) for an indefinite period, on account of illness.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 5144. An act to authorize the board of directors of the Columbia Institution for the Deaf to dedicate a portion of Mount Olivet Road NE., and to exchange certain lands with the Secretary of the Interior, to dispose of other lands, and for other purposes; and

H. R. 6076. An act to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, 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 26 minutes p. m.) the House adjourned until tomorrow, Thursday, July 27, 1939, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1046. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, Architect of the Capitol, for the fiscal year 1940, in the amount of $3,000 (H. Doc. No. 450); to the Committee on Appropriations and ordered to be printed.

1047. A communication from the President of the United States, transmitting draft of a proposed provision pertaining to appropriations of the Public Works Administration of the Federal Works Agency (H. Doc. No. 451); to the Committee on Appropriations and ordered to be printed.

1048. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the legislative establishment, House of Representatives, for the fiscal year 1940, in the amount of $534,328 (H. Doc. No. 452); to the Committee on Appropriations and ordered to be printed.

1049. A communication from the President of the United States, transmitting proposed provision pertaining to existing appropriations for the Department of Justice, for the fiscal years 1938, 1939, and 1940 (H. Doc. No. 453); to the Committee on Appropriations and ordered to be printed.

1050. A letter from the Chairman, Reconstruction Finance Corporation, transmitting a summary of Reconstruction Finance Corporation operations since its organization, February 2, 1932, to July 15, 1939; to the Committee on Banking and Currency.

1051. A letter from the Archivist of the United States, transmitting lists of papers consisting of six items from the United States Civil Service Commission which are to be destroyed or otherwise disposed of; to the Committee on the Disposition of Executive Papers.

1052. A letter from the Acting Chairman, Foreign-Trade Zones Board, transmitting the 1937 Annual Report of the City of New York concerning the operation of foreign-trade zone No. 1, at Stapleton, Staten Island; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DUNN: Committee on the Census. S. 2240. An act to provide for a national census of housing; with amendments (Rept. No. 1319). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHANDLER: Committee of conference. H. R. 5407. An act 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 and supplementary thereto (Rept. No. 1320). Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. WALTER: Committee on the Judiciary. H. R. 7079. A bill to provide for the appointment of additional district and circuit judges; with amendments (Rept. No. 1321). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARTER of Ohio: Committee on Military Affairs. H. R. 7267. A bill to facilitate the procurement of aircraft for the national defense; with amendments (Rept. No. 1322). Referred to the Committee of the Whole House on the state of the Union.

Mr. WALTER: Committee on the Judiciary. S. 1282. An act to extend the privilege of retirement for disability to judges appointed to hold office during good behavior; without amendment (Rept. No. 1323). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 6664. A bill to admit the American-owned barges *Prari* and *Palpa* to American registry and to permit their use in coastwise trade; with amendments (Rept. No. 1324). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 7288. A bill to perfect the consolidation of the Lighthouse Service with the Coast Guard by authorizing the commissioning, appointment, and enlistment in the Coast Guard, of certain officers and employees of the Lighthouse Service, and for other purposes; with amendments (Rept. No. 1325). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. House Joint Resolution 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; with an amendment (Rept. No. 1326). Referred to the Committee of the Whole House on the state of the Union.

Mr. DARDEN: Committee on Naval Affairs. H. R. 2406. A bill to provide for the adjustment of the status of planners and estimators and progressmen of the field service of the Navy Department; with amendments (Rept. No. 1327). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 6881. A bill to implement the provisions of the Shipowners' Liability (sick and injured seamen) Convention, 1936; with amendments (Rept. No. 1328). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROWE: Committee on Public Building and Grounds. H. R. 7293. A bill to amend section 355 of the Revised Statutes, as amended, to make permissive the acquisition of legislative jurisdiction over land or interests in land acquired by the United States; with an amendment (Rept. No. 1329). Referred to the Committee of the Whole House on the state of the Union.

Mr. SCHAFER of Wisconsin: Committee on Indian Affairs. H. R. 5684. A bill amending the act of Congress of June 25, 1938 (C. 710, 52 Stat. 1207), authorizing the Secretary of the Interior to pay salaries and expenses of the chairman, secretary, and interpreter of the Klamath General Council, members of the Klamath Business Committee and other committees appointed by said Klamath General Council, and official delegates of the Klamath Tribe; with an amendment (Rept. No. 1330). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. Senate Joint Resolution 176. Joint resolution providing for participation by the United States in the celebration to be held at Fort McHenry on September 14, 1939, in celebration of the one hundred and twenty-fifth anniversary of the writing of the Star-Spangled Banner; with amendments (Rept. No. 1331). hundred and twenty-fififth anniversary of the writing of The state of the Union.

Mrs. NORTON: Committee on Labor. House Joint Resolution 265. Joint resolution authorizing the Bureau of Labor Statistics to make studies of productivity and labor costs in industry; with amendments (Rept. No. 1332). 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. WOOD: Committtee on War Claims. H. R. 7338. A bill for the relief of sundry claimants, and for other purposes; with an amendment (Rept. No. 1318). 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. COLE of Maryland:

H. R. 7372. A bill to promote the conservation of petroleum; to provide for cooperation with the States in preventing the waste of petroleum; to create an Office of Petroleum Conservation; to amend the act of February 22, 1935, as amended; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CANNON of Missouri:

H. R. 7373 (by request). A bill to amend section 12 of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. FADDIS:

H. R. 7374. A bill to promote the efficiency of the national defense; to the Committee on Military Affairs.

By Mr. FERGUSON:

H. R. 7375. A bill to amend the Packers and Stockyards Act, 1921, as amended; to the Committee on Agriculture.

H. R. 7376. A bill to provide for the appointment of an additional district judge for the western district of Oklahoma; to the Committee on the Judiciary.

By Mr. McLEOD:

H. R. 7377. A bill to authorize the Postmaster General to pay premiums on bonds of postal employees; to the Committee on the Post Office and Post Roads.

By Mr. BARRY:

H. R. 7378. A bill to allow the Home Owners' Loan Corporation to extend the period of amortization of home loans from 15 to 25 years; to the Committee on Banking and Currency.

By Mr. GORE:

H. R. 7379. A bill to provide for the registration of aliens; to the Committee on Immigration and Naturalization.

By Mr. MAPES:

H. R. 7380. A bill to amend Public Resolution No. 24, Seventy-sixth Congress; to the Committee on Appropriations.

By Mr. CULKIN:

H. R. 7381. A bill to authorize the construction of works for navigation at Oswego Harbor in the State of New York; to the Committee on Rivers and Harbors.

By Mr. PETERSON of Florida:

H. R. 7382. A bill to provide for the payment of indemnity for losses suffered and damages sustained as a result of the campaign for the eradication of the Mediterranean fruitfly in the State of Florida; to the Committee on Claims.

By Mr. SHEPPARD:

H. R. 7383 (by request). A bill to provide for the classification, according to type, of the fingerprints of all veterans, and for other purposes; to the Committee on Military Affairs.

By Mr. BYRNE of New York:

H. J. Res. 374 (by request). Joint resolution authorizing the President of the United States of America to proclaim April 19 of each year as National Youth Citizenship Day; to the Committee on the Judiciary.

By Mr. BLOOM:

H. Res. 275. Resolution for investigation of the extent to which the United States is dependent upon foreign nations for its supply of tin; to the Committee on Rules.

By Mr. DISNEY:

H. Res. 276. Resolution for the printing of laws and treaties relating to Indian affairs; to the Committee on Printing.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial, of the Legislature of the State of Wisconsin, memorializing the President and the Congress of the United States to consider their Joint Resolution No. 112, A, concerning public lands; to the Committee on the Public Lands.

Also, memorial, of the Legislature of the State of Wisconsin, memorializing the President and the Congress of the United States to consider their Joint Resolution No. 96, A, concerning the General Welfare Act; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to consider their Assembly Joint Resolutions Nos. 8, 21, 22, 23, 24, 25, 32, 38, and 49; also House Resolutions Nos. 156 and 212; also Assembly Joint Resolutions Nos. 1 and 13; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DISNEY:

H. R. 7384. A bill providing for admission to the United States and naturalization of Sarah Holmes Beeman; to the Committee on Immigration and Naturalization.

By Mr. FAY:

H. R. 7385. A bill for the relief of Emil Chalupa; to the Committee on Naval Affairs.

H. R. 7386. A bill to authorize the posthumous appointment of the late Arthur Mortimer Fields, Jr., to be an ensign of the United States Navy; to the Committee on Naval Affairs.

By Mr. GATHINGS:

H. R. 7387. A bill for the relief of the Southeast Arkansas Telephone & Power Co.; to the Committee on Claims.

By Mr. JOHNSON of Indiana:

H. R. 7388. A bill granting an increase of pension to John M. Williams; to the Committee on Invalid Pensions.

By Mr. MICHAEL J. KENNEDY:

H. R. 7389. A bill to provide for the presentation of a medal to Rev. Francis X. Quinn in recognition of his valor in saving the lives of two of his fellow citizens; to the Committee on Coinage, Weights, and Measures.

By Mr. MYERS:

H. R. 7390. A bill to correct the naval record of Thomas Burke; to the Committee on Naval Affairs.

By Mr. OSMERS:

H. R. 7391. A bill for the relief of Harold G. St. Clair; to the Committee on Claims.

PETITIONS, ETC.

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

5030. By Mr. HARTER of New York: Petition of something over 200 citizens of the county of Erie, N. Y., protesting against the lay-off of people who have been on the Nursery School Works Progress Administraion project for 18 months or more; to the Committee on Appropriations.

5031. By Mr. MICHAEL J. KENNEDY: Petition of the Michigan Federation of Post Office Clerks, requesting that the Congress appoint a joint congressional commission, for the purpose of investigation of conditions surrounding the employment of substitute post-office employees and also legislation to improve conditions of employment for clerks in third-class post offices; to the Committee on the Post Office and Post Roads.

5032. Also, petition of the Dravo Corporation, Pittsburgh, Pa., opposing the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

5033. Also, petition of the Interstate Magazine Hauling Corporation of New York City, opposing passage of the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

5034. Also, petition of the International Brotherhood of Blacksmiths Drop Forgers of Chicago, urging support of the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

5035. Also, petition of the National Retail Credit Association, relative to the value of the registered mail return receipt with address service, placed upon the statute books in 1931; to the Committee on the Post Office and Post Roads.

5036. Also, petition of the International Brotherhood of Boiler Makers, Iron Ship Builders and Helpers, urging enactment of the Lea transportation bill; to the Committee on Interstate and Foreign Commerce.

5037. Also, petition of Frances Kneitel, on behalf of the membership of the National Independent Pharmacists, Inc., American Siphon Manufacturers, Inc., and the Allied Wholesale Druggists, Inc., urging enactment of Senate bill 915 and House bill 6324, the administrative law bill; to the Committee on the Judiciary.

5038. Also, petition of the executive committee of the National Electrical Contractors Association, urging support of the passage of Senate bill 915 and House bill 6324, the administrative law bill; to the Committee on the Judiciary.

5039. Also, petition of the National Association of Women Lawyers, endorsing the Logan bill (S. 915) and the Walter bill (H. R. 6324), providing for the more expeditious set-

tlement of disputes with the United States; to the Committee on the Judiciary.

5040. Also, petition of the American Manufacturing Co., Brooklyn, N. Y., opposing the proposed O'Mahoney amendment to Senate bill 2719, the existing antitrust laws; to the Committee on the Judiciary.

5040½. Also, petition of the New York State Industrial Union Council, representing 700,000 members affiliated through their local unions, opposing enactment of the Barden amendments to the Wage and Hour Act, the Reyonlds amendment to the Social Security Act, and the Smith antialien bill; to the Committee on Labor.

5041. Also, petition of the chamber of commerce of the Borough of Queens, urging favorable action on the Barry bill, providing a 2-cent postage rate for the Borough of Queens, N. Y.; to the Committee on the Post Office and Post Roads.

5042. Also, petition of the New York State League of Savings and Loans Associations, urging enactment of the Spence tax-equalization amendment to House bill 6971; to the Committee on Banking and Currency.

5043. By Mr. MILLER: Petition containing 196 signatures, all favoring House Joint Resolution 168; to the Committee on Immigration and Naturalization.

5044. By Mr. PFEIFER: Petition of the New York State League of Savings and Loans Associations, New York City, urging support of the Spence tax-equalization amendment (H. R. 6971); to the Committee on Banking and Currency.

5045. Also, petition of the New York Produce Exchange, New York City, concerning the transportation bill; to the Committee on Interstate and Foreign Commerce.

5046. Also, petition of the Empire State Truck Operators' Association, Syracuse, N. Y., concerning the transportation bill; to the Committee on Interstate and Foreign Commerce.

5047. By Mr. VOORHIS of California: Petition of Rudolph F. Wedler, of Manhattan Beach, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5048. Also, petition of R. E. Frank, of San Jose, Calif., and 20 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5049. Also, petition of Joseph V. McCarthy, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5050. Also, petition of Walter C. Bailey, of Norwalk, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5051. Also, petition of Elizabeth C. Spangenberg, of Sangus, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5052. Also, petition of Margaret Repetto, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5053. Also, petition of E. O. Corson, of Berkeley, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5054. Also, petition of George R. Milligan, of Harbor City, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5055. Also, petition of Bertha Stevens, of Oakland, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5056. Also, petition of Frank Lee, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5057. Also, petition of Joseph W. Hill, of LaHabra, Calif., and 22 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5058. Also, petition of Michael L. Dobbins, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5059. Also, petition of Peter S. Pilcher, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exerecise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5060. Also, petition of Harold F. Hawkins, of Los Angeles, Calif., and 1 other, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5061. Also, petition of M. P. Foster, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5062. Also, petition of Albert Wheelan, of Abascadero, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and

Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5063. Also, petition of Stephen Keating, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5064. Also, petition of Fannie Spencer, of Santa Cruz, Calif., and 21 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5065. Also, petition of Clyde E. Compton, of Lennox, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5066. Also, petition of Sam Gottlieb, of Altadena, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5067. Also, petition of Glenn H. Luke, of Long Beach, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5068. Also, petition of Elizabeth MacDonald, of Oakland, Calif., and 23 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5069. Also, petition of Emil Hoeffner, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5070. Also, petition of Charles D. Frey, of Woodland, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5071. Also, petition of Albert Hargrave, of San Jose, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5072. Also, petition of Verne E. Miller, of Turlock, Calif., and 26 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5073. Also, petition of Bery L. Epperson, of La Verne, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5074. Also, petition of James L. Engle, of Santa Barbara, Calif., and five others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5075. Also, petition of A. G. Draeger, of Pasadena, Calif., and 22 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5076. Also, petition of George S. Conroy, of Santa Barbara, Calif., and 1 other, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5077. Also, petition of William P. Walter, of Massillon, Ohio, and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5078. Also, petition of Karl Robert Olsen, of Oakland, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5079. Also, petition of John M. Krogmoe, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5080. Also, petition of Russell K. Maxson, of Montebello, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5081. Also, petition of Philip Kratz, of Hemet, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5082. Also, petition of Victor L. Cook, of Burbank, Calif., and 26 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5083. Also, petition of Louis J. Richards, of Monrovia, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5084. Also, petition of Paul Tetrick, of Campton, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5085. Also, petition of Valentine Weiss, of Romoland, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5086. Also, petition of William Stanford, of San Bernardino, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5087. Also, petition of Clarence Odell, of Pomona, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5088. Also, petition of Henrietta Otis, of Pasadena, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5089. Also, petition of Victoria Young, of Los Angeles, Calif., endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5090. Also, petition of J. F. Poos, of Inglewood, Calif., and 14 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5091. Also, petition of Milton Earl Walter, of Los Angeles, Calif., and 20 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5092. Also, petition of James F. Wood, of Bakersfield, Calif., and 14 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5093. Also, petition of Anna Clayberg, of San Diego, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5094. Also, petition of John B. Vallentyne, of Gerber, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5095. Also, petition of Rosa A. Smith, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5096. Also, petition of Annie R. Halseth, of Los Angeles, Calif., and two others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5097. Also, petition of James A. Reeves, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5098. Also, petition of Rudolph C. Kuehnl, of Monrovia, Calif., endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5099. Also, petition of Charles D. Littlefield, of El Monte, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5100. Also, petition of Andrew Wilson, of Maywood, Calif., and four others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5101. Also, petition of Peter Kapsinski, of Van Nuys, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5102. Also, petition of Harry Gambichler, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5103. Also, petition of Harry Reeves, of San Jose, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5104. Also, petition of Margaret Traretman, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking

and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5105. Also, petition of Minnie Dalton, of Oakland, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5106. Also, petition of William Lloyd, of Roscoe, Calif., and 3 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5107. Also, petition of Rolin R. Robertson, of Los Angeles, Calif., and 19 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5108. Also, petition of Edward A. Hahn, of San Francisco, Calif., and 8 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers; requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5109. Also, petition of Tom Roberts, of South Gate, Calif., and 56 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks, and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

5110. By the SPEAKER: Petition of the Municipal Assembly of Ponce, P. R., petitioning consideration of their resolution with reference to House bill 2888, concerning the United States Housing Authority; to the Committee on Banking and Currency.

5111. Also, petition of the Young People's Religious Union, Boston, Mass., petitioning consideration of their resolution with reference to lynching legislation; to the Committee on the Judiciary.