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UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 76th CONGRESS, FIRST SESSION

SENATE

THURSDAY, JULY 27, 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:

Almighty God, whose loving hand hath given us all that we possess: Grant us grace that we may honor Thee with our substance, and, remembering the account which we must one day give, be faithful stewards of Thy bounty; and support us all the day long of this mortal life, till the shadows lengthen and the evening comes, the busy world is hushed, the fever of life is over, and our work is done. Then, in Thy mercy, grant us a safe lodging, a quiet rest, and peace at the last. Through Jesus Christ, our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, July 26, 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	Davis	La Follette	Schwartz
Andrews	Downey	Lee	Schwellenbach
Ashurst	Ellender	Lodge	Sheppard
Austin	Frazier	Lucas	Shipstead
Bailey	George	Lundeen	Smathers
Bankhead	Gerry	McCarran	Smith
Barbour	Gibson	McKellar	Stewart
Barkley	Gillette	McNary	Taft
Bilbo	Green	Maloney	Thomas, Okla.
Bone	Guffey	Mead	Thomas, Utah
Borah	Gurney	Miller	Tobey
Brown	Hale	Minton	Townsend
Bulow	Harrison	Murray	Truman
Burke	Hatch	Neely	Tydings
Byrd	Hayden	Norris	Vandenberg
Byrnes	Herring	Nye	Van Nuys
Capper	Hill	O'Mahoney	Wagner
Chavez	Holman	Pepper	Walsh
Clark, Idaho	Hughes	Pittman	Wheeler
Clark, Mo.	Johnson, Calif.	Radcliffe	White
Connally	Johnson, Colo.	Reed	
Danaher	King	Russell	

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

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] and the Senator from Illinois [Mr. SLATTERY] are absent on important public business.

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

J. FRANK KUNER

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation for the relief of J. Frank Kuner, private, Uniformed Force, United States Secret Service, which, with the accompanying paper, was referred to the Committee on Claims.

PREVENTION OF COLLISIONS OF VESSELS

The VICE PRESIDENT laid before the Senate a letter from the Assistant Secretary of Commerce, transmitting a draft of proposed legislation to amend laws for preventing collisions of vessels, which, with the accompany paper, was referred to the Committee on Commerce.

PAYMENT FOR LANDS CEDED BY SAN CARLOS APACHE INDIANS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 18) authorizing payment to the San Carlos Apache Indians for the lands ceded by them in the agreement of February 25, 1936, ratified by the act of June 10, 1896, and reopening such lands to mineral entry, which were, on page 1, line 6, to strike out "at the rate of $1.25 per acre"; on page 2, line 2, to strike out "$277,966.37" and insert "$33,725"; on page 2, line 5, to strike out all after "*Provided,*" down to and including "act" in line 9 and insert "That no part of the amounts authorized in this act shall be paid or delivered to or received by any agent or attorney on account of services heretofore or hereafter rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000"; on page 2, line 10, to strike out "The" and insert "Upon appropriation and deposit to the credit of the San Carlos Apache Indians of the amount herein authorized the"; and on page 2, line 11, to strike out "are hereby" and insert "shall be."

Mr. HAYDEN. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

PETITIONS AND MEMORIALS

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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Assembly Joint Resolution 29

Joint resolution memorializing the Congress of the United States to limit the broad authority vested in the President to enter into foreign-trade agreements

Whereas in June of 1934 the Congress of the United States passed an act to amend the tariff act of 1930, thereby delegating to the President of the United States, among other things, the power to enter into foreign-trade agreements with foreign governments, without the advice and consent of the Senate, which power was extended by joint resolution of the Seventy-fifth Congress to June 12, 1940; and

Whereas this act was one of the bitter fruits of the era of congressional subservience to the New Deal, during which the representatives of the people surrendered so many constitutional functions to the Executive, and bureaucracy became so firmly entrenched in government; and

Whereas pursuant to such authority the United States has entered into reciprocal-trade agreements with a score of foreign countries, the last and most far-reaching having been concluded with the Dominion of Canada and Great Britain on November 17, 1938, providing, among other things, for reduction of import duties and increasing import quotas on certain agricultural products; and

Whereas Wisconsin ranks second among the States of the Union in the production of dairy products and stands among the leaders in barley raising; and

Whereas Wisconsin dairy farmers and barley growers have in recent years been hard pressed because prices of these products have been below the cost of production; and

Whereas notwithstanding these facts the trade agreement with Canada of November 17, 1938, provided for reduction of the import duty on cream from 35 cents to 28 cents per gallon; on whole milk, not exceeding 3,000,000 gallons, from 6½ cents to 3¼ cents per gallon; and on barley from 20 cents to 15 cents per bushel; and

Whereas such modified import duties became effective as of January 1, 1939, and will continue in effect for not less than 3 years under the provisions of said trade agreement; and

Whereas farmers of this State are vigorously protesting against such modified tariff rates and consequent further dropping in prices on barley and dairy products; and

Whereas the historic principle of a protective tariff by which American standards have always been maintained above pauper foreign standards, was thus undermined: Now, therefore, be it

Resolved by the assembly (the senate concurring), That this legislature respectfully memorializes the Congress of the United States to enact legislation repealing the act of June 12, 1934, entitled "An act to amend the Tariff Act of 1930" or restricting the President of the United States to reduce the import duty or increase the import quota on only such farm and dairy products on which the current market price is equal to or above the cost of production: Be it further

Resolved, That duly attested copies of this resolution be sent to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

The VICE PRESIDENT also laid before the Senate a petition of sundry citizens of the State of California praying for relief from various conditions affecting American citizens relative to hours, wages, working conditions, and so forth, under the operations of the W. P. A., which was referred to the Committee on Appropriations.

He also laid before the Senate the petition of the Sheepshead Bay Property Owners Association, Brooklyn, N. Y., praying that an extension of time be granted to those who hold mortgages with the H. O. L. C. to at least 25 years and that the interest rate be reduced to 3 percent, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution of the Young People's Religious Union, of Boston, Mass., protesting against the enactment of the so-called Dempsey bill, relative to the deportation of aliens, and also the so-called Hobbs bill, setting up a place of detention for aliens ordered to be deported who for various reasons cannot be returned to the country of their allegiance, which was referred to the Committee on Immigration.

He also laid before the Senate a telegram in the nature of a memorial from Ralph H. Harris, of San Angelo, Tex., remonstrating against the construction of the Upper Colorado Dam for flood purposes in Coke County, Tex., which was referred to the Committee on Commerce.

REPORTS OF COMMITTEES

Mr. KING, from the Committee on Finance, to which was referred the bill (H. R. 7263) to permit the importation free of duty of certain literature for distribution at the Golden Gate International Exposition of 1939, reported it without amendment and submitted a report (No. 982) thereon.

Mr. BARKLEY, from the Committee on Finance, to which was referred the 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, reported it without amendment and submitted a report (No. 983) thereon.

Mr. BAILEY, from the Committee on Commerce, to which was referred the bill (S. 2785) to amend the Federal Firearms Act (Public, No. 785, 75th Cong.) so as to more adequately define the term "ammunition" as said term is defined in said act, reported it without amendment.

Mr. ANDREWS, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 538) for the relief of certain purchasers of lots in Harding town site, Fla., reported it without amendment and submitted a report (No. 984) thereon.

Mr. SCHWELLENBACH, from the Committee on Claims, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 2529. A bill for the relief of the Bell Grocery Co. (Rept. No. 985); and

S. 2531. A bill for the relief of Stanley Falk, Howard Franklin, Mrs. Nathan Falk, and Rose Winter (Rept. No. 986).

Mr. HUGHES, from the Committee on Claims, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 2143. A bill for the relief of Michael M. Cohen (Rept. No. 987); and

S. 2561. A bill for the relief of Ina Jones (Rept. No. 988).

Mr. BROWN, from the Committee on Claims, to which was referred the bill (S. 1962) granting jurisdiction to the Court of Claims to reopen and readjudicate the case of Carrie Howard Steedman and Eugenia Howard Edmunds, reported it without amendment and submitted a report (No. 989) thereon.

He also, from the same committee, to which was referred the bill (S. 1638) for the relief of Thermal Syndicate, Ltd., reported it with an amendment and submitted a report (No. 990) thereon.

He also, from the same committee, to which was referred the bill (S. 1790) for the relief of the Eberhart Steel Products Co., Inc., reported it with amendments and submitted a report (No. 991) thereon.

Mr. PEPPER, from the Committee on Commerce, to which was referred the bill (S. 2735) authorizing the issuance to Orville Wright of honorary aircraft pilot's certificate No. 1, reported it without amendment and submitted a report (No. 992) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H. R. 6925) to waive the age limit for appointment as second lieutenant, Regular Army, of certain persons now on active duty with the Air Corps, reported it without amendment and submitted a report (No. 993) thereon.

Mr. ELLENDER, from the Committee on Claims, to which was referred the bill (H. R. 1693) to confer jurisdiction on the District Court of the United States for the Western District of Missouri to hear, determine, and render judgment upon the claims of certain claimants who suffered loss by flood at or near Bean Lake in Platte County, and Sugar Lake in Buchanan County, in the State of Missouri, during the month of March 1934, reported it with an amendment and submitted a report (No. 994) thereon.

Mr. MINTON, from the Committee on Pensions, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 161. A bill granting a pension to Grizelda Hull Hobson (Rept. No. 995); and

H. R. 6901. A bill granting increase of pensions to certain widows of veterans of the Civil War (Rept. No. 996).

Mr. MINTON also, from the Committee on Pensions, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 2875. A bill to provide that pensions payable to the widows and orphans of deceased veterans of the Spanish-American War, Boxer Rebellion, or Philippine Insurrection shall be effective as of date of death of the veteran if claim is filed within 1 year thereafter (Rept. No. 997);

H. R. 6898. A bill granting pensions and increase of pensions to certain helpless and dependent children of veterans of the Civil War (Rept. No. 998); and

H. R. 6899. A bill granting pensions to certain veterans of the Civil War (Rept. No. 999).

Mr. THOMAS of Utah, from the Committee on Education and Labor, to which was referred the bill (H. R. 4108) to provide for the transfer of United States Employment Service records, files, and property in local offices to the States, reported it with an amendment and submitted a report (No. 1000) thereon.

Mr. MEAD, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 2893) to provide for the local delivery rate on certain first-class mail matter, reported it without amendment and submitted a report (No. 1001) thereon.

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

S. 2144. A bill providing for the conveyance by the Secretary of the Navy of Lockwoods Basin, East Boston, Mass., to the Commonwealth of Massachusetts (Rept. No. 1002);

S. 2284. A bill to amend the act of May 4, 1898 (30 Stat. 369), so as to authorize the President to appoint 100 acting assistant surgeons for temporary service (Rept. No. 1003); and

H. R. 6320. A bill to establish the status of funds and employees of the United States Naval Academy laundry (Rept. No. 1004).

ENROLLED BILLS PRESENTED

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

On July 22, 1939:

S. 1871. An act to prevent pernicious political activities.

On July 26, 1939:

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. 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; and

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.

BILLS INTRODUCED

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

By Mr. BYRNES:

S. 2904. A bill to provide for the sale under certain conditions of agricultural commodities held by the Commodity Credit Corporation; to the Committee on Banking and Currency.

By Mr. CAPPER:

S. 2905. A bill granting an increase of pension to Tina Newlon (with accompanying papers); to the Committee on Pensions.

By Mr. WALSH:

S. 2906. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Allen Pope against the United States; to the Committee on Claims.

S. 2907. A bill to permit certain aliens whose childhood was spent in the United States, if eligible to citizenship, to become naturalized without filing declaration of intention; to the Committee on Immigration.

By Mr. JOHNSON of California:

S. 2908. A bill amending section 6 of the act entitled "An act granting to the city and county of San Francisco certain rights-of-way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes," approved December 19, 1913 (38 Stat. 242); to the Committee on Public Lands and Surveys.

NATURALIZATION OF CERTAIN ALIENS

Mr. WALSH. Mr. President, I ask consent to introduce for appropriate reference a bill which is a companion bill to H. R. 6443, entitled "A bill to permit certain aliens whose childhood was spent in the United States, if eligible to citizenship, to become naturalized without filing declaration of intention." I ask that the letter of the Secretary of Labor to Congressman CLASON, who introduced the bill in the House, recommending favorable action on this bill, be made a part of the RECORD.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred, and the letter presented by the Senator from Massachusetts will be printed in the RECORD.

The letter referred to is as follows:

Hon. CHARLES R. CLASON,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN CLASON: I have your letter of May 3, 1939, asking my attitude with respect to proposed legislation providing that the foreign-born children who have resided in this country for many years could file a final petition for naturalization upon reaching the age of 21, without the necessity of filing a declaration of intention.

This Department would have no objection to legislation of this character. There is already legislative precedent for it in a closely analogous field, since the Citizenship Act of 1934 permits the spouses of American citizens to apply for naturalization after a certain period of residence without the necessity of filing a declaration of intention (first papers).

Sincerely yours,

FRANCES PERKINS.

(See Senate bill 2907, introduced by Mr. WALSH, which was referred to the Committee on Immigration, and appears under the appropriate heading.)

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES—AMENDMENT

Mr. MEAD submitted an amendment 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 was ordered to lie on the table and to be printed.

WORKS ON RIVERS AND HARBORS—AMENDMENT

Mr. WALSH submitted an amendment intended to be proposed by him to the bill (S. 2892) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was ordered to lie on the table and to be printed.

BLUE RIDGE PARKWAY—AMENDMENTS

Mr. BYRD submitted amendments intended to be proposed by him to the bill (S. 2626) to amend the act of June 30, 1936 (49 Stat. 2041), providing for the administration and maintenance of the Blue Ridge Parkway, in the States of Virginia and North Carolina, by the Secretary of the Interior, and for other purposes, which were ordered to lie on the table and to be printed.

CLAIMS FOR LOSSES SUFFERED BY FLOOD AT BEAN LAKE AND SUGAR LAKE, MO.—AMENDMENTS

Mr. TRUMAN submitted amendments intended to be proposed by him to the bill (H. R. 1693) to confer jurisdiction on the District Court of the United States for the Western District of Missouri to hear, determine, and render judgment upon the claims of certain claimants who suffered loss by flood at or near Bean Lake in Platte County, and Sugar Lake in Buchanan County, in the State of Missouri, during the month of March 1934, which were ordered to lie on the table and to be printed.

CONTINUATION OF SPECIAL COMMITTEE ON THE TAXATION OF GOVERNMENTAL SECURITIES AND SALARIES

Mr. BROWN submitted the following resolution (S. Res. 172), which was referred to the Committee on Finance:

Resolved, That Senate Resolution 303, Seventy-fifth Congress, third session, establishing a Special Committee on the Taxation of Governmental Securities and Salaries, agreed to June 16, 1938, is hereby continued in full force and effect until the expiration of the Seventy-sixth Congress, and the time for making the report required by such resolution is hereby extended to such date of expiration.

AIDS FOR EDUCATION—ADDRESS BY SENATOR LA FOLLETTE

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD a radio address by himself, broadcast by transcription over station WHA, Madison, Wis., on June 1, 1939, on the subject Aids for Education, which appears in the Appendix.]

PROFESSIONAL WOMEN—SPEECH BY MISS EARLENE WHITE

[Mr. HARRISON asked and obtained leave to have printed in the RECORD a speech on the subject of Professional Women, made by Miss Earlene White, president of the National Federation of Business and Professional Women's Clubs, Inc., at Kansas City, Mo., July 9, 1939, which appears in the Appendix.]

ISSUANCE OF BONDS TO COVER EXCESS SPENDING—STATEMENT BY WADSWORTH W. MOUNT

[Mr. BYRD asked and obtained leave to have printed in the RECORD a statement by Wadsworth W. Mount, assistant director of research of the Merchants' Association of New York, on the subject of Excess Government Spending Covered by Printing Government Bonds, which appears in the Appendix.]

GOVERNMENTAL PXEENDITURES, TAXATION, AND BUREAUCRACY—EDITORIALS FROM NATION'S BUSINESS

[Mr. WHITE asked and obtained leave to have printed in the RECORD three editorials from the Nation's Business, which appear in the Appendix.]

RAILROAD REORGANIZATION ACT OF 1939

[Mr. WHEELER asked and obtained leave to have printed in the RECORD an editorial note in the June 1939 issue of the Columbia Law Review entitled "The Railroad Reorganization Act of 1939," which appears in the Appendix.]

OPERATIONS OF POST OFFICE DEPARTMENT

Mr. SCHWELLENBACH. Mr. President, at this time, when the press of the country is very assiduously trying to call attention to the political activities of the Postmaster General, I think it might be well to consider for a minute the ability and the accomplishments of the Postmaster General in his task as such.

At the conclusion of the past fiscal year the books of the Post Office Department showed that for the fifth out of the 6 years in which Mr. Farley has been in charge of the Post Office Department there was an actual surplus in the operation of that Department so far as actual postal affairs were concerned. For the past year it showed a surplus of $10,164,750.36. I appreciate the fact that the press of the country in the past has attempted to depreciate the successful efforts of the Post Office Department by saying that, in estimating the financial condition of the Post Office Department, there should not be considered the services which are rendered to the Government, Members of Congress, and other agencies for which no postal charge is made. If one will look back through the reports of Postmasters General through the years, he will see that on all occasions a separation of the two functions was made. The difference is that other Postmasters General, after deducting the expenses which were involved for which the post office received no revenue, still had a deficit. Under Mr. Farley, during 5 of the 6 years, there has been an actual surplus.

I ask unanimous consent to insert in the RECORD the operating statement of the Post Office Department for the past fiscal year, and also a statement in explanation of the operating statement.

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

The statements are as follows:

POST OFFICE DEPARTMENT,
BUREAU OF ACCOUNTS,
Washington.

Income:	
Stamps	$514,866,925.89
Permits	162,039,675.64
Second class	21,890,401.24
Box rents	7,676,228.06
Money orders	23,403,439.30
Postal savings	12,754,356.22
Miscellaneous	2,467,732.13
	745,098,758.48
Expenditures:	
Salaries	569,443,627.71
Special delivery	8,564,900.14
Railway mail	105,469,417.29
Star routes	10,774,010.05
Foreign mails	11,109,891.58
Air mail	16,632,639.22
Stamps	4,363,713.11
Rent, light, fuel	10,851,924.04
Vehicle service	15,162,759.52
Custodial supplies	5,808,201.61
All other	26,252,923.85
	784,434,008.12
Gross nonpostal deficit	39,335,249.64
Nonpostal credits (act June 9, 1930):	
Government departments	35,000,000.00
Congressional franks	750,000.00
Public welfare	1,250,000.00
Air mail	6,000,000.00
Public buildings and sundry	6,500,000.00
	49,500,000.00
Net postal surplus	10,164,750.36

A net operating postal surplus of $10,000,000 for the fiscal year ending on June 30, 1939, was announced last night by Postmaster General James A. Farley, who also reported that postal revenues for this period of $745,098,350 were the highest in the history of the Postal Service.

This revenue figure for the 1939 fiscal year represents a gain of $17,000,000 over the same period a year ago, which in turn, represents the previous all-time high in the matter of postal receipts.

The $10,000,000 surplus announced by the Postmaster General is the fifth in the 6 full years of Postmaster General Farley's administration of the Postal Service.

Mr. Farley pointed out that postal *expenditures* were still far below what they had been during the previous administration, this despite increased volume and receipts, and the additional cost of the 40-hour-week law for postal employees and the public-building program. This, the Postmaster General stated, reflected outstanding credit on the efficiency of the entire postal personnel, and was a source of great satisfaction to him.

In making public these figures the Postmaster General revealed that the gains in postal earnings started during the last Christmas season, and that each month since that time had been well ahead of the corresponding month a year ago. These gains came from all over the country and were evenly distributed among the metropolitan and rural areas of every section in the Nation.

The large increase of mailings under permit postage, which obviates the use of postage stamps, accounted for most of the gains, and the Postmaster General said that this was almost wholly due to increased use of the mails by business and industry. As a sensitive barometer of business conditions, he said, the postal establishment was again seen as indicating a sharp upward trend in general prosperity.

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. McNARY. Mr. President, I was advised this morning that some Members on both the Republican and the

Democratic sides would like to discuss the general purposes and philosophy of the pending bill. Personally I have no objection to taking a vote now on some of the amendments which are to be considered. One which I have in mind was referred to in the colloquy yesterday with the very able Senator from Kentucky [Mr. BARKLEY], the majority leader; namely, an amendment to be proposed to the highway provision.

Mr. BARKLEY. Mr. President, I will say to the Senator from Oregon that that amendment was offered to be printed and lie on the table. I have just been advised that the Government Printing Office has not yet printed it. The amendment will be here during the next 10 or 15 minutes. We cannot very well discuss it without having copies before the Senate.

Mr. McNARY. I appreciate that fact. I wanted to occupy a little time in the discussion of the highway problem. That was my purpose yesterday. I was informed by the able leader that he was to offer an amendment after consulting some of the Members on his side, particularly the Senator from Arizona [Mr. HAYDEN], who is conversant with highway legislation.

Mr. BARKLEY. And also the Senator from Nevada [Mr. McCARRAN].

Mr. McCARRAN rose.

Mr. McNARY. In view of that situation, I yield to the Senator from Nevada.

Mr. McCARRAN. Mr. President, I have an amendment which I desire to present to the Senate. By gentlemen's agreement I was to follow, with my amendment, the amendment which was to be offered by the Senator from Connecticut [Mr. MALONEY]. I do not see the Senator from Connecticut in the Chamber. I am very sorry. I should like to carry out my agreement with him. At the same time, I do not want to hold up the Senate.

Mr. ADAMS. Mr. President, in the absence of activity, I have had a difference, though not very serious, with the provisions of the bill in reference to the question of interest which appear on page 15 of the bill. I wish to submit a word or two and an amendment in reference to that subject.

As was developed in the discussion on yesterday, the provisions of the bill in reference to interest practically mean that the Government will furnish money to certain private industries at considerably less than the money actually costs the Government. I have in mind particularly the railroad companies, which under the bill are to be furnished with money at a rate less than actual cost. If we are to seek out industries which could use money, and could use it at less than cost, we can find many such industries in the country. I do not believe, however, it is the business of the Government to do that. I therefore offer an amendment, to strike out from line 19 on page 15 down to and including the words "maturity thereof" in the first line of page 16.

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

Mr. ADAMS. Certainly.

Mr. McNARY. What words does the Senator start with on line 16?

Mr. ADAMS. I propose to strike out the last six lines on page 15, down to the period in the first line of page 16.

Mr. McNARY. But what words does the Senator start with?

Mr. ADAMS. I start with the words "but not to exceed" at the beginning of line 19 on page 15. As a necessary part of the same amendment, I wish to add at the end of line 18 on page 15 the words "plus one-half percent per annum." The effect of the amendment is to provide that money shall be furnished to the various agencies for the purposes of the bill at a rate of interest which may reasonably be expected to reimburse the Corporation for the cost to it of the capital required for expenditures under the act, plus one-half of 1 percent.

The one-half of 1 percent will not cover the cost. I inquired yesterday of the majority leader whether or not the word "cost" which was included in the bill, when it spoke of the return of the actual cost, meant anything in addition to the actual interest rate; and the majority leader said it did not.

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

Mr. ADAMS. I yield.

Mr. BARKLEY. I did not mean to convey the impression that the language in the bill would not avail to recoup the Reconstruction Finance Corporation for its outlay in obtaining the money. Of course, that would mean the principal and the interest. I did not think it covered any administrative costs necessary by reason of the new activities in the way of increased personnel. We have taken care of that in another way, by authorizing appropriations for administrative costs for most of these agencies.

Mr. ADAMS. That is taken care of out of the Treasury.

Mr. BARKLEY. That is correct.

Mr. ADAMS. It seemed to me that if we were to make these loans we should reimburse the lending agencies or the Government for the actual cost. The actual cost includes the interest which the R. F. C. must pay. Then there is the cost of printing the bonds; there are the legal costs; there are a multitude of costs. These loans cannot be made at a cost of one-half of 1 percent. So, if the rate is made one-half of 1 percent it will not be sufficient to recover the costs for the R. F. C.

The other section I am seeking to have stricken out is a limitation on these provisions. It provides that the rate shall be expected to reimburse the Corporation for the costs to it. Then the limitation is "not to exceed the highest yield to maturity on the longest term outstanding issue of obligations of the United States."

The question of yield has nothing to do with the Government. The question of yield has to do with what the holder of the security receives and what he pays for it. What we are concerned with is what the Government has to pay for its money. If the Government pays 3 percent for its money it pays it to maturity, at each interest period, and it does not matter if the purchaser of the bonds or the assignee of the bonds buys the bonds on a basis that pays him only 2 percent, because the Government will be paying the full rate. So there is a limit under the bill, that the interest rate shall be such as to reimburse the costs, but shall not exceed the yield, which is the yield to the owner of the bond.

I am asking to have that stricken out so that the bill will merely provide that the Government will lend the money at its actual cost—that is, its interest cost plus one-half of 1 percent.

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

Mr. ADAMS. Certainly.

Mr. MILLER. The words suggested by the Senator to be eliminated are the words suggested to the committee by Mr. Jones, I believe, as language which should be stricken out, after he had considered this section. Is not that true?

Mr. ADAMS. The Senator will recall that in the original bill which was before us there was a very intricate provision, and we asked Mr. Jones if he understood what it meant, and he said he did not. Then there was some discussion of that.

Mr. MILLER. That is true; but does the Senator remember, or does he not, that Mr. Jones placed in parentheses the very words the Senator is seeking to have stricken out, and suggested that they be eliminated?

Mr. ADAMS. That is correct. My suggestion really conforms to that. I will read the section. It provides that the loan shall be "at a rate or rates which may reasonably be expected to reimburse the Corporation for the cost to it of the capital required for its operations under this act." Mr. Jones said that if we would stop at that point we would meet the requirements. The original bill added this language:

> Having due regard to the yield on obligations of the United States of comparable maturity or maturities to that of such loans and the rate and period of amortization of the cost of such works, projects, or undertakings, but not to exceed the multiple of one-eighth of 1 percent next higher than the yield to maturity based on market prices on the longest term outstanding issue of obligations of the United States, direct or indirect.

Mr. Jones said he did not know what that meant.

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

Mr. ADAMS. Certainly.

Mr. KING. I read the bill with as much interest as I could command—being opposed to it, I will say—and it was so confusing with respect to who should bear the cost of administration as the administration proceeded that in the final result it seemed to me there was an attempt to evade a clear statement that the burden rested upon the organizations which were to receive the loans, and that they must pay out of any loans made to them, and that they could not pass on to the Government of the United States, to be paid out of the Treasury, the expenses of administration and the costs of the various organizations as they took over the obligations of the organizations that were formed.

Let me ask the Senator whether it is clear that the Government is to be free from the administrative costs, or are such costs to come out of the organizations which are to be the beneficiaries of these loans?

Mr. ADAMS. The bill as it now stands before the Senate would impose upon the Government all administrative expenses of getting the money, all expenses other than the actual interest paid. What I am seeking to do is to add a provision for one-half of 1 percent in order to carry the Government's administrative costs, its engraving costs, and its personnel cost, because I do not think that a railroad, for instance, in buying equipment—and we are lending them 100 percent of the cost of it—should get the money at the rate the Government pays less the cost to the Government of all administrative expenses. Personally, I think the rate should be higher than that, and I am suggesting merely that the Government lend the money at actual cost.

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

Mr. ADAMS. Certainly.

Mr. BARKLEY. The Senator will recall that this formula originally provided that the rate of interest should not exceed the yield on the longest term outstanding Government obligations plus one-eighth of 1 percent, which was thought to be sufficient difference to take care of any possible losses or any costs to the Government in obtaining the money.

Mr. ADAMS. Under the provisions of the new bill the Government would have gotten less for its money than under the original bill.

Mr. BARKLEY. By one-eighth of 1 percent.

Mr. ADAMS. I think that is it. It speaks of a multiple of one-eighth of 1 percent, and some of us had a little difficulty in knowing what that meant.

Mr. BARKLEY. Let me make a suggestion to the Senator; we may be able to get together on the question. What we are anxious to do, and what I think we all desire, is that, based on the theory of the bill, that we are getting away from grants, are making loans, we want to make them at a rate of interest sufficiently low to induce those who want the money and can use it to make the loans; but we do not feel that the R. F. C. should make an overhead profit out of the transactions by being able to sell its bonds bearing 1½ or 2 percent and then lend the money at 3 or 4 percent interest. All I am anxious to do is to see that the R. F. C., in the rate it charges for these various activities, shall have returned to it the cost of obtaining the money without a profit.

If the Senator would agree to the suggestion to provide in line 17 "at a rate or rates which may reasonably be expected to reimburse the corporation for not more than the cost to it of the capital required plus one-fourth of 1 percent," instead of one-half, I would accept the suggestion. I think one-fourth will be ample. The bill provided one-eighth originally, which might have been a little low.

Mr. ADAMS. Why does not the Senator say "any more than the cost"? Why not say that we will reimburse it for the cost plus that?

Mr. BARKLEY. Under such a provision there would be no ceiling. They could require interest at a rate which would not only reimburse them for the cost of the money but give them more. They might be able to make a profit out of the transaction. What we are trying to do is to provide that these rates of interest shall not be more than sufficient to pay the costs.

Mr. ADAMS. I may say to the Senator that between the two crimes, the crime of making a little profit and the crime of making a loss, I should prefer to have them commit the crime of making a profit.

Mr. BARKLEY. I do not know that we could call it a crime, but I believe this would do what both the Senator and I want to see done—that the R. F. C. would recoup the cost and no more; but in order to take care of its losses, whatever they may be, I think one-fourth of 1 percent would be sufficient.

Mr. ADAMS. Is not the Senator drawing a very close line?

Mr. BARKLEY. No; one-half of 1 percent on the large transactions which may be involved would produce a considerable amount of money, and I cannot imagine how the increase in the personnel necessary would entail much expense. It may not be necessary for them to have any increase; very likely the R. F. C., with its present organization, can conduct all these activities without any additional personnel, and therefore there would be no additional cost involved. It may be that there would be some cost for the printing of bonds, but that would not be great.

Mr. ADAMS. I may say to the Senator that in the ordinary banking experience of those who are experienced in it, it costs them practically 1 percent to handle money. I do not believe that the R. F. C. can handle its money at a cost of one-half of 1 percent and meet the incidental expenses in addition to the interest costs. I think the Senator and I agree as to what we are trying to accomplish, but I think the Senator is underfiguring the incidental costs.

Mr. BARKLEY. Of course, no one can be absolutely accurate about what the cost will be; it is all speculative.

Mr. ADAMS. I want to give the benefit of whatever doubt there is to the R. F. C.

Mr. BARKLEY. We have fixed one-fourth of 1 percent in other laws——

Mr. ADAMS. In what law?

Mr. BARKLEY. As the spread between the cost of the money and the rate at which it will be loaned to the borrower. We have even gone further than that in the farm-loan situation by providing a rate which has resulted in an actual loss.

Mr. ADAMS. Is the Senator willing to accept my amendment with the mere change from one-half to one-fourth?

Mr. BARKLEY. I would be if I were certain that the R. F. C. under that language could not charge more than the actual cost to it plus the one-fourth of 1 percent. That is why I wanted to put in "not more than the cost, plus one-fourth of 1 percent."

Mr. ADAMS. I think the Senator's statement can be relied upon. The R. F. C. will be familiar with what the Senator from Kentucky has said on the floor, and the language of the bill is that they are to make an interest rate sufficient to reimburse them. That does not mean they are to go beyond that rate. Then when we say "the cost, plus one-fourth of 1 percent" or "one-half of 1 percent," it seems to me we have definitely fixed the ceiling.

Mr. BARKLEY. Of course, the Reconstruction Finance Corporation would pay a great deal more attention to language written in the bill than to what I would say on the floor.

Mr. ADAMS. I do not think so. I could not grant that.

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

Mr. ADAMS. I yield.

Mr. TAFT. Does the Senator think that even one-half of 1 percent would reimburse the Government for the losses involved in this general program, taking the program as a whole?

Mr. ADAMS. I will say to the Senator that I have no idea that that is going to cover the losses. I am merely proposing to insert it so that the Government will not be a loser, assuming it gets back 100 percent of the principal and the interest.

Mr. TAFT. The Senator will notice the language of the preamble to section 2:

In order to provide a sound method of financing which, without burdening the national taxing power, will make it possible to increase employment—

And so forth. Could not the Senator at least make it 1 percent higher instead of one-half of 1 percent?

Mr. ADAMS. Many years ago I heard the word "euphemistic." It seems to me the preamble would have to be liberally construed.

Mr. TAFT. The Senator does not believe, does he, that the purpose of the bill can be carried out without burdening the national taxing power, even if his amendment shall be adopted?

Mr. ADAMS. No; I do not.

Mr. TAFT. Has the Senator called attention to Mr. Jones' testimony on page 218 of the hearings before the committee, when he was asked, with regard to the interest provision?—

The CHAIRMAN. Mr. Jones, then you would not fix a maximum?
Mr. JONES. No; why should you?
The CHAIRMAN. I am asking you.
Mr. JONES. I certainly would not. I would not fix a maximum, no—or a minimum, either.
The people administering this law are going to do it largely under the direction of the President, and he is going to know what money is costing, through his Secretary of the Treasury; and they should be free to fix the rate without regard to a strait jacket imposed in the act.

Does the Senator remember that testimony of Mr. Jones?

Mr. ADAMS. I do.

Mr. TAFT. And does the Senator remember that Mr. Jones was in favor of eliminating everything—that is, all that the Senator was striking out—without putting in any limitation, as the Senator has proposed to do?

Mr. ADAMS. I am one of the humble followers of the majority leader here, and I naturally yield to him as far as my mathematical sense will permit me. Does the Senator from Kentucky think my amendment is all right?

Mr. BARKLEY. Not as originally offered.

Mr. ADAMS. If we change it from one-half to one-quarter, can we bargain with the Senator?

Mr. BARKLEY. And put in "not more." I think there ought to be a ceiling.

Mr. ADAMS. No.

Mr. BARKLEY. Because nobody wants the R. F. C. to make a profit.

Mr. ADAMS. I think that is an exaggeration.

Mr. BARKLEY. It may be able to borrow this money at 1 percent on short-term obligations, and refund them, and reissue them from time to time; and even under the bill as it is it could loan the money at 2⅜ percent. If the program is to work, certainly no Government agency ought to make a profit out of interest. There ought to be a ceiling. And the suggestion I make would result in the Corporation being reimbursed for all that it costs it to get the money, plus one-quarter of 1 percent, which, in my judgment, would take care of even administrative costs, such as the printing of bonds, and so forth.

Mr. ADAMS. Of course, the Senator and I approach it from different angles. I do not want the Government to lose, and, as between the railroad company which is buying equipment with Government money and the Government, I would rather they paid a shade more interest than that the Government should stand a loss. The Government is going to stand a loss anyway, I will say to the Senator, on its principal.

Mr. BARKLEY. Responding to the Senator from Ohio, I will say there is no way to put in the bill a spread in interest rates which might in a speculative way take care of any losses that might be sustained on the loans. The Senator from Colorado is not attempting to do that in his amendment.

Mr. ADAMS. I felt that would be useless, in view of the opposition of the Senator from Kentucky.

Mr. BARKLEY. No; it is not that. There is no way to estimate it. There may not be any losses. But if there should be any losses, we cannot tell what they may be. It might be years before they would develop. And we cannot fix any possible spread in interest rates that would compensate the R. F. C. for any individual losses which might occur in 10 or 15 years from now on loans it may make.

Mr. ADAMS. No; but sound financing would make some provision for that. Every banking institution in the land, every insurance company, everyone who handles money, would make some allowance in the matter of interest rates. If there were an absolute assurance that every loan would be paid back 100 percent, interest rates would be lower. But by the amendment which I have offered, we would fix an absolute minimum, based on the expectation of 100-percent interest and principal being paid.

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

Mr. ADAMS. I yield.

Mr. VANDENBERG. In connection with the problem of interest rates, I wish to submit a question to the Senator, and I should also like to have the views of the Senator from Kentucky. My understanding is that these loans may be made for a period of 40 years. What I want to know is whether, when the loan is made for 40 years, this low interest rate contracted with the borrower is to remain effective for 40 years, regardless of whether during the intervening period the cost of money to the Government increases.

Mr. ADAMS. That is correct. Of course, if, as I assume it will do, the Government makes a 40-year loan, it will issue 40-year bonds so as to take care of the loan, so as to escape the hazard of increased interest costs.

Mr. BARKLEY. We could not afford to make a change in a 40-year obligation, simply because in the intervening period interest rates to the borrower may go up, because the period of the obligation is fixed, and the rate of interest is fixed at the time the loan is made. If 20 years later the Government should be obliged to pay more interest on money which it then borrows, it could not make a change in the previous obligation, because the money involved in the original transaction would have no relationship to the cost of money in the later transaction.

Mr. ADAMS. I will say to the Senator from Michigan that if the R. F. C. in making the loans proceeds on the theory that it will make 40-year loans, and then will borrow at 5-year periods or 10-year periods to get the money, it will be confronted with a loss, if we succeed in the efforts we are making to restore business activity and prosperity, because if we do succeed, interest rates will go up.

Mr. VANDENBERG. Precisely. And I was struck by the fact that the Senator from Kentucky a moment ago referred to the fact that the Government could borrow some of this money on short-term paper.

Mr. BARKLEY. I said the R. F. C. could do it. But they do not borrow any money now for longer than 5-year periods. Under the bill, however, they can issue their obligations for as long as 30 years I think. So that when they issue their obligations for practically 30 years they fix a rate of interest in the loans they make. When they distribute that money among the various agencies they fix the rate of interest based on what they have to pay for the money over the period.

Mr. VANDENBERG. If the R. F. C. borrows the money on short-time paper at a low rate of interest, and thereupon gives the benefit of that low rate of interest to the borrower in a 40-year contract, in the course of the 40 years the Government undoubtedly would lose a substantial amount of money on the interest alone, would it not?

Mr. ADAMS. I am quite sure it would. And, of course, there could be no change in the rate of interest charged the borrower as a matter of contract and as a matter of specific provision of the statute, because at the top of page 16 it is provided:

Nothing herein shall be construed to require the alteration or readjustment of any rate once the interest has been fixed for any borrower.

Mr. VANDENBERG. I submit to the Senator that this is another factor of doubt which justifies his very modest suggestion that a one-half of 1 percent element of safety be injected into the rate as between the Government and the borrower.

Mr. ADAMS. I think one-half of 1 percent is an inadequate amount, I will say to the Senator from Michigan.

Mr. BARKLEY. Mr. President, with particular reference to the P. W. A. activities, under which we have been making grants of 45 percent and loans of 55 percent, in order that public bodies may feel that they can afford to forego the grants, and make the loans provided for in the measure, they have to feel that they are getting something in the way of a reduced interest rate which, over the period, will absorb at least a part of what they would have gotten as a grant.

It has been figured out by the Treasury that on a 20-year maturity the amount of the grant at the rate of interest provided for in the bill would be 22 percent, for a 15-year obligation it would be 19 percent, and so on, depending on the length of the obligation. Now, if the rate of interest is raised so as to absorb these benefits which are offered as a substitute for grants, then we destroy the inducement to the public bodies, State, county, or municipal, to borrow the money, because they do not get anything, or get very little, as a substitute for the grants which they have been accustomed to receive.

Mr. ADAMS. The Senator from Kentucky speaks of foregoing the grant. When did railway companies ever have a right to a grant? They are not foregoing anything.

Mr. BARKLEY. I am not talking about that.

Mr. ADAMS. I am talking about making loans to private corporations at less than the cost of money to the United States Government.

Mr. BARKLEY. If the Senator had been listening he would know that I specified P. W. A. projects. The railroads have gotten no grants. The R. E. A. has gotten no grants.

Mr. ADAMS. That is the reason why I say the Senator's argument has no bearing in this instance.

Mr. BARKLEY. But the P. W. A. situation has a bearing. In this measure we cannot fix a different rate for different activities. They should be uniform.

Mr. ADAMS. But we ought not to give the railroads what is equivalent to a 45-percent grant. It sems to me the Senator is arguing that we should give a rate to the railroads which is equivalent to a grant of 45 percent.

Mr. BARKLEY. No. The most they would get over a period of years would be approximately 20 or 22 percent.

Mr. ADAMS. They would receive the benefit of the difference between what we would have to pay for money on our own borrowings and the rate which the Government would give them. There is no element of grant. We are seeking to give to the railroads and the corporations which want to put in rural electrification money at a rate of interest lower than the cost to the Government of the United Sates, which has the finest credit rating of any government, corporation, or individual in the world.

Mr. CAPPER. Mr. President, the pending bill, Senate bill 2864, entitled "The Works Financing Act of 1939," is perhaps the most tempting piece of bait, and partly for that very reason the most dangerous piece of legislation, that has come before the Congress for some time.

Frankly, I am afraid of the bill. I am afraid not merely because of its loose fiscal policy but also because of its temptations and its implications.

It promises something for nothing to almost everyone and every group in the country. There are hundreds of millions in it for the construction industry, for farmers, for the railroads, for communities thirsting for public works, for all the people and businesses that want more highway construction, for the small-business man, for those who see foreign trade as a big factor in recovery, and even $90,000,000 for reclamation. All these hundreds of millions and billions are without appropriations, without costing the Government anything—without costing anybody anything.

Mr. President, some of the claims made for the bill, including the claim that the projects are to be self-liquidating, are just too good to be true.

As I understand, the amended bill which we have before us authorizes the lending of some two and one-half billion dollars for projects described as self-liquidating.

As I understand the term "self-liquidating," it means that the projects will ultimately pay for themselves out of earnings of one kind or another.

As I read the measure and interpret the report of the Banking and Currency Committee, it provides that the Reconstruction Finance Corporation shall issue bonds to raise the money to make loans. The money so raised will be lent to Government-owned corporations for use or for relending, and ultimately the corporations will recover the money from the operation of the projects and return it to the Government.

The program looks very much like a spending program under the name of a lending program. It seems to me that the Federal Government would go further into debt without the additional debt being shown on the books at the present time. It is just as much a lend-and-spend program as those which have preceded it. I am not criticizing all the lendings and spendings which have occurred in the past. Some of the expenditures were absolutely necessary. Some of the lendings were in the public interest. Many of the R. F. C. loans will be repaid. However, I venture to suggest that not nearly as large a percentage of the funds lent under the new program will be repaid as was the case with the previous R. F. C. loans. I do not see how it can be.

What is really proposed under the program is that the Government shall use its credit to borrow more money. The money will be spent through Government-owned corporations or other agencies. Perhaps some of it will be repaid.

However, the basic fact is that the two and one-half billion dollars—or however much of it is used—will be a burden upon the credit of the Federal Government. Actually, it will be added to the public debt, although through a bookkeeping fiction it will not be listed as part of the national debt for the present.

Mr. President, this session of Congress already has appropriated something like $13,000,000,000, with another deficiency bill coming before we adjourn.

The public debt is more than $40,000,000,000. Anticipated revenues for the curent fiscal year are little more than five and one-half billions. Figure it out for yourself.

Moreover, Congress already has authorized borrowings of some $14,000,000,000 by and through various agencies, and these billions are a contingent liabilty of the Federal Government. I do not say that all of this amount ultimately will be added to the public debt, but part of it will be.

Mr. President, I say the time has come for Congress to call a halt to this endless borrow-and-spend, borrow-and-lend, lend-and-spend program. The fact that this one has a new name, coined for it outside of Congress—I believe the term is "splending"—does not change its inherent character. It is still borrow and lend and spend. That this program has a new designation does not change the fact.

I find myself to a certain extent in agreement with the statement issued by the Republican special committee on debt, though my opposition to this measure and the policy it carries out is not at all based on partisan considerations.

The committee declares that—

> The whole premise is fallacious. The arguments for the bill are specious. The policy is utterly dangerous to the welfare of the Nation. Both the proposal and the underlying principles should be denounced and rejected by Congress.

Mr. President, this proposal is not advanced as an emergency measure. It is proposed that the Government go into the dangerous program of continuing to borrow and lend and spend as a permanent program.

Every one of such measures enacted by Congress catches us more certainly and more hopelessly in the vicious circle of borrow more and spend more. The more we borrow, the more we spend. The more we spend, the more we must

borrow to keep up the spending. The more we spend, the more we must borrow, because when the artificial stimulant of Government spending is removed, or even lessened, an economic crisis is threatened; and more borrowing to make possible more spending to make necessary more borrowing will have to be carried on at an ever-increasing tempo and in ever-increasing volume.

I do not intend to go into the very apparent situation in which the additional two and one-half billion dollars, plus the other billions of dollars appropriated for spending during the coming year, can be used to influence votes in the coming 1940 campaign.

I voted for the Hatch bill, a fine piece of legislation, to prohibit pernicious political activities by those charged with dispensing relief funds and by Federal employees generally. But what is the use of doing that and almost in the same breath providing another two and one-half billion dollars in addition to the already created slush fund of billions and billions of dollars of Government spending for communities and for Government payments to individuals?

Mr. President, I am more than disturbed; I am alarmed as I look down the road on which we are traveling. It was bad enough when the Federal Government was spending from one and one-half to two dollars for every dollar it collected in revenue. It was bad enough to face a tenth year of deficit spending on that basis. But now, through the spurious device of calling two and one-half billion dollars or so lending instead of spending, we are proposing to make it possible in the coming year for the Federal Government to spend between two and one-half and three dollars for every dollar of revenue.

If those figures are questioned, I suggest that you figure it out yourself. More than $13,000,000,000 will have been appropriated. Add to this two and one-half billion dollars. Then divide the total by the $5,500,000,000 of anticipated revenues, and see what the result is. Unless my arithmetic is at fault, the result is nearly three times as much lent and spent as the revenue receipts amount to.

Mr. President, if the bill honestly stated what it is proposed to do, I should be gravely concerned. But coming to us under a disguise, even though that disguise is almost transparent, I am seriously alarmed over where its passage will lead us. I feel constrained to vote against the bill, much as I favor some of the announced objectives proposed to be attained.

The PRESIDING OFFICER (Mr. BILBO in the chair). The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. ADAMS].

Mr. BARKLEY. Mr. President, in lieu of the amendment offered by the Senator from Colorado, I think we have arrived at a compromise of language. I suggest that the Senator modify his amendment, in addition to striking out the words which he strikes out, by striking out, in line 17, on page 15, after the word "for", the words "the cost to it of the capital required for any expenditure under this act" and inserting "not more than the cost of the capital to it, plus three-eighths of 1 percent per annum."

Mr. ADAMS. I thought we said one-half.

Mr. BARKLEY. Not more than one-half.

Mr. ADAMS. Not more than one-half.

Mr. BARKLEY. Very well; "plus not more than one-half of 1 percent."

The PRESIDING OFFICER. Does the Senator from Colorado accept the modification?

Mr. ADAMS. I do.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. ADAMS], as modified.

Mr. McNARY. Mr. President, let us have the amendment stated. I am a little in doubt as to how it reads.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado, as modified, will be stated.

Mr. BARKLEY. Mr. President, perhaps I can state it. The amendment as modified proposes, on page 15, line 17, after the word "for", to strike out down to and including the words "the maturity thereof" in line 1 on page 16, and to insert in lieu thereof "not more than the cost to it of the capital required for any expenditure under this act, plus not more than one-half of 1 percent per annum", so that the language, beginning in line 16, would read:

> At a rate or rates which may reasonably be expected to reimburse the Corporation for not more than the cost to it of the capital required for any expenditure under this act, plus not more than one-half of 1 percent per annum.

Mr. KING. The Senator from Kansas [Mr. CAPPER] has just delivered an address which should call for most serious consideration not only upon the part of Senators but of the country. He has condemned in forcible terms the spending policy of the Government and has indicated that this policy is a menace to our economic system as well as to the integrity of the Government. He would have been more accurate, in my opinion, if he had called the pending bill a waste bill as well as a spending bill. I recall a few days ago, when there was some floundering for a word descriptive of the measure, that I suggested that it should be denominated a "waste" bill rather than a measure for the "construction and financing of self-liquidating projects" or indeed the more recent name which has been given to the child—that of a "program for financing recoverable expenditures." Perhaps the new cognomen which has been attached to the bill has been adopted because there is not only doubts but a growing conviction that the projects to be carried out under the terms of the bill are not, and will not be, self-liquidating; and I am convinced that if the bill should be enacted into law the $3,300,000,000 for which the Government will be liable will not provide "recoverable expenditures." In other words, the Treasury of the United States will be called upon to meet demands resulting from losses incurred under the bill.

Again referring to the Senator from Kansas, may I state that he is always very careful in his statements and approaches public questions in a manner that is commendable in a public servant. I believe that he was entirely justified in expressing apprehension because of the policies which are being pursued by the Government.

Mr. President, it is not a pleasant task for me to criticize measures and policies to which support has been given by the leading members of my party. However, I cannot accept the view that it is the duty of members of political parties to always support policies which their respective parties submit. There is much to commend in the British parliamentary system where, as we know, party lines are not always followed, and Liberals not infrequently vote for measures of the Labor or the Conservative Parties, and members of those parties give their support to policies of the Liberal Party. I should add, however, that in party government it is not always easy to determine to which political party a measure or policy belongs.

A number of years ago perhaps the most important political issue was connected with the question of tariff. It is apparent that both political parties have modified their views with respect to the tariff, and it may be further stated that persons who formerly were advocates of tariff for revenue only have moved to a different position.

I was a member of the committee which drafted the Democratic platform in 1932 and subscribed then, as I subscribe now, to the principles therein enunciated. As I have stated, political parties in a democratic government are not only important but necessary. There always will be many thoughtful and patriotic people with differences of opinion in regard to economic, political, and governmental questions. These differences result in the formation of political parties organized and maintained for the purpose of carrying into effect the views and policies of the parties to which the citizens respectively belong. Political parties do not always adhere to their platforms, or policies which they have been pledged to support, and in this changing world with its confusion, political issues are sometimes forgotten. Allegiance to a political party does not demand

blind support, or compel the renunciation of honest and sincere convictions.

As stated, parties come and go and political platforms are not infrequently departed from, if not abandoned. It is more important to be right than to blindly subscribe to any political dogma or political platform. There are certain fundamental principles in government as there are in the realms of philosophy and in the sphere of morals. I have always been a Democrat and helped to organize the party in my own State. I have been the recipient of honors at the hands of the Democratic Party, and I hope that it will adhere to the principles upon which it was founded and those fundamental precepts will lie at the basis of free government—of democratic institutions and of this Republic.

It is not expected that a political party will be right upon every question or that it will never deviate from platforms promulgated by it. This fact leads to the conclusion that if political parties depart from sound principles enunciated in their platforms and pursue policies inimical to the interests of the people and harmful to the Government, there is no requirement that such policies shall be regarded as commands that must be obeyed.

Important as political parties are and desirable, they are not impeccable and may often attempt to carry out policies at variance with their platforms and in opposition to the views of many who desire to adhere to sound fundamental principles. To maintain genuine democratic government is a difficult task. It will be beset by many dangers, and efforts will be made to convert it into a socialistic state or into a powerful centralized and oppressive government. This Republic in its brief period of existence has encountered forces which menace its existence. The important task devolving upon all American citizens is to preserve this Republic and to keep it in the paths designed by the fathers.

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

Mr. KING. I yield.

Mr. VANDENBERG. May I suggest to the Senator that there is some very excellent democratic authority for the position which he now takes? I should like to read the following sentences:

> The credit of the family depends chiefly upon whether that family is living within its income. And that is equally true of the Nation. If the Nation is living within its income, its credit is good.
>
> If, in some crises, it lives beyond its income for a year or two, it can usually borrow temporarily at reasonable rates. But if, like a spendthrift, it throws discretion to the winds and is willing to make no sacrifice at all in spending; if it extends its taxing to the limit of the people's power to pay and continues to pile up deficits, then it is on the road to bankruptcy.

I am quoting Franklin D. Roosevelt, speaking at Pittsburgh, Pa., on October 19, 1932, and I think the Senator from Utah finds himself entirely in tune with his distinguished Democratic leader of yesterday.

Mr. KING. The doctrine announced by President Roosevelt in the statement just read is sound, and it should be followed by this Republic. However, during the past few years we have departed from that doctrine and have engaged in spending policies that in my opinion have had injurious effects upon our economy as well as upon our political institutions; and there are evidences that the spending policies will be continued and, of course, this will result in continued unbalanced Budgets, and the stupendous national indebtedness will be magnified as time goes on. The bill before us, as I have indicated, is in line with the spending policies which have given us a public debt of approximately $45,000,000,000 and contingent obligations to the extent of from five to ten billions of dollars additional.

The Democratic Party from the days of Jefferson has proclaimed its devotion to economy and efficiency in governmental affairs, and in various State platforms it has pledged itself to the support of a government which should be economically administered. And in national conventions it has declared for the maintenance of the States against all centralizing tendencies. It has pledged itself to constitutional doctrines and traditions of the party as illustrated by the teachings and examples of Democratic statesmen and patriots. It has expressed opposition to centralization and to that dangerous spirit of encroachment which tends to consolidate the various departments of the Government into one and to thus create out of the form of government a real despotism. Democracy is the antithesis of policies which project the Federal Government into the States, and which seek to convert a republican form of government into a socialistic government. In my opinion, there are some in the Democratic Party who are abandoning many of the principles upon which it was founded, and advocating policies which, if triumphant, will undermine the republican form of government and impose upon the people a socialistic state.

There are today socialistic governments, and also people living under communistic and dictatorial governments. They should be an admonition to the American people to maintain and defend this Republic. We have the best form of government the world has ever produced, and any departure from its philosophy and spirit will inevitably bring to the American people some of the sorrows and evils found in other countries. I have, upon a number of occasions, challenged attention to the encroachments by the Federal Government upon the States and its intrusion into avenues leading to state socialism. The Federal Government is becoming a powerful national government. It is expanding its authority and engaging in many forms of private endeavor. Its intrusion into many of these fields has been most injurious to our economic, industrial, and political system. Capitalism and socialism may not go hand in hand, and as the Federal Government is moving into fields which under our form of government belong exclusively to private endeavor, our capitalistic system is being weakened and measurably undermined. There are evidences of movements to undermine our economy and to force upon the people a socialistic system. Demands are made for enormous expenditures upon the part of the Federal Government for activities that are clearly outside of the domain within which the Federal Government should operate.

It is contended by some persons that there must be further pump priming and a continuation of huge Government expenditures, notwithstanding the fact that the limitation upon bonded indebtedness has been reached and that obligations have been incurred by the Government which will incur additional appropriations in order to discharge the same.

Unfortunately we follow the unsound philosophy of Mr. Keynes, that public spending would aid in recovery. Efforts were made in Great Britain and some other countries to induce their people to embark upon a policy of public spending; but we know that those countries, refusing to accept such a program, more rapidly reached the highway of sound fiscal policies.

I recall that in the Ottawa Conference it was decided that the nations of the British Commonwealth should take all steps that lie in their power to increase public confidence, especially in the field of business enterprise. In other words, they repudiated the view that in order to recover from the depression governmental borrowing and spending were necessary. They took the view that to use the taxpayers' money by the government to compete with private enterprise would retard development and be a deterrent to public confidence. We pursued a different course, and the more the Government has expanded its activities into private fields, the more unsatisfactory has become our economic and industrial condition.

There are today perhaps 12,000,000 men out of employment, and public and national and State indebtedness has reached unprecedented heights. These enormous public expenditures have, in my opinion, been a deterrent to a revival in industry and, of course, will constitute a menace to the solvency of the Republic. The spending policy of the Government and its persistent intrusion into fields that under our system of Government should be occupied by private

enterprise, have prevented private enterprise from going forward. The savings of the people are not utilized, because of the uncertainty of the policies of the Government. In other words the spending program—the thrusting of the Federal Government into fields of private endeavor—arrests the flow of capital into channels of productivity. There are those who insist that the Government shall take over many activities that belong to the capitalistic system and to lead the way to wider socialistic activities.

The Assistant Secretary of State, Mr. Berle, recently stated in substance that there are cases in which the Government picked up a job, and itself issued its own bonds, thereby securing capital, more often bank credit than savings, and putting that capital into constructive work. And he further added:

> That that presents a situation with which, I believe, we now have to deal, for if that process goes on indefinitely, obviously you are in for a very large expansion of the Government function.

He added also this sentence:

> Whoever pays the piper eventually calls the tune over a period of years.

Obviously, this is true. Undoubtedly the Government has "picked up a job" and has issued its bonds and obtained bank credit and has "invested capital in constructive work."

It may be inferred from these statements that there will be a very large expansion of the Government function, which means a very large projection of the Government into state socialism.

I have been inclined to believe from some of the testimony which was presented before the so-called Temporary National Economic Committee that the hearings were to be used as a springboard to promote the cause of more Federal spending.

Mr. President, as I have indicated, I disapprove of the bill under consideration. In my opinion, there is no justification for it.

It seems to me that it is a confession that we are about to abandon, if we have not already abandoned, those safe and sane democratic principles upon which this Republic was founded and that we are traveling more and more in the direction of state socialism.

The Senator from Kansas has just stated that during the present Congress more than $13,000,000,000 have been appropriated. The authorizations and commitments made call for several billions of dollars additional. This bill, disguise it as we may, calls for Federal expenditures of several billions of dollars. It may be alleged that we are inaugurating an "investment plan," not a spending plan; but I make the prediction that this measure will greatly add to the liabilities of the Federal Government, and in the end will call for larger appropriations which must be met by imposing additional taxes upon the people. A day may come, if this spending mania continues, when inflation, with all its deadly consequencies, will result.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Colorado [Mr. ADAMS] as modified.

The amendment, as modified, was agreed to.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolution:

On July 17, 1939:

S. 661. An act for the relief of Ida A. Deaver;

S. 1291. An act for the relief of William Carl Laude;

S. 1385. An act for the relief of the Barkman Lumber Co.;

S. 1575. An act to provide that the annual registration of motor vehicles and the annual licensing of certain public vehicles in the District of Columbia shall be for the period from April 1 in each year to March 31 in the succeeding year;

S. 2197. An act authorizing Federal participation in the commemoration and observance of the four hundredth anniversary of the explorations of Francisco Vasquez de Coronado; and

S. 2336. An act to authorize an exchange of lands at the Fort Francis E. Warren Military Reservation, Wyo.

On July 18, 1939:

S. 289. An act for the relief of the West Virginia Co.;

S. 681. An act to give proper recognition to the distinguished services of Col. Ernest Graves;

S. 955. An act creating the City of Dubuque Bridge Commission and authorizing said commission and its successors to purchase and/or construct, maintain, and operate a bridge or bridges across the Mississippi River at or near Dubuque, Iowa, and East Dubuque, Ill.;

S. 1907. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River, at or near Poplar, Mont.; and

S. J. Res. 118. Joint resolution to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes.

On July 19, 1939:

S. 1109. An act to amend the act entitled "An act to aid the several States in making, or for having made, certain toll bridges on the system of Federal-aid highways free bridges, and for other purposes," by providing that funds available under such act may be used to match regular and secondary Federal-aid road funds, and for other purposes; and

S. 1629. An act for the relief of the Canvas Decoy Co.

On July 20, 1939:

S. 26. An act to empower the President of the United States to create new national-forest units and make additions to existing national forests in the State of Montana; and

S. 2163. An act to authorize an appropriation to meet such expenses as the President, in his discretion, may deem necessary to enable the United States to cooperate with the Republic of Panama in completing the construction of a national highway between Chorrera and Rio Hato, Republic of Panama, for defense purposes.

On July 25, 1939:

S. 1155. An act to provide for probationary appointments of officers in the Regular Army; and

S. 2805. An act to authorize the attendance of the United States Naval Academy Band at the New York World's Fair on the day designated as Maryland Day at such fair.

On July 26, 1939:

S. 504. An act to provide a right-of-way; and

S. 1796. An act to amend the Tennessee Valley Authority Act of 1933.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 522. An act 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; and

S. 2482. An Act authorizing the President to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy.

The message also announced that the House had passed 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, with amendments in which it requested the concurrence of the Senate.

REGULATION OF MODES OF TRANSPORTATION

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

Mr. WHEELER. I move that the Senate disagree to the amendments of the House, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. WHEELER, Mr. TRUMAN, Mr. DONAHEY, Mr. WHITE, and Mr. REED 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. BARKLEY. I offer some technical, textual amendments to correct certain language in the bill, to which there will be no opposition.

The PRESIDENT pro tempore. The amendments will be stated.

The legislative clerk read the amendments, as follows:

On page 2, line 3, after "Agriculture", to insert "the Department of the Interior."

On page 5, lines 6 and 7, to strike out "as miscellaneous receipts" and insert in lieu thereof "and carried to the surplus fund."

On page 6, line 4, to strike out "as miscellaneous receipts" and insert in lieu thereof "and carried to the surplus fund."

On page 9, line 21, after "contracts", to insert "for, or."

On page 12, line 17, to strike out "secton" and insert in lieu thereof "section."

On page 17, line 20, strike out "constucted" and insert in lieu thereof "constructed."

The PRESIDENT pro tempore. Without objection, the amendments will be considered en bloc, and, without objection, they are agreed to.

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

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

The PRESIDENT pro tempore. The clerk will call the roll.

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

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

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

Mr. MEAD. Mr. President, during the consideration of this bill I intend to offer an amendment which I trust will be understood by the membership of the Senate, and which I trust will receive the approval of this body.

From time to time there necessarily occur vast changes in the financial, business, and social order which necessitate the expansion of the authority of government, and which require the diligent application of the legislator in initiating and perfecting the needed changes. Governments which have failed to keep pace with the changes occurring in a changing world have been destroyed, and the same fate has fallen to the lot of an administration in this country in recent years. We have witnessed the demise of an administration which stubbornly resisted change, and we have likewise witnessed the rise of an administration which has accommodated itself to the changes necessary for the public good.

The changes which have taken place in this country in its financial, its industrial, and its social order, have been initiated by both political parties. Once conceived and approved and administered, they have, in most cases, remained permanent fixtures of government. The Federal Reserve System, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, are apt illustrations of the changes which have occurred in our financial set-up. The anti-trust laws, the regulation of holding companies, the Federal Trade Commission, are evidences of the changes which have been necessitated as a result of evolution in our business world. The coming of social security with its pensions, its unemployment insurance, and its retirement benefits, is an evidence of the changes that occur in our social order.

Mr. President, as a result of changes in the industrial and in the financial world, smaller enterprise, little business, the individual owner of store or shop or factory, have been isolated—quarantined, if you will—on an island from which they must be rescued by an interested government, by a legislative body concerned with their well being; and it is to that subject that I desire to address myself today.

Little business grew up with America. It is the backbone of our business life. Its heroic initiative, its courageous leadership, made possible the wealth and standing of America today. The coming of monopoly, however—a natural development in the competitive order—the coming of chain stores in the field of merchandising, the evolution in the banking world with the chain bank, the investment banker, the stock exchange and its activities, have all resulted in handicapping the little-business man in his desire for credit and capital in order that he might accommodate himself to the keen competition of the new order. Government regulation, necessary in the protection of society, witnessed in the administration of our banking laws, necessary in the conduct of the Federal Reserve System, required in the administration of our Federal Deposit Insurance Corporation—all these regulations and necessary requirements have had a tendency to retard the progress of little business in its need for credit and capital to compete with its bigger brethren.

Mr. President, little business is still the backbone of the Nation. Little business represents 400,000 of our enterprises. Little business furnishes to thousands of communities in America their only hope for prosperity, for stability, and security. Little business today, quarantined on this island of credit isolation, can hope to secure only short-term credit for its current expenditures.

Congress recognized the plight of little business when it created the Reconstruction Finance Corporation. Congress recognized the destructive handicap of the new order on little business when it liberalized the Federal Reserve Act, and gave to that system the right to make direct loans to smaller enterprise. That capital is not available to little enterprise is easily ascertainable when once we realize the tremendous hoard of idle money bulging forth in the banks and depositories of the Nation. It has been said by reliable authority that we have $25,000,000,000 of idle credit in the banks of America, and $65,000,000,000 of idle credit in the aggregate in all the depositories of America. We are reaching the all-time limit and record in the accumulation of idle money, and, incidental to the establishment of that record, we have reached the all-time record in the number of our idle men and in the number of our idle machines.

Today, by reason of the idleness in the money market, our bankers, whose duty it is to protect the depositors of the country and to see to it that they are given a fair return on their deposits, are cutting interest rates, until only a few days ago the rate of interest on savings accounts in the State of New Jersey was cut to 1 percent. Bankers all over the United States are effecting economies, because they are operating on a very narrow and slender margin, are reducing salaries, increasing unemployment, and effecting mergers and consolidations in order to meet the situation which confronts them today. Bankers are in need of profits and profitable investments in order to rehabilitate all enterprise, in order to give the bankers an opportunity to pay their depositors fair and reasonable interest rates, which is a problem to my mind squaring with the important problems of today.

In those banks of the United States which are associated with and are members of the Federal Reserve System there are reserves which permit of a credit expansion of approximately $30,000,000,000. When we consider that huge amount and realize that all of the loans made to business in the United States aggregate only $21,000,000,000, we must of necessity realize that business is severely handicapped in its demand for credit and capital and that at the same time the financial system of the United States is impoverished because the banks are unable under existing circumstances to meet this profitable demand which would be beneficial to the banks, to the unemployed, to small enterprise, and to the national economy generally.

Mr. President, in the course of the debate, observations have been made as to the losses sustained by the lending agencies created by the Congress in order to meet what was apparent to them—a very essential, a very necessary, a very paramount need. Emphasis was laid on a statement recently made by the former head of the Reconstruction Finance Corporation, when it was said that he intimated that he would be ashamed to confess the losses which would be sustained by the R. F. C. In order that I might bring to the Senate the exact language quoted in the press with regard to that observation by the former head of the R. F. C., let me read from the Washington Evening Star of July 22 last:

"We think we have," Mr. Jones answered, "met the requirements of the law. We are not infallible. We make plenty of mistakes and plenty of bad loans."

"The liberality of the policy is going to show up in the losses you take?" interjected Senator ADAMS. "Yes," Mr. Jones responded, "we are going to have plenty of losses."

Senator ADAMS then asked whether the losses would "run as high as 10 or 20 percent," and Mr. Jones replied, "I am ashamed to tell you what I think it will be. It will be plenty."

Mr. President, one may deduct from that statement that the losses would be 1 percent or 99 percent, whatever in the estimate of the critic would be "plenty," insofar as his standard of measure was concerned. But I have here a letter of recent vintage, addressed to the President of the United States by the former Chairman of the Reconstruction Finance Corporation, in which Mr. Jones makes a statement which I take it, by reason of the fact that it is not a newspaper item, that it is not testimony offered before a committee, that it is not a casual observation, reflects the mature judgment of the man who affixes his signature to a statement which he has had opportunity to study. In the statement Mr. Jones said, in reporting to his Chief of the profits of the R. F. C.:

Mr. President, the Corporation is solvent, it has sound assets sufficient to pay all of its debts and return to the Treasury the entire capital invested in it and something in addition.

Mr. President, that statement indicates that the Reconstruction Finance Corporation actually has made money on its loans. Only the other day I learned through the medium of the press that the R. F. C. obtained a profit of a million and a half in the sale of securities as a result of a loan repaid by one of the southern railroad companies.

Recently two committees of the Senate, in the conduct of hearings, brought forth what, in my judgment, is the unanswerable demand that the country and its lawmakers take cognizance of the condition of small enterprise and of the inadequacy of its capital and credit requirements. Before the Senate Committee on Banking and Currency, presided over by the able senior Senator from my own State [Mr. WAGNER], came a representative from the Moody Investors' Service, and I assume that every Senator is cognizant of the importance and the reliability of that great service. That representative came before the Committee on Banking and Currency and in cold, hard, statistical studies which he submitted showed the contemporary trend, and that trend indicates that little business is rapidly losing its credit standing, and unless something is done to remedy the situation the condition of little business will grow progressively and rapidly worse, until a high state of demoralization and disintegration will set in. It was demonstrated with respect to small business that the ratio of their current assets to their current liabilities had shown a distinct and progressive tendency to decline since 1930.

With respect to big business, the ratio of their current assets to their current liabilities has shown a distinct tendency to rise. In fact, the working capital ratio of the larger companies is nearly twice as favorable as that of the smaller companies of the United States.

It was shown that from the year 1929 to 1932 the volume of working capital of the larger companies declined about 25 percent, while the volume of working capital of the smaller companies declined 40 percent.

Even more significant is the fact that since 1932 the larger companies have worked themselves back to a condition where they have now over 91 percent of the working capital they had in 1929, while the smaller companies, little business, if you will, have less than 70 percent of the working capital they had in 1929.

The same statistics show that the percentage of profit of the smaller companies on their gross sales is substantially less than half the percentage of profit of the larger companies on their gross sales. Since no such wide discrepancy existed between the profit ratios of the larger and the smaller companies in the twenties, it is fairly clear that the business and profits of the smaller concerns have been adversely affected as a result of inadequate working capital.

Mr. President, what does all this mean? It means that the average small-business man in the United States is facing a serious situation, a situation which, if allowed to develop normally, is going to mean the closing of many factories and plants, the impoverishment of hundreds of small communities, and the gradual impairment of our national economic health.

Little business is in trouble, and its difficulty is principally due to its rapidly diminishing credit standing. These people need credit. It is their lifeblood. Without it they cannot purchase equipment, expand their operations, solicit business, replenish inventories, or properly carry out their normal business operations. There is no use talking about business recovery if we are not going to predicate our activity on the proper premise. If, as abundant evidence would convince us, a very substantial element of this Nation's business is suffering through credit strangulation, then it should be our business to see what is wrong with our existing credit-providing agencies.

Mr. President, I take no joy in criticizing the bankers, and I hope a fair construction will be placed upon what I have to say about them. I really believe that the banks had a great deal to do with the building of this Nation. It is impossible to estimate the vast contributions that have been made to our national growth through the bankers, large and small. The banker loaned money for the creation, operation, and expansion of new business. He pumped the breath of life into small and struggling concerns because he had faith in his particular community and strong convictions respecting the future of that community. He was in the business of providing credit and capital and to provide a safe, profitable depository for his neighbor's savings. He had no other excuse for existence. That was his job, and he did it splendidly. He ran the banking business in a creditable manner. He made money for himself, and he earned respect for his profession. Now where is he today when we find small enterprise cramped for credit? Is he doing his job, or are the laws and rules and regulations, both of the Government and of his profession, impeding him in his natural inclination to extend credit and capital? Frankly, I do not know whether the banks are unwilling or whether they are unable to extend adequate credit and capital. But I do know this, and I think Senators will agree with me, that small business is still a sound risk. If it is not a sound risk, then no loan is sound.

Before the Senate Banking and Currency Committee hearings on my loan-insurance bill have appeared representatives of the banks and representatives of small business. They have not been in agreement with respect to the volume of unsatisfied credit demand on the part of small business.

Representatives of the Nation's bankers have appeared before the Senate committee and, without exception, asserted that private banks are today meeting every legitimate credit demand of legitimate business. These spokesmen for the banking profession denied that any sound small-business loans were being rejected. They declared that banking policies were being steadily liberalized, that adequate long-term loans at low interest rates were abundantly available and, indeed, that the banks were soliciting borrowers in an endeavor to extend loans to little business.

I pointed out to the committee at the time these gentlemen testified that, in my opinion, this evidence did not square with the fact that thousands of bank-rejected loan applications were being filed with existing lending institutions of the Federal Government.

I cited the exact up-to-date figures on the number of loan applications received by the Reconstruction Finance Corporation, the Federal Reserve banks, and the Farm Credit Administration.

I explained that these loans were considered unsound by private banks but that a large proportion of them were considered sound by the Government and that they are being repaid. In other words, these borrowers have turned out to be good risks, the judgment of the banks notwithstanding. This is concrete evidence—irrefutable evidence—that the banks, at present, cannot or are not taking care of all capital and credit demands of business and agriculture.

The Securities and Exchange Commission has recently completed a series of clinical studies of credit needs in various sections of the United States. These studies have offered convincing and conclusive proof that there is a real and growing need for easier credit. Mr. Jerome Frank, Chairman of the S. E. C., appeared before the Senate committee and publicly substantiated this conclusion and urged the enactment of legislation along the lines I am proposing.

The Department of Commerce and its Business Advisory Council have found similar conditions to exist. Four years ago that Department made a careful investigation of credit conditions throughout the Nation and submitted its findings in a report entitled "A Survey of Credit and Capital Difficulties Submitted by Small Manufacturers." The Department, in this report, revealed, through actual cases, the difficulties of small business concerns rated by Dun & Bradstreet as "good", and even as "high" in obtaining adequate credit and capital through local commercial banks.

The so-called Monopoly Committee, under the chairmanship of the Senator from Wyoming [Mr. O'MAHONEY], is currently conducting an investigation of big and little business problems. Before this committe have come a number of the Nation's leading experts and time and again evidence of the credit needs of small business has been emphasized.

Mr. President, in this connection let me explain to the Senate some of the salient points that were brought out by the committee headed by the Senator from Wyoming with regard to the credit needs of business and enterprise, and particularly the credit needs of small business.

The following is a brief summary of testimony adduced at the public hearings before the Temporary National Economic Committee on May 25 and May 26, 1939.

The first witness was Mr. Arthur D. Whiteside, president of Dun & Bradstreet, New York, N. Y. His testimony was a general coverage of small business, and begins on page 561. He said:

> There are 1,680,000 business concerns with net worths of less than $100,000; 280,000 are between $10,000 and $100,000; 90,000 are between $100,000 and $500,000; 50,000 are in excess of $500,000. The figures relate to commercial concerns only.

Mr. Whiteside said that 30 percent of all commercial units have an investment of $500 or less. Thirty-nine percent have between $500 and $10,000. Twenty-two percent have more than $10,000, and that group was stressed by the witness. Six and two-thirds percent have more than $75,000 and 2.5 percent more than $500,000.

He said that in 1934 there were 12,091 failures. In 1935 there were 12,244 failures, in 1936 there were 9,607, and in 1937, 9,490. The ratio of voluntary liquidation—without loss to creditors—to failures is 30 to 1, and of those that fail, not more than 10 percent swindle the creditors.

He further said that on a cross-sectional test, 25 percent of small concerns go out of business at or prior to the end of the second year. Forty-two percent have discontinued within 5 years. Sixty-three percent have discontinued within 10 years, 75 percent within 15 years, and 90 percent within 25 years. Five percent are left at the end of 50 years. The basic data for the foregoing are derived from a study of 6,026 concerns, half urban and half rural or semirural.

The worst years for failures according to available records was 1932.

The witness adverted to the lack of training or business qualifications on the part of many retailers, and to the inevitability of failures under certain conditions.

Mr. Whiteside further stated that moderate-sized concerns—between $25,000 and $750,000—are the stabilizers and the backbone of business. They are flexible and capable of rapid adjustment to changing conditions. On the "long swing" they will out-earn the larger units. They can operate on a smaller mark-up than big units. That condition does not prevail, however, where patents exist. The transition from small to moderate size is a matter of common sense and very hard work.

Seventy-five percent of the moderate-sized businesses, says Mr. Whiteside, are the outgrowth of the efforts of men who start with nothing to speak of. It is utterly impossible to expect to have a sound economy unless an individual can go into business with very little money, says Mr. Whiteside. On the other hand, it should not be made too easy to go into business, or too easy to stay in business. To do so handicaps the able and the efficient.

One example is the temptation to sell goods below cost for no reason other than the desire to buy goodwill. The result is demoralization in the trade affected, and unjustified destruction of the price structure. Such selling below cost is often the result of insufficient initial capital.

The witness suggested liberalization of restrictions on public offerings of securities so as to permit an offering up to $250,000 with perhaps a simple questionnaire return in place of a formal registration statement. He also suggested the advisability of permitting commercial banks to originate small security issues for ultimate resale to strangers, to the banks.

In conclusion, Mr. Whiteside emphasized the character factor or moral risk in bank loans, almost unheard of in our modern-day banking as it applies to little business.

We have the testimony of Mr. Norman E. Gallagher, a businessman from Detroit, Mich. This testimony, like the testimony of Mr. Whiteside, was given before the so-called Monopoly Committee. Mr. Gallagher says that the Detroit Waste Works, of Detroit, Mich., established in 1893, a manufacturer and renter of industrial shop towels, with 70 employees and assets of $142,000, reported the need of $15,000 to $20,000 additional working capital. The company has followed sound accounting practices, and during 1936 earned $12,000. In 1937 it earned $25,000. In 1938, after charging off $9,200 for depreciation, it showed a loss of $6,500. The profit for the 6 months ending March 31, 1939, was $6,100.

This very successful company, a small enterprise, was unable to obtain the money which it required after applying at five different banks, including the Federal Reserve bank, because in the opinion of the banks the company was not liquid enough in its quick assets. The company obtained a line of credit amounting to $6,000 from a local bank some years ago, which it ultimately repaid; but when an additional loan of $5,000 was requested, the bank agreed provided the following collateral was furnished—and this is commonplace in negotiating loans today:

Five thousand dollars of accounts receivable were to be pledged. A mortgage on clear property worth $15,000 was to be secured, and the personal note of the witness was to be given in the amount of $5,000.

Mr. President, the company needed only $6,000; and yet it was to be hamstrung in order that it might obtain the

needed working capital. It would have found itself in worse condition after it obtained the capital than before the loan was approved. In other words, the company had to prove that it did not need any money before the loan application met with the approval of the banking authorities.

We have the testimony of Mr. Ernest J. Hopkins, an investigator for the Securities and Exchange Commission. In a survey of Fall River, Mass., he found that lack of buying power of consumers dominated everything in that area. That city was at one time one of the foremost centers of the cotton textile industry, but the industry has shrunk to a fraction of what it once was. The remaining fraction is somewhat stable, but wages are low, and as a result of the dislocation there is widespread unemployment. Local authorities and interests have made a determined campaign to bring in new industries, and to some extent have been successful, although most of the new businesses imported are small garment shops, and the wages are somewhat small. As a consequence the retail services and distribution businesses in the town are in bad shape.

A summary of 40 small concerns shows the following; and this, I think, is very suggestive of the need of long-term capital if we are to rehabilitate the devastated industrial areas:

They have cash amounting to $110,000; inventories amounting to $979,000; receivables amounting to $1,003,000; payables amounting to $1,382,000; loans from banks amounting to $149,000; and other loans—no doubt at higher rates—amounting to $322,000.

The relatively small size of the bank loans is due to the ultraconservative banking policy prevalent in the city of Fall River, Mass. The investigator explains that the majority of the liabilities are in payables. Sixty-five percent of the payables are credit advances from supply houses, which today have become the real bankers of small business. The disadvantages in this system are many. A measure of control detrimental to free enterprise is often exercised by these suppliers. On the other hand, lacking bank credit, the only other resort of the small-business man is to a high-interest lender—or loan shark, if you will—many of whom exist in and around Fall River, Mass.

Mr. President, we have the testimony of Mr. S. V. P. Quackenbush, given before the same committee. Mr. Quackenbush is a businessman from Scranton, Pa. His testimony is most convincing, because he represents and is, at the present time, the president of the Scranton Chamber of Commerce, a conservative organization, always hesitant to criticize the banking world and its activities in the field of credit.

Mr. Quackenbush says that his business is warehousing and leasing industrial space. He manages several business properties in Scranton and Philadelphia, and comes in contact with a great number of small-business men. As I said, at the present time he is the president of the Scranton Chamber of Commerce, and in this connection has many contacts with small business. He has been able to solve all his own economic problems, but has observed many others who are not so successful. In his opinion, credit needs as such are amply taken care of; and what is needed is capital, or venture money. However, as regards credit, it is his opinion that organized banking has eliminated local competition, and that money rates for local borrowers are too high, inasmuch as out-of-town borrowers—and this, Mr. President, is significant—may obtain money from the same banks at lower rates of interest. This cutthroat competition for adequate capital is strangling little business and destroying industrial areas.

The concluding statement of this representative of the chamber of commerce with regard to venture money is that there is great difficulty in his neighborhood in raising sums from $10,000 to $25,000 or $100,000 in order to establish commercial and industrial developments which seem to have all the elements of a successful operation. As a specific example, he cited the case of a project to manufacture shaker chutes, which are extensively used in mining anthracite coal. These shaker chutes formerly came altogether from Germany, and are not available at the present time. Consequently, there would be not only a ready market but an insured future for an industry of that kind, especially if it were established in or near the city of Scranton.

Mr. Quackenbush says about $25,000 would be required to adapt an existing set-up to manufacture shaker chutes; but the witness—mind you, Mr. President, he is the president of the chamber of commerce—has been unable to find any one willing to advance the money.

Mr. President, in my judgment, that is a very serious indictment, reflecting its consequences not only on the banking world but on society's agent, the Government. We ought to pride ourselves on the fact that we believe there is opportunity in America for the development of an industrial system which will meet the recognized demands of every community, and permit the manufacture in our country of articles without which we know we cannot get along.

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

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Alabama?

Mr. MEAD. I am glad to yield to the Senator from Alabama.

Mr. HILL. The Senator has spoken of the banking world. There was a most interesting editorial on July 13 last in the Birmingham (Ala.) News, which, among other things, had the following to say:

> There is another extremely significant circumstance which must be borne in mind. It is that our pool of idle money has been growing rapidly. This fact can perhaps best be realized by reflecting on a few statistics. The banks, for example, are glutted with $4,300,000,000 of excess reserves. This in itself is a staggering fact. It becomes more staggering when we know that these excess reserves are 56 percent higher than they were a year ago. The significance of this increase in idle money becomes still more pointed when we know that it has taken place notwithstanding the fact that general business conditions are 33 percent better than they were a year ago, according to Business Week's index of business conditions, one of the most reliable of all indexes.

I invite the Senator's attention to that statement from the Birmingham News. We have the money, and there should be some way to get the money into the hands of men who have the vision and the courage and the ability to go forward with the development of our economic life and to provide employment for the thousands and millions of people who cannot today find work to do. Is not that true?

Mr. MEAD. That is exactly the situation, and I thank the able Senator from Alabama for his contribution. I will say to him that the excess cash reserves, the amount of which he correctly stated, would make possible a credit expansion of approximately $30,000,000,000, which is $9,000,000,000 more than the total of all the loans made by all the banks to business enterprises in America today.

In my judgment, the Senator has put his finger on the difficulty which business in America is experiencing. If that situation could be remedied, I believe that we would make a salutary contribution to the solution of the unemployment problem that afflicts the Nation today.

Mr. President, in support of the contention advanced by the able Senator from Alabama, let me say that an investigator of the Tennessee Valley Authority, investigating the credit needs in that section of the country, makes an observation which I will quote. The testimony is that offered by Mr. John P. Ferris, of the Tennessee Valley Authority, stationed at Knoxville, Tenn. In commenting on the industrial situation of the South he makes this statement:

> On the debit side, however, there is to be noted that capital facilities are almost entirely lacking. The region has no direct access to a stock exchange. Furthermore, the fact that a great majority of the industries are absentee owned tends to hamper the region.

I have the testimony of another man, who represents a chamber of commerce, a very conservative organization, which is located in the city of Wilkes-Barre, Pa. He goes on to relate before the so-called monopoly committee the difficulty experienced in that community by small enterprises eager to engage in manufacture and anxious to employ the unemployed.

Mr. Hicks testified that he is employed by the Wyoming Valley Chamber of Commerce at Wilkes-Barre, Pa. He is their industrial commissioner and is in charge of the industrial development fund.

Mr. President, strange as it may seem, this community, in a desire to attract industry, found it necessary to create an agency which would step in and augment the activities of the banks in order that there might be made available credit and capital for the industries seeking to initiate operations in that section of the country. Mr. Hicks explained that this is a fund subscribed locally and used in varying ways to bring new business enterprises into the community. Mr. Hicks has been actively engaged in this work and has been intimately associated with many established businesses there. He has had much experience with the capital problems of these small businesses and divides these problems into three types.

The first type is the problem of financing industrial real estate. It is becoming increasingly difficult, he says—in fact, it is virtually impossible—to raise money by mortgage on industrial real estate at the present time. He was able to cite several examples of this difficulty.

The second type, Mr. Hicks goes on to say, is the problem of financing machinery and equipment in the case of plants that wish to expand. Here the manufacturer is unable to borrow money with the machinery as collateral; the only way he can purchase new machinery is on the lease-purchase plan. The costs of this plan are high and tend to become prohibitive in highly competitive industries.

The third type, Mr. Hicks goes on to relate, of problem commonly met involves working capital. In many businesses it has been necessary to put all available funds into such assets as real estate, supplies, and machinery, and when they reach the stage that they need more working capital for working operations they are unable to get it at all or must get it by various methods, which involve very excessive costs. Then he goes on to relate that a business with fine possibilities for success, a business that recommended itself as one of the vital enterprises of the community, searched everywhere for money and found that ultimately the only recourse it had was to have the industrial fund, organized by this chamber of commerce, endorse its note in order that it might initiate operations and employ some of the community's unemployed.

Mr. President, we have the testimony of investigators for the Securities Exchange Commission, manufacturers from Detroit, Mich., businessmen from Seattle, Wash., executive officers from organizations in New York City and elsewhere, all relating, in indisputable language, the inadequacy of present credit facilities.

To prove, Mr. President, that I am not the only one who realizes the immensity of this problem, let me say that the Senate Banking and Currency Committee only recently approved a resolution providing for a quiz of its own into banking and financing practices. The committee, without particular reference to my bill, has determined, on its own volition, that something is wrong when bank deposits have reached an all-time high and idle money is flooding our banks, yet reasonable credit for long terms at fair interest rates is not available.

Let me point out to the Senate that no less an authority than Dr. Jacob Viner—and I quote from a new book entitled "The New Wall Street," by Rudolph L. Weissman—makes this observation:

> The seventh Federal Reserve district—
>
> And that district embraces the city of Chicago—
>
> The seventh Federal Reserve district, selected as a sample area because it embraces a wide variety of industrial and business conditions, containing a large industrial and a large commercial city, was studied. The situation was thoroughly examined as to availability of bank credit to small and moderate-sized business concerns.
>
> Among the important findings of that careful survey were:
>
> 1. That there existed a genuine unsatisfied demand for credit on the part of solvent borrowers, many of whom could have made economically sound use of working capital.
>
> 2. That the total amount of this unsatisfied demand for credit was considerably smaller than is popularly believed but—
>
> And this is significant—
>
> was large enough to be a significant factor in retarding business recovery.

There is the finding of an unbiased expert who came to the conclusion that lack of adequate credit is sufficiently serious, Mr. President, "to be a significant factor in the retarding of business recovery."

Now, as proof that there is a widespread demand for credit, and that banks today are not satisfying every legitimate demand of small business, I have just brought to the attention of the Senate the testimony before the Senate Banking and Currency Committee, the resolution independently approved by that committee providing for its own investigation of banking practices, the findings of the clinical studies of the Securities Exchange Commission, the evidence brought before the Monopoly Committee, the studies of the Department of Commerce, and the findings of Dr. Viner, an expert on the subject. In addition to that, I may mention the fact that the Brookings Institution and the Junior Chamber of Commerce are also completing studies along the same lines.

Mr. President, I have introduced a bill which I believe will, at least in some degree, meet the credit demands of smaller enterprise; and I should like briefly to explain what the bill does. I desire to say, however, that it is not my intention to offer the bill as an amendment to the pending measure, because the bill authorizes the Reconstruction Finance Corporation to administer it, and for the reason that the former head of the Reconstruction Finance Corporation in his recent observations before the Banking and Currency Committee—observations which were in opposition to observations made as the result of a White House conference only a few days prior to that time—did not express enthusiasm for the bill. Therefore, in view of the fact that these continuing studies are being made and because we shall have more information on the subject in the next session, I shall forego pressing for the passage of my bill at this time, and shall urge its approval early in the next session of the Congress. In the meantime, however, I intend to offer a very minor amendment to the present Federal Reserve Act which will authorize the Federal Reserve banks to negotiate loans to smaller enterprises, and in doing so I have the approval of the Chairman of the Federal Reserve Board. I had the cooperation of members of the Board and officials of that body in drafting the amendment; and, in my judgment, its administration will give to the Senate ample opportunity to study the needs for further legislation of this character.

I should like, however, to state very briefly for the RECORD what my bill aims to do.

It proposes that the Reconstruction Finance Corporation, with its wide experience in the field of finance, shall be authorized to insure business loans made by private banks, provided the private banks bear the first losses on such loans up to not less than 10 percent of the amount of the loans outstanding at the time of their default. For such insurance the Reconstruction Finance Corporation is authorized to exact moderate premium charges, flexibly adjusted according to the nature of the loans and the character of the risks involved. To be eligible for insurance, the loans to one borrower must not aggregate more than $1,000,000, since the larger capital loans should be capable of placement privately, or through public issues distributed through the customary investment banking channels. To be qualified for insurance, the loans must bear interest at a rate not in excess of 4 percent per annum, exclusive of the insurance premium and a moderate service charge. Although the Reconstruction Finance Corporation is given some discretion in adjusting the maximum interest rate upward or downward on stated conditions, insured loans are made eligible for rediscount with the Federal Reserve banks for the full amount of the insurance, and the Reserve banks are empowered to buy and sell the notes and other obligations evidencing the insured loans. The lending banks should

also be in a position to find a ready market for the insured notes from private investors. In short, my bill seeks to make intermediate and long-term loans available to small-business men at 4-percent interest, exclusive of a modest insurance premium and a moderate service charge.

Mr. President, a great deal of talk has taken place on this floor with regard to the Reconstruction Finance Corporation and its activities. Very little has been said about the Federal Reserve Board and its activities in like circumstances, but we find from a review of the record that while we have every reason to be proud of the achievements of the Reconstruction Finance Corporation, its mighty contribution to the banks and the railroads and other giant activities in America, its help—somewhat inadequate—to sound and solvent small enterprise, we likewise have reason to be proud of the activities of the Federal Reserve banks, and I desire to pay tribute to the senior Senator from Virginia [Mr. GLASS], whose vision and foresight and leadership aided immensely in bringing into being this modern system of regulation and of finance.

I desire to say in that connection, Mr. President, that my amendment to the Federal Reserve Act follows the philosophy contained in the amendment which permitted the Federal Reserve banks to make loans to enterprise, and I know, therefore, that able Senators, realizing that the amendment I offer squares with the amendment originally sponsored by the senior Senator from Virginia, will take time to give it their study and their consideration.

In comparing the record of the Reconstruction Finance Corporation with the record of the Federal Reserve banks, we find that in its 7 or so years of existence the Reconstruction Finance Corporation has actually disbursed in cash only $168,000,000. Of this amount, $52,000,000 has already been repaid, so that the Reconstruction Finance Corporation now has $116,000,000 in loans outstanding. Of this amount, the former Chairman of the Board states that $12,000,000 of loans are now under active foreclosure, and he states, as I quoted a while ago, "I would hate to state what the losses are going to be," although in a letter to the President of the United States he took considerable pride in explaining to the President that the Reconstruction Finance Corporation would show a profit on its gross enterprises.

Now let us look at the record so far as the Federal Reserve banks are concerned.

The Federal Reserve banks, under the restricted authority given to them through the amendment sponsored by the senior Senator from Virginia [Mr. GLASS], have since 1934 actually disbursed $125,000,000. Of this amount, only $25,000,000 are now outstanding. Losses actually written off have amounted to only $160,000—an almost incredibly small amount. Of course, they have had to take some collateral in cases where loans went bad, but the losses have been very small. This shows that the R. F. C. has actually disbursed a relatively small amount of money, in spite of the contention often made that the R. F. C. is making every good loan that has been requested. It also shows that the R. F. C. is having losses in some considerable amounts, especially when compared with the activities of the Federal Reserve banks. On the other hand, the Federal Reserve banks have loaned a considerable amount of money, in view of their limited authority, and have shown fine earnings and relatively light losses. This shows that the Federal Reserve banks are efficient, and that the handling of loans through the local Federal Reserve member banks is a preferable medium. Not only is it preferable but it is highly efficient, and it does not necessitate a long-distance handling from a Government agency in Washington.

Mr. President, I believe that we could accept an amendment to the pending measure which would expand the authority of the Federal Reserve Board and which would actually permit them not only to lend money as they have been doing in the past, under section 13B, adopted in 1934, for working capital loans to enterprise, but which would permit them, if necessary, to extend long-term credit to smaller as well as to larger enterprise, and to make commitments to member banks on such type of loans. My amendment would permit of the use of the balance of the money earmarked in the Treasury to the Federal Reserve bank, a sum originally approximating a hundred and thirty-nine million dollars, which was put up by the Federal Reserve System to meet their contribution in initiating the Federal Deposit Insurance Corporation. That money is their money, only about $27,000,000 of it has been used, and if we would, by the adoption of the amendment which I will offer—an amendment approved by the Chairman of the Board, an amendment which would not entail the appropriation of an additional dollar—if we would by the adoption of this amendment make possible short-term or long-term loans to smaller as well as to larger enterprise, we would, as a result of its operation and administration, be in a better position to determine not only the volume of the demand but the possibilities of effecting a permanent system which would meet the conditions which arise in this developing industrial and financial world, where little business has been left quarantined on an island where credit and capital are unavailable.

Mr. President, some observations have been published to the effect that the bill which I introduced, and which is pending before the Senate Committee on Banking and Currency, is opposed by the Chairman of the Reconstruction Finance Corporation. That is not true. I have here a release given to the press at the White House a few days ago by the former Chairman of the Reconstruction Finance Corporation, in which this thought is expressed:

> The President expressed the hope that the R. F. C. under existing law might take steps to put into effect the substance of the Mead scheme for the insurance of bank loans to small business. Mr. Schram (present chairman of the R. F. C.) agreed that this should be possible with the aid of a few clarifying amendments to section 5 (d) of the R. F. C. Act.

That is what my amendment to the R. F. C. Act proposes to do.

Mr. Schram agreed that this should be possible with the aid of a few clarifying amendments to section 5 (d) of the R. F. C. Act, which both Senator WAGNER and Senator MEAD thought could be enacted at this session without much controversy.

So I say that the Chairman of the R. F. C. is in favor of the amendment which I have offered, which, if enacted, would give the Reconstruction Finance Corporation opportunity to initiate a system of insured loans, but which I will not press, because of the confusion which resulted from a statement made before the Senate Banking and Currency Committee by the former Chairman of the R. F. C.

I will, however, press for the adoption of an amendment which will give the Federal Reserve Board authority to initiate this system of insured loans. I will press for its adoption because it carries with it the approval and support of the Chairman of that agency, and for the further reason that it was prepared to a great degree by that agency, and because it follows the philosophy of the present law, which in itself is an amendment offered by the distinguished senior Senator from Virginia [Mr. GLASS].

Mr. President, before the debate is over, before the conclusion of the consideration of the pending bill, I shall offer that amendment for the consideration of the Senate.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER (Mr. CHAVEZ in the chair). Does the Senator from New York yield to the Senator from Nevada?

Mr. MEAD. I yield.

Mr. McCARRAN. In keeping with some remarks the Senator has just made, and in keeping with the letter read from the head of the Reconstruction Finance Corporation, did the able Senator from New York receive any encouragement from the head of the Federal Reserve Board regarding his proposal as to loans to small business?

Mr. MEAD. The head of the Federal Reserve Board expressed his approval of an amendment which will permit loans to small business through the Federal Reserve System. That amendment is at the desk, and it will be pressed a little later in the debate on the bill.

Mr. McCARRAN. Is the Senator entirely correct that it was a letter, or was it a statement from the head of the Federal Reserve as distinguished from the head of the Reconstruction Finance Corporation?

Mr. MEAD. It was an oral statement to me by the Chairman of the Federal Reserve Board that he favored the amendment which I have at the desk authorizing the Federal Reserve System to initiate this plan of loans and commitments to banks on loans to small as well as to large enterprises. The Chairman of the Federal Reserve System did not recommend the amendment which I have offered, which would authorize the R. F. C. to initiate a system of insured loans to little business. However, the present Chairman of the R. F. C. endorsed that amendment, but the former Chairman left the impression before the Senate Banking and Currency Committee that he did not, although I maintain, as a result of the news release given out after our conference at the White House a few days ago, that it is in keeping with his general ideas in the matter.

Mr. McCARRAN. If I may interrupt the Senator a little further, I have no doubt, as the result of my acquaintance with the present head of the Reconstruction Finance Corporation, Mr. Schram, that he is very sympathetic with the Senator's move, sympathetic with loans to small business, but I have grave doubt, based on my reading and experience and investigation, as to the present head of the Federal Reserve Board having any sympathy whatever with the movement sponsored by the able Senator from New York.

Mr. MEAD. From my experience, it is my opinion that the present head of the Federal Reserve Board is anxious to see the Senate Banking and Currency Committee consider a plan for the creation of a corporation within the system which will handle industrial loans of the character contemplated by the legislation which I am presenting.

Mr. McCARRAN. Mr. President, I trust that the Senator from New York realizes that we have now in the R. F. C. a corporation capable entirely of handling such loans, if they are only given permission by the Congress, which, in my judgment, they have been given in the past; but I do not believe, based on my experience, that the Federal Reserve organization, and especially the present head of it, has any sympathy whatever with loans to small business.

Mr. MEAD. I believe that the head of the Reconstruction Finance Corporation is an able, sincere, energetic public official, and that the present Chairman of the Federal Reserve Board is likewise intensely concerned with the effective and efficient operation of the System over which he presides, and it is my hope that both these leaders of executive agencies will devote a great deal of their time and give freely of their sympathetic support to the legislative objective contained in the bill, as well as contained in the amendment which I am sponsoring.

Mr. President, I have here a report from one of our banks which is indicative of the condition of all the banks in the country. It is not an extraordinary or extreme illustration of the point I wish to make, but it is a conservative statement of the situation to be found in many banks throughout the country.

I have here a statement of conditions at the close of business on December 31, 1938, and I shall withhold the name of the bank for obvious reasons. That bank has loans of $5,000,000 and has deposits of $11,000,000. It has approximately $3,500,000 in idle cash on hand, cash which is not working, cash which belongs to the depositors, cash which ought to be making at least 4 percent.

I have here, Mr. President, one of thousands of letters which I have received from all over the United States—from every State in the Union, from thousands of communities in the United States. I have not only one letter, but here I have the entire file of a businessman, setting forth his plight, showing his inability to secure adequate capital in order to conduct his business. He is a man of excellent reputation. His industry has an honorable earning record. After exhausting all his efforts, visting many banks, he received this trite comment concluding his negotiations, telling him not to bother to pursue them any further; that loans of the character in which he is interested are impossible. This letter is signed by the assistant to the president of an old-established bank in my State. This is the last of a long series of letters received by a company, as I said, which has a good earning record, a company which is long established, which years ago had no trouble in negotiating loans of this character. Here is the answer which stopped them in their tracks:

> We refer to your letter of June the 29th, and wish to advise that we are not interested in making any long-term loans.
>
> Very truly yours.

Mr. President, I have a trunkful of similar letters.

I have here a chart prepared by Dun & Bradstreet which I exhibit in order to fortify the statements I have made. The chart and the statistics contained in it prove conclusively that small business in the United States is not only blighted so far as its present situation is concerned, but it has a black future before it, unless something is done to remedy and rectify present conditions.

The chart gives a list of the failures in May 1939, as compared with the failures in May 1938. Of concerns whose assets are under $5,000 there were 514 failures in May of 1939 and only 418 in May of 1938. So, as I said before, failures are growing more acute as business recovery increases.

The failures of concerns having from $25,000 to $100,000 capital were 111 in 1939. They were 135 in 1938.

The failure of those enterprises whose capital ranged from $100,000 to a million dollars were 35 in May 1938 and only 20 in May 1939.

The failures of those companies listed as having assets of a million dollars and over were 3 in 1939, and there were none in 1938.

So, as we see by the chart, the capital and credit facilities of little business are rapidly approaching the vanishing point. The day is not far distant when utter and complete demoralization will encompass little business everywhere and communities, endless in number, having only little business on which to rely for their stability, security, and employment, will become ghost towns in America unless we act.

Mr. President, the modern system of judging as to whether or not a loan is sound runs something like this. The individual appears at the bank for an interview with the president. He desires a long-term loan in order that he might expand his facilities, in order that he might modernize his plant, in order that he might install machinery, in order that he might be able to operate efficiently instead of operating as he has to today, on a hand-to-mouth system. The banker will invariably look over his balance sheet. He will then determine that after the loan is negotiated this man, the spark plug of this small industry, might die the next day. The worst possible eventualities are considered; and if death takes place, and we may assume that it will, the loan may never be paid. After that, Mr. President, the plant is theoretically junked to determine what its resale, under those unfavorable conditions, might bring. Then, Mr. President, if the applicant is willing to tie up every conceivable asset, and more, his loan may or may not—if it is for intermediate or long-term credit—receive approval.

Mr. President, whether it is because of the regulations of Federal and State agencies, or the fact that America is mature and the possibilities of expanding communities have given way to the realities of blighted areas—whether it is the coming of industrial monopoly or the menace of the chain store—whatever is the reason, the banker is very careful, exceedingly so, when it comes to the approval of a long-term loan. Fortunately or otherwise, the same orthodox methods have been adopted by agencies of the Government, and therefore I believe that I can say that, almost without exception, small local enterprises, with no connection with the larger banking institutions of the coutry, are devoid of the capital and credit requirements necessary nection with the larger banking institutions of the country, tition.

My bill, in my judgment, approaches the answer to this problem. It will encourage the proper sort of business loan the banks must make if little business is to survive.

The philosophy contained in my proposed legislation will work, because by spreading the risk of loss as will result in the establishment of this insured-loan policy, limiting the banker's risk of loss, and that should be done, by limiting the banker's risk of loss it will make possible more liberal lending for business purposes at reasonable interest rates, and by limiting the banker's risk of loss it will make possible the rediscounting of business loans with the Federal Reserve, thereby insuring the banker of a high degree of liquidity to make possible the need for his business requirements.

Mr. President, the amendment I have sent to the desk is an amendment requested, if I may say so, by the head of the agency which will administer it. It is an amendment which will not require or authorize the expenditure of an additional dollar. It is an amendment which will give opportunity to the Congress and to the committees of the Congress to observe and study in its administration the needs of business. The amendment extends the authority of the Federal Reserve Board, authorizing that Board under the limitations of the amendment, to negotiate business and industrial loans within the limitations of the small sum of money earmarked to them in the Treasury of the United States.

Mr. President, I trust that this amendment will receive the approval of the Senate, that it will become part of the lending bill, and that through it small business located all over America, in rural America and in urban America, in our growing communities and in our blighted areas, will be given the consideration and the opportunity which little business, in my judgment, merits from the lawmakers of the land.

Mr. ASUTIN obtained the floor.

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

Mr. AUSTIN. Is the Senator about to address the Senate?

Mr. McCARRAN. I merely wish to make one expression pertinent to the able speech which has just been delivered by the Senator from New York [Mr. MEAD].

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

Mr. AUSTIN. I yield.

Mr. McCARRAN. Mr. President, I am very grateful to the Senator from Vermont.

I wish to say that to the principle of the amendment offered by the Senator from New York I adhere. I shall support his amendment to the extent of my power. However, I believe that the whole machinery of his amendment should be transferred to the Reconstruction Finance Corporation, because I do not believe there is any response to the pulse beat of humanity in the Federal Reserve organization as it is now set up. However, if the Senator from New York thinks his amendment will afford relief to the lowly and the humble in this country who are trying to conduct honest and legitimate business, and who should have the support and encouragement of their Government, I am entirely content to go along with the able junior Senator from New York, and I shall support his amendment.

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

Mr. MEAD. Mr. President, will the Senator withhold his suggestion for a moment?

Mr. AUSTIN. Certainly.

Mr. MEAD. I am informed by the clerk that my amendment is not at the desk, so I offer the amendment, which I have just discussed, send it to the desk, and ask that it remain there for consideration later in the debate.

The PRESIDING OFFICER. The amendment offered by the Senator from New York will lie on the table.

Mr. MEAD. Agreeably to the observation made by the able Senator who has just relinquished the floor [Mr. McCARRAN], I shall offer for the consideration of the Senate an amendment which would authorize the Reconstruction Finance Corporation to make loans to small business.

Mr. McCARRAN. I am very happy that the junior Senator from New York has acceded to my suggestion. I think his action will result in very much wider latitude and more sympathetic consideration for small business.

Mr. MEAD. The appeal of the Senator prompted my presentation of the amendment, which I had not originally intended to offer.

FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. WAGNER. Mr. President, I call the attention of the Senator from Vermont [Mr. AUSTIN] to the request which I am about to make. The Banking and Currency Committee has ordered reported two nominations, one of Mr. Leo T. Crowley for reappointment as a member of the board of directors of the Federal Deposit Insurance Corporation, and the other of Mr. Phillips Lee Goldsborough, a former Senator, for reappointment as a member of the board of directors of the Federal Deposit Insurance Corporation.

Both these nominations have on a prior occasion been unanimously reported and unanimously confirmed by the Senate. I am about to present the report from the Committee on Banking and Currency, as in executive session, and ask unanimous consent that the nominations be considered at once.

The PRESIDING OFFICER (Mr. CHAVEZ in the chair). Is there objection to the request of the Senator from New York?

Mr. AUSTIN. Mr. President, reserving the right to object, may I inquire of the Senator from New York if there is some special emergency?

Mr. WAGNER. There is no emergency. However, in view of the fact that heretofore the nominations of these gentlemen have been considered and confirmed by the Senate, and in view of the fact that they are well known, I thought perhaps we could dispose of the nominations today. If the Senator desires that they go on the Executive Calendar, I shall withdraw my request.

Mr. AUSTIN. Mr. President, the Senator from New York must know how willing I would be personally to have the nominations confirmed immediately. However, we experienced a little difficulty not long ago by allowing unanimous consent to take up executive business out of order. I think it is better practice to let such matters go until executive session.

Mr. WAGNER. Very well. I submit the reports.

The PRESIDING OFFICER. The reports of the committee will be received, and the nominations will be placed on the Executive Calendar.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the Senate to each of the following bills of the House:

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; and

H. R. 6984. An act to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes.

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. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Georgia?

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

Mr. GEORGE. I desire to make some remarks. I do not care for the calling of a quorum.

I hope what I shall have to say will have some bearing on the pending bill. However, it will be devoted very largely to one phase of the bill.

Let me say at the outset that I am not so much concerned with losses or gains by Federal corporations which have been created or used by the Government during a period of emergency for the purpose of providing relief or work relief, or in an effort to stimulate the recovery of business. I do not think it is a matter of very great consequence whether the Reconstruction Finance Corporation or any other corporation has made money or has some losses. I would anticipate losses, of course. In the course of events it would be but natural to anticipate losses through a Federal agency set up for any one of the purposes or all the purposes to which I have referred.

I cannot say that I am not disturbed by the size of the national debt, because I think any sane man must be disturbed by the size of the national debt. However, in my way of looking at it, Mr. President, the matter of utmost importance is not the loss or gain by the Federal agencies, resulting from Federal activities for the purpose of relieving the unemployed, stimulating industry and private enterprise, or the distressing and disturbing size of the national debt.

The real point of importance is whether we are going in the right direction or whether we are deliberately headed in the wrong direction. Since 1933, at least, we have been traveling in one direction. We entered upon our course before 1933, but in a limited way; and we have constantly kept the course since 1933.

What has happened? Has unemployment been reduced? Let us say that it has been reduced. It has not been materially or substantially reduced; but let us concede that there there has been a reduction in unemployment. Let us concede that great relief has been given to suffering and distressed persons. Let us concede that during the period of actual emergency the present course of the Government resulted in much good. I think that is about all anyone can claim. I do not think any one can claim that the course which has been pursued has solved our problems. I do not think anyone can for a moment contend that we have solved the problem of unemployment, the problem of agriculture, or the problem of general business. In fact, Mr. President, I know that those problems remain unsolved.

Yet we are now invited to follow the same course. We are not at all dismayed because the national debt has increased to more than $40,000,000,000. We are not at all dismayed because the carrying charges, the interest upon the national debt, will next year amount to more than $1,000,000,000. We are not at all disturbed because, through the various corporations and lending agencies of the Government, we now have outstanding a secondary debt of more than five and a half billion dollars in addition to the fixed national debt of which the Treasury itself takes cognizance. These things make no impression on us. We are now asked to proceed along the same line, to follow identically the same course, and to increase our national obligation. Not only that, Mr. President, but we have come to the sorry plight of concealing the true character of the national obligation by taking a circuitous route around the Treasury itself in order that the obligation may not show as a national liability!

The bill before the Senate is a fraud, a palpable fraud, on its face, because it must result in an increase in the national debt without letting it show that an increased burden is to be imposed on the Treasury of the United States. To my way of thinking, Mr. President, it not only is a legal fraud but it is a moral fraud; it is a moral fraud on the American people; it has in it every element of moral fraud. We are to issue bonds and we are to sell those bonds. We are to take the money and place the money in various spending agencies of the Government, just as we would an appropriation if the appropriation had been authorized by Congress.

Oh, but we are going to "make loans." Granted that we are going to "make loans," granted that the loans will be repaid in large part—it is a very credulous person who believes that they will be repaid in large part; but concede that they will be repaid in large part—what are we doing? We are adding to the five and a half billion dollars-plus of money already borrowed, back of which stands the credit of the Government of the United States, some $3,000,000,000—and probably before the bill gets through the amount may be $4,000,000,000; no one can tell as to that—but some $3,000,000,000 more of secondary debt, secondary liability of the Government, on top of the more than $40,000,000,000 of direct obligations, on top of the national debt, which by the end of the next fiscal year will be $45,000,000,000.

Let us assume that these are loans and that they will be repaid; let us assume that they will do some good; let us assume that they will take up some of the unemployment; let us assume that they will furnish some work for those who need work and that they will temporarily, at least, stimulate business and industry and enterprise; let us assume all those things, Mr. President, and then where are we getting; what are we accomplishing?

Has this course led us anywhere as yet? Has it solved any problems? Have the problems of the farmer been solved?

Mr. ADAMS. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. GEORGE. No; Mr. President, I do not want a quorum.

Mr. ADAMS. I really think the Senator should have a quorum called.

Mr. GEORGE. I beg the Senator not to ask me to yield for that purpose.

Mr. ADAMS. Very well.

Mr. GEORGE. Mr. President, have the problems of the miner been solved? Have the problems of the little-business man been solved? Not if the distinguished Senator from New York [Mr. MEAD] is even partially correct in the address which he has just delivered to the Senate. Have business conditions greatly improved? Is there substantial improvement due to the policy of the Government in spending money, whether it be spent out of the Treasury or whether it be borrowed and then spent?

I have conceded that the expenditure of Federal money has produced much good; it has met many pressing problems; but has it solved the problems facing the country? That is the real question. I think we might as well dismiss from our minds whether governmental lending agencies have lost money in the past or will lose money in the future, whether or not the debt, staggering as it now is, will grow into more staggering proportions, as it will, and consider the question whether we are going in the right direction.

I know there are strange new doctrines in this country, Mr. President, and one of them is that a deficit is a blessing. That doctrine is contrary to all past teaching. It does not square with good morals. It does not have a single element of common sense in it. But I understand that we live in a new day, and, therefore, a deficit is a blessing; that if we borrowed sufficient money, we would increase the national income, and, ultimately and without altering the tax structure, the revenues, would be so increased that we would be able to take care of the deficit. That is one of the most consoling doctrines that was ever devised—I was about to say, Mr. President, in the empty heads of visionaries and dreamers. Certainly there is nothing practical in the judgment of any man who reaches any such conclusion as that, for if that conclusion be sound, all the problems of this Nation and every other would be solved simply by following it.

Then we are told that we are not spending but we are investing. Investing in what? Investing in nonrealizable assets; investing in things that will not pay the debt. Can a post-office building, can highways, the superhighways which it is proposed to construct under this bill, liquidate the debt? Every businessman knows, every man with common experience knows, that an asset is something that is in form to meet obligations outstanding against it or that may be converted into such form as to take care of those obligations. We are not lending; oh, no; we are "investing." It is not, however, an investment according to any rule of reason; it is not an investment according to any criterion that has been devised. It is a nonrealizable asset, if it is an asset at all. It cannot be drawn on to help pay the national debt. Let no taxpayer be deceived by such a contention. The national

debt, if it shall ever be paid; the public obligations, if they shall ever be met, will be met out of the pockets of the taxpayers, and not out of these assets in which it is now proposed that we invest.

Then there is another new, strange doctrine—that we owe this money to ourselves! At the base of that doctrine is the suggestion that we may repudiate the debt. Mr. President, when the Nation reaches that point, it is doomed. "Owe it to ourselves"!

Then the distinguished leader, for whom I have great respect, in offering this bill, which is the epitome of all these false and utterly unsound theories, said that the aggregate of the debt in the United States was not greater now or not out of proportion to the aggregate of debt, public and private, in 1932. Is that relevant at all as an argument? Is there any merit whatsoever in the suggestion? Oh, I know very well that it comes from high places; but suppose the public debt and private debts do aggregate today something like the aggregate in 1932—what is the situation? What is the business situation? So greatly increased has been the national debt, so greatly has the national income been circumscribed, that whereas 12 percent of the national income in 1932 took care of the carrying charges on the debt, now it takes more than 23 percent to do it. Is that leading us out of the woods? On the contrary, it is leading us down into the abyss.

Nations, Mr. President, in this post-war period have escaped from their difficulties through some sort of receivership; they have liquidated. We may continue on our present course; but if we do, while we may not liquidate immediately, eventually we will have to do it.

Granted that all the expenditures of money have served some useful human purpose, granted that all the borrowing and spending have promoted some private enterprise, temporarily at least, granted all that has been claimed for the program, are we out of the woods or are we moving out? How many unemployed have we? What is the farm income from produce made on the farm? I do not mean income coming out of the Treasury to the farmers. That is not the answer. Anybody could have answered the problem in that way. What is the condition of the miners, the merchants, the bankers, the businessmen? What is the condition in every line of industry in the United States? I do not mean what are they getting out of the Government by way of subsidies, by way of grants, by way of gifts, but I mean what are they getting out in the way of assets that mean an increase of the national income and of the national wealth?

Mr. President, taxes themselves are but an indirect method of spending. Every dollar levied for tax purposes, every dollar raised as revenue through taxation in any form is spent. It is not capitalized; it does not come back; it is not the basis of any future transaction.

Mr. Eccles, of the Federal Reserve Board, devised the comforting theory that what we borrow and spend might be capitalized; and now, Mr. President, I am coming to that.

Last night the Senator from Delaware [Mr. TOWNSEND] read into the RECORD a statement by Mr. Berle, a high official of the Government, definitely saying that the United States Government had taken over many of the productive enterprises in whole or in part, and that ultimately it would take them all over. It will if we capitalize our Federal spending. There we are. On the one hand, payment of taxes, expenditure of moneys raised from taxation, the expenditure of Federal money for current expenses, is not capitalized. It cannot be used over again. It is true that it goes back into the channels of trade and commerce, but so far as the Government is concerned it is a one-way street. It is a one-time transaction. Very well. On the other hand, if the money we borrow is to be capitalized, what are we doing? We are establishing state socialism. When we establish state socialism, what is the answer? Private enterprise must die.

What have we already done in this Nation? Build a ship, Mr. President. Go into any shipyard in the country and build a ship. Not a single ship of substantial tonnage can be constructed today in any American yard unless it is done entirely by Government money, or largely by Government loans.

Go into the insurance field and see how far Government has taken charge of the insurance field, not only under the social-security system—which, of course, has its strong points, its great advantages—but in various other ways the Government is entering and controlling all activities within this field. The Secretary of Agriculture, to whom we propose to give $600,000,000, is setting up his own insurance, not on crops, not insurance on the wheat crop or the cotton crop, but setting it up on stored commodities. What does that mean? It means that the private insurance companies, the private enterprises, the capital system, are doomed in that field.

Agriculture, the production of the soil, is justly admitted by all real economists to be the basis of our wealth. What has happened to agriculture in the United States? On the one hand we have restricted the production of real wealth, cut down the quantity of corn and of cotton and of all the products of the farm, and have enabled the farmer to live by giving him subsidies and grants out of the Federal Treasury. Today, when Mr. Wallace speaks anywhere in the Cotton Belt—and, so far as I know, in the Corn or the Wheat Belt—he will have a large audience of men who are under Mr. Wallace. I do not say that they are drawing a per diem while they are listening to Mr. Wallace's speeches, but I am inclined to think it is worth a per diem for them to go and listen to his speeches. [Laughter.]

What else has happened? Mr. Wallace has his own pet theories about a normal granary. He has his own pet theories about getting rid of a surplus of wheat and getting rid of a surplus of cotton and getting rid of a surplus of this, that, and the other product of the farm. Too much money in the hands of Federal agencies has been a curse to America, not a blessing. What have we done? On the one hand we have spent immense sums of money out of the Federal Treasury to restrict the actual production of wealth in wheat and in cotton, and on the other hand the Secretary of Agriculture now is spending immense sums of money to export our surplus of wheat and of cotton and of other products; and what is he doing? I do not care anything about his theories. I do not care anything about anybody's theories. What is he doing? When he pays a subsidy to export cotton to the world market, he drives down the world price of cotton. He drives it down until it practically offsets the subsidy he pays the American farmer out of the Treasury of the United States.

I am not complaining about the sudsidy. I am not complaining at all about any legitimate means and method of meeting the necessities of the farmer. He has to receive a subsidy. He cannot live on what he is making. There is perhaps not a wheat farmer anywhere who can live on what he is making out of his wheat. There are but few, if any, cotton farmers who can live on what they are getting out of their cotton produced and sold. They are living on the subsidy. They are living on what we must pay them. They cannot be blamed at all about it. We have asked them to restrict; we have compelled them to reduce; we have controlled them and regulated them; and, of course, we must see that they do not suffer. We must save them from bankruptcy if we can; but are we solving the problem? Are we solving it?

Why, today, at 1 minute past 12 a. m., Mr. Wallace's cotton subsidy went into effect. What does he propose to do? He proposes to pay to the foreign purchaser of cotton 1½ cents per pound for every pound of American cotton he will buy. That means $7.50 per bale. Mr. Wallace has said that he hopes to export 6,000,000 bales. That means $45,000,000 out of the Federal Treasury, paid to whom? Paid to the foreign purchaser of the cotton; paid to the foreign spinner, who, in turn, may spin the cotton into textiles, into cloth, and furnish it to foreign buyers. I am not complaining about that. But what is Mr. Wallace doing? He is driving down the world price of cotton. Cotton is a world commodity, and the world price practically controls when we

abandon artificial efforts to control it. He is driving down the world price of cotton a cent and a half. We may reason about it as we please, but that is where it will end. If the subsidy is a cent and a half per pound, and we are going to sell cotton all over the world at 1½ cents per pound below the world price, paying the difference in cash to the buyer, naturally we are going to drive down the world market. This year the subsidy that we will pay the Georgia and the Texas cotton farmer is 1.6, $8.06 per bale, $7.50 per bale paid to the spinner in Manchester, England, about offsets the subsidy to our farmers by the lower world price.

But it is said, "We have put on a loan. We are going to stop the American market from going down." That is a beautiful device to deceive unthinking persons; but, after all, the cotton farmer is interested in a price for his cotton. His industry is not in a sound condition when his price is not a living price, is not a profitable price.

We are going to fix a loan on American cotton and hold it above the world price. Then what happens? Let us inquire a moment as to what is going to happen in the case of jute. In the cotton-growing areas of the country we talk about jute. We have justly complained and repeatedly complained about the competition from jute, competition which the cotton producers suffered. What is the situation? If a loan of 8.6 cents, a little above 8½ cents, is put on cotton for this year, the world market will be driven down a cent and a half by the subsidy to the foreign buyer, and the disparity between the world price and the American price will be widened and substitutes will flow into the domestic market. What is to be done about it? Can substitutes be embargoed? Not at all. Can tariffs be put on them? Not at all. Some tariffs can be put on cotton, an embargo may be put on cotton, we can prevent the reimportation of cotton and cotton goods, and can raise an embargo against a friendly South American Republic like Brazil. All that can be done, but under existing law the tariff on jute cannot be increased.

Not only that, Mr. President, but under the trade agreement between the United States and the British Empire, the United Kingdom, jute cannot be taxed except as now taxed for 3 years; the tariff cannot be increased; we cannot get any protection. We stand helpless while the importations and production of rayon increase and the importations of jute increase, jute cloths come into the country in a constantly increasing stream. The higher we peg artificially the home price for cotton, the more importations of every known substitute, natural and synthetic, will increase; and what will be the result? The result will be the destruction of the American cotton market.

Mr. Wallace says that he proposes to increase our exports of cotton possibly to 6,000,000 bales for 1939 and 1940. Suppose he does. What has been the average export of cotton? For 10 years, including 5 years of Mr. Wallace's administration, the average export of American cotton has been seven and a half million bales. For the 10-year period up to the fiscal year which has just closed, averaging them all, the exports have run seven and a half million bales. Even if Mr. Wallace gets the exports back to 6,000,000, they will still be a million and a half bales under what they were on the average.

He says we have helped the price. Helped it? Helped it based upon the intrinsic value of the product, the only basis upon which agriculture can ever survive in this or any other country, or helped it by getting money out of the Treasury, helped it by drawing money out of the Treasury and assisting those of us who grow cotton to live, to subsist, to pay our taxes; actually, Mr. President, to go along somehow.

We have exported more than eight and three-quarter million bales of cotton in 1 year. For 10 years, up until the beginning of the last fiscal year, the average export was seven and a half million bales. Mr. Wallace hopes to export 6,000,000 bales, at a cost of $45,000,000 out of the Treasury of the United States.

What nonsense! The whole program is one based upon economic illiteracy. He is going to recover that much of our lost ground; but how? By still restricting our production in the United States, still cutting down our acres. We passed a bill a few days ago allowing him to cut the acres to ten million. He could not cut the acreage below twelve million until a few days ago. But he wants to cut still deeper.

Never, never can we regain our foreign markets by any manner of device unless we do it through increased production of our product at a decreased cost in producing it, if other countries and other producers are producing at a lower cost. We can cut down our acreage and restrict our production as much as we please, but we will not get back our markets.

Of course, we can pay the foreign purchaser to take the American cotton, and if we pay him enough he will take what we offer him up to the limit of his capacity. I dare say that the Secretary's program will not result, during the fiscal year beginning July 31, in any substantial or material increase in exports of raw cotton over what would have been exported in any event.

It is true that we exported only 3,400,000 bales last year, considerably less than half of the 10-year average. That was the lowest figure for exports of cotton from America in some 60 years. Naturally the exports will be increased barring the complete stoppage of international trade and commerce by war; naturally they will be increased. They will also be increased, because American stocks of cotton in Europe, in the great spinning countries, have been very largely depleted. So we would export the present crop, in any event, if we let that crop go on to the market at the world price, without the expenditure of seven and a half dollars a bale out of the Federal Treasury to make it move. In all human probability we will export from five to six million bales of cotton during the present crop year; that is, until August 1940. We would do so without any export subsidy.

Mr. President, let us take a practical look at the situation from the other side for just a moment. A few weeks ago we engaged in a barter transaction with Great Britain. Most of our trades nowadays are inspired somehow or other by our English brethren. And I am of English extraction. My natural sympathies are with the English. But we engaged just a little while ago in a barter arrangement with Great Britain. We had as an excuse for that bartering arrangement only one possible fact; we had a great deal of cotton which we had accumulated under a loan which was above the world market and which artificially pegged the price, and therefore the cotton slipped into the loan. We had a whole year's crop in the loan. We had a whole year's crop under a farm program which was intended to solve the agricultural problem, and which solved it by putting a whole year's crop into the loan. But we had a bartering arrangement. No one opposed it; and what happened? We bartered 600,000 bales of cotton for so many pounds of rubber. What did we get for the cotton? We received about 8¾ cents a pound—roughly, 8¾ cents a pound. That is the cost of producing cotton; that is the minimum cost of producing cotton. That is not the highest cost of producing cotton.

What did we give for the rubber? We gave about 17 cents a pound, buying it through a cartel; it is a cartel-controlled product.

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

Mr. GEORGE. In a moment. We gave about 17 cents a pound for the rubber. What does it cost to produce it? All the economists say that it costs about 6 cents a pound to produce rubber. We pretty nearly lost our shirt in that transaction. In the barter we gave cotton which cost us to produce more than we got for it for rubber which cost our British friends about 6 cents a pound to produce, according to my information.

Not only that, but our British friends were shrewd enough to have written into the agreement a promise that we would pay the subsidy of $7.50 a bale if the Secretary of Agriculture subsequently fixed an export subsidy on cotton at a cent and a half a pound. What does that mean? It means that now, after having closed the trade with Great Britain for her rubber, for which we paid 17 cents, and which cost, let us

say, 6 cents a pound, cotton which cost us every cent we got out of it. Now we must pay to Great Britain also $7.50 a bale on the 600,000 bales of cotton. Senators can figure it out for themselves. It means four and a half million dollars on a closed transaction.

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

Mr. GEORGE. I yield.

Mr. LUNDEEN. I have been listening with great attention to the able Senator, and I should like, if he will permit, to make merely one statement. It seems to me that the value of that rubber should have been applied on the war debt. I am not asking for an expression from the Senator on that point, but it seems that way to me.

Mr. GEORGE. I agree with the Senator, but we could not have sold it on that basis.

Let us go a little further with this barter transaction. We are now to pay an additional sum or an additional number of pounds of cotton to the British of the value of four and one-half million dollars—all to gratify our Secretary of Agriculture in trying out his subsidy plan on cotton.

Not only that, but our British friends were sufficiently alert, Mr. President, to require delivery or tender of this cotton at the ports, of a certain grade and staple, or better.

Already the other House is in a struggle now over an amendment which has been placed on the bill to carry out this barter transaction—an amendment which, if the House does not eliminate it, will probably require the moving of some 3,000,000 or 4,000,000 bales of cotton to the American ports, adding freight, adding cost, all to carry out a barter agreement.

If the Secretary of Agriculture succeeds in making many more barter exchanges, he will lose not only his shirt but he will lose his undershirt.

Yet in this very bill we are going to give to the Secretary of Agriculture $600,000,000, with which to do what? Three hundred million dollars of it to carry out the Jones-Bankhead Farm Tenancy Act. I am not going to raise a question about that. Three hundred million dollars of it with which to do virtually whatever he may please. It is true he will only be required to do what has been done in connection with some of the various farm operations which we have undertaken in the past.

But now I come back to the proposition. Has the wheat problem been solved? What are the farmers getting for their wheat today?. A few days ago wheat on the Liverpool market, on the world market, sold for the lowest price in American money and in American measure at which wheat has been sold on that market since 1592.

Cannot anyone see that as we subsidize the sale of our wheat to the foreign consumer we must necessarily drive down the world price of wheat? Cannot anyone know that as we subsidize our cotton to the foreign consumer, the foreign spinner, we must drive down the world price of cotton?

The same thing is true of corn. The same thing will be true of lard. Temporarily, yes, we can raise our price in the United States. We can do it in the case of cotton, but when we do it, the use of rayon will increase, jute and other substitute fibers will come in, and take more and more of the American cotton farmer's domestic market.

That is the story, Mr. President, and that will be the final chapter in the present agricultural program if it is followed.

In the meantime vast fortunes are spent out of the Treasury to enable the cotton farmer to live while he is reducing his cotton acreage and production, and vast fortunes are spent out of the Treasury to enable the foreign consumers to buy and use American cotton.

Mr. President, it is all very well to run the price up on our own mills, on our own people, on our people who need cotton textiles. They need bed clothes and sheets and towels, and the little children need clothing. It is all very well to run the price up on them, because the Secretary of Agriculture has the profound satisfaction that he is helping the farmer—helping the farmer! Helping the farmer when the world price of his product is going down, down, inevitably down as the result of his own program. Helping the American farmer when the only way he can live is on large grants from the Treasury of the United States. Helping the American farmer when the only way he can hold even a part of his foreign market, which is a part of his goodwill, his capital assets, is through the expenditure of other and further vast sums of money out of the Federal Treasury.

Are we getting anywhere? We are going to build roads. We are going to build superhighways. I dare say there is not any part of the United States today in which a toll road would pay, unless it should be from Washington City to New York or Boston. In no other part of the Nation would a toll road pay for the cost of policing it and keeping it in repair. Everyone should know that to be so; everyone is bound to know it if he will use his judgment; everyone is bound to know who will sit down and do a little figuring.

Besides, who wants a toll road? We fought here in the Congress year after year to get rid of toll bridges, to make them all free. We fought here year after year to abolish the policy of building and maintaining toll bridges, and even causeways—and now we propose to go back on all that and try out a superhighway system.

Mr. President, let us say, however, that the highways are all right. Let us say that they may pay the cost of policing, oiling, and repairing them; let us grant that in a few instances they may return something on the investment over a long period of years; let us grant also that the expenditure of this money may temporarily help business, that the expenditure of this money will temporarily give some workers employment, and therefore reduce the number of the unemployed, and therefore aid in relieving suffering and in taking some people off relief. Yet is it an answer to the problem? Is it getting us out of the woods? We know how rapidly we have increased our national debt. We very well remember how rapidly it has climbed. At the end of the next fiscal year it will be at $45,000,000,000. We all know, Mr. President, that today the secondary liability of the Government of the United States is more than five and one-half billion dollars for money loaned to help business so as to reduce unemployment. We know if the $3,000,000,000 provided by the pending bill are added, that the indirect secondary debt—which is, nevertheless, a binding debt of the Government—will be over eight and one-half billion dollars shortly, to say nothing of the direct Federal debt.

And where is it getting us? We have already tried this plan. It is nothing new. If we were in the midst of the depression of 1933 I would do as I did before—I would take a chance on this program succeeding. As an emergency measure it was all right and, as such, is all right. As a measure to meet a crying, pressing present need it appeared to be one way out, the only way out. But when the policy results in state socialism essentially, when it destroys private enterprise, when it cuts under private industry, when it enters and ousts from the field of free enterprise the productive enterprise of this country, upon which we have always relied to furnish work for our laborers, then it becomes definitely and decidedly unwise.

Mr. President, a moment ago I was about to enumerate some of the fields in which State capitalism, if you please, State socialism in fact had already become supreme, and I call attention to shipbuilding. An American ship of any consequence cannot be built in any American yard today unless money aid is given, or unless it is built entirely out of Federal funds.

Take home building. In this field the Government's activities are practically as extensive as in any of the totalitarian States. The Federal Government has loaned more than $3,000,000,000 to home owners in the United States. We have provided the United States Housing Authority with $800,000,000, and another bill is pending in the House which the House Members are now vainly trying to dislodge, which provides for another $800,000,000. That will make a total of $1,600,000,000 to build low-cost, slum-clearance projects.

Mr. President, the objective is admirable; the purpose is excellent; but where has private enterprise gone? It has

gone out of the field of low-cost housing construction. It has vanished in the field of slum clearance. Practically the whole private construction industry has ceased to operate save on Government contracts.

Then, Mr. President, let us look at some of the other fields. I have already called attention to agriculture, but I want to repeat. Little by little State socialism or State capitalism has taken over one activity after another of the farmer, until today the export of practically all of our basic farm materials is subsidized and controlled by the Government, and the price levels for wheat, corn, cotton, tobacco, butter, lard, and almost every other farm product are no longer controlled by private enterprise or the operation of the capitalistic system; they are controlled by the State capitalism which has been set up.

Take the field of banking. Everyone knows that the banks have virtually become merely depositories for the Federal Government. The distinguished Senator from New York has complained about the banks. Certainly the banks will not loan money. Where is there a lawyer, Mr. President, who could advise an honest businessman what the law is upon any complicated question? Is there one? I presume there are good lawyers in this body; indeed, I know there are good lawyers in this body; there are as good lawyers in this body, perhaps, as are to be found anywhere; but is there a lawyer in this body who could confidently advise anyone even as to the existing status of the law, to say nothing of what the law will be tomorrow, the next day, or at the next session of Congress? If a businessman with a large enterprise came to a lawyer on a close question and said, "Advise me what the law is," the lawyer might say, "I cannot advise you what the law is now; I cannot tell you now what the Supreme Court will say the law is. I am not certain what it is going to hold." If he were a good lawyer he would certainly give that advice. Such advice, of course, would create much confidence in any businessman. He would go at once and invest all the money he could beg, borrow, or steal in some business enterprise when his own lawyer could not tell him what the law was upon a close or intricate question, one which had not been flatly, positively, and definitely decided by the present Supreme Court.

Mr. President, consider the question of hours and wages. Is there any private enterprise longer left free in this field? We have the Labor Relations Act and the Labor Relations Board. I favored the Labor Relations Act because I thought it granted certain fundamental rights. However, I did not think we should have a board which would deny free speech in America. It never occurred to me that we could have a board of Americans who would take an extreme partisan view of the law.

Maximum hours are fixed by law. Minimum wages are fixed by law, with a great bureaucracy in Washington to regulate hours, wages, and labor relations. Is there anything left for private initiative? Is there anything left for private enterprise to do but to fall in line and try to get what is coming, on the surface, as it were?

Take the case of the railroads. We know what is going on in that field. We have there virtually state capitalism.

I pass from the utilities field. It is one of those peculiar fields in which there is strong reason for State capitalism. There is no doubt of that. Yet the utility interests exist. They serve a good purpose. The State is not ready to take them all over. However, they are virtually all in the grasp of the State. I do not mean under proper regulation. I mean they must sell when somebody comes along and offers to buy, because they do not know what the policy of the Government will be tomorrow.

Take the matter of coal mining. It has passed entirely into the control of the State. Today there is no room for free enterprise in the mining of coal in the United States.

I have already spoken about insurance. Examples could be multiplied indefinitely.

When any government continues to borrow money and continues a program of deficit spending beyond the necessities to meet some pressing and immediate emergency, which I recognize as a governmental responsibility; wherever it goes into the field of business, into the field of financing, in America at least, the government must become dominant. Private capitalism must pass out and a form of State capitalism must take its place.

It makes all the difference whether our debts are public or part of them public and part of them private. As we shift from private debt over to Government debt, and as we increase the amount of the Government debt in proportion to the private debt for the purpose of stimulating business, for the purpose of starting enterprise and keeping it moving forward, we narrow the base of any possible revenue with which we can take care even of the ordinary overhead interest rate and service charge on the public debt as it grows larger and larger. As the public debt grows larger, Mr. President, and the private debt smaller, though they aggregate the same, as in some past time, the public debt eats up more and more of our national income, to the point where the country cannot operate under a system of free enterprise, free business, and free industry. The public debt eats up national income to the point where the State must take over private enterprises.

Mr. Berle may have pronounced a harsh truth. It may have sounded strange to the ears of some new dealers as it was spoken out loud, and not in a whisper; but Mr. Berle spoke the eternal truth. He spoke the plain, unvarnished truth when he said that if we continue the program—and he favors doing so—the time will come when the Government must take over all the productive enterprises in the Nation and carry them on.

Therefore I am against the bill. I do not care if some of its purposes are good; I do not care if I personally favor some of its purposes; I stand eternally against this entire movement. I set my face now sternly against the whole trend, the final, inevitable result of this course of conduct on the part of the Government.

Oh, yes; the individual things provided for in the bill are good. They are fine. Some of them will liquidate. Some will not liquidate. However, it does not matter to me if they all liquidate. Whenever the Government capitalizes an investment it pushes out of the field free private investment. Whenever the Government capitalizes a dollar of its borrowings and makes it pay itself back it puts free enterprise that much deeper down into the cellar. That is the course and effect of the program.

It is an easy way for our Government to operate; it is an easy way for the governments of the world to operate; but the way leads to death none the less; and as certainly as a deliberately chosen program of monetary inflation would lead to death.

Mr. President, to my mind one of the very ablest thinkers in the world is Dr. J. A. Tripp. Everybody knows who Dr. J. A. Tripp is. Reporting to the stockholders of the powerful Netherlands Bank, of which he is president, just a few days ago he had this to say—and I wish the officials of our Government would listen to it, because it is common sense:

> Various governments are borrowing almost 2,000,000,000 guilders (roughly $1,060,000,000) a month.

Think of it, Mr. President, $1,060,000,000 a month!—

> to cover their budgetary deficits.
>
> Economic revival, financial recovery, and monetary stability are unthinkable unless international political relations show improvement; the fear of war is banished and armaments are reduced.

Further in his report Dr. Tripp says:

> In the beginning it was expected that a lowering of the gold value of monetary units would lead to a corresponding rise in commodity prices; while a policy of cheap money and expansion of credit was to stimulate private enterprise. When this expectation was not fulfilled and the said policy would apparently not yield the desired results, refuge was taken in the great increase in Government expenditures, which caused budgetary deficits to grow rapidly.
>
> It was supposed that this would make private business revive in a relatively short time and that the government would then be able to reduce its intervention within the limits of its revenue. This expectation was not realized either, with the result that the level of government expenditure and budget deficits was maintained, and even raised, on the assumption that in this way the national income and prosperity would increase.

How like the philosophy which obtains in our country!

Remarking that this depreciation of currency, cheap money, increase of government expenditure and growing budget deficits were taking on a more and more permanent character, Dr. Tripp said he could not see that the development had led to any lasting improvement, nor that it was reasonable to suppose it could be carried on much longer. He discerned a growing tendency of governments to interfere in almost every branch of economic life, a process that he believed would result in increased rigidity, followed by higher costs and increased cost of production. The burden that is consequently placed on the consumer, he said, added to the influence of monetary and fiscal measures, will not fail to lead to impoverishment, a decrease in consumption, and the growth of unemployment.

Dr. Tripp continues:

Only cheaper and more extensive production, gradually increasing international trade, and liberation of economic life from the innumerable impediments which are constantly neutralizing the essential elasticity in prices and cost of production and from the excessive burden of taxation in various forms which is stifling private initiative and investment, can bring goods within reach of consumers on a larger scale and at lower prices.

Mr. President, he must have had his eyes on the United States.

Here is one of the world's greatest financiers, one of the world's great authorities, who says that this policy not only in other countries but in our country as well is leading directly away from the results we are now told will follow from this further undertaking to extend deficit spending in the United States.

We are told that this bill will afford the last final push that will put us over the hill and down on the other side toward the placid fields of prosperity and contentment and happiness. This eminent economist says directly to the contrary. Our own experience should be sufficient to convince us, our own cause, marked by an increasing burden of debt—should be sufficient to convince us that we are going the wrong way.

There is but one way to go, and that is to recognize what always has been true and what always must be true, that there cannot be economic regimentation and control without ultimately the loss of political and civil liberty itself. They are not separable qualities, Mr. President. Through all history among men striving for free government—through all of human history, I repeat—political and civil liberty has disappeared when economic control passed out of the hands of individuals into the hands of the state. However beneficent, however high-minded, however the state under its rulers may strive for the betterment of its people, it is an utter impossibility to have political and civil liberty, they cannot be retained through any long period of time, if there is economic regimentation, control of economy, of enterprise, and of business by the Government. Mr. Berle was right, he was eternally right, when he said that this thing meant that the Federal Government would have to acquire more and more, practically all, of the productive enterprises of this Nation. He is right, and on the basic theory, Mr. President, of human accountability under law, both human and divine, both civil and penal, I must assume that men like Mr. Berle understand and purpose this forward movement into state control and state capitalism to the point where free enterprise must go down and out.

I do not desire to criticize anyone unduly, but, Mr. President, all rational men are presumed to be responsible for the logical and natural consequences of their own deliberate and intentional acts. This course of continued repeated spending cannot lead anywhere but to State control of everything in America. And we may not be very far from it; indeed, we are so close to it, Mr. President, that so far as I am concerned, as long as my voice is heard in any public council I shall raise it against this tendency.

I do not need to be told about rural electrification. I have always supported it. It is useless to come to me with various sugar-coated proposals, even good proposals, attractive and seductive proposals, the very proposals I have supported, for grants out of the Federal Treasury. I have supported them only in an emergency; I supported them only to meet a condition that was acute.

Now it is sought to establish permanently the doctrine of constant spending of public money, of constant increase of deficit financing, in order to keep moving the industrial and commercial machine and in order to keep it moving rapidly.

Mr. President, I prefer what perhaps may be called the hard way; I do not seek the easy way. When the darkest clouds of the depression into which we entered 6 or 7 years ago had been lifted and we could begin to see the sunlight, I had hoped that our Government would take even the hard way, the resolute way, but the way that leads to personal and national honor and not the way that leads to personal dishonor and national misery and degradation.

Mr. President, in the New York Times today the leading editorial is entitled "Collapse of Farm Planning." It is a scathing analysis of the whole program. I ask that it may be printed in the RECORD at this point.

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

[From the New York Times of July 27, 1939]

COLLAPSE OF FARM "PLANNING"

It is a shocking picture that the world's agricultural "planners" look out upon when they survey the results of their handiwork in the crops that have been their particular concern.

Let us begin with wheat. There is practically no important country in the world that has not got a government "wheat plan" of some sort. Statisticians have calculated that various governments are jointly spending more than $2,000,000,000 annually in an effort to hold up grain prices. After all their activities in recent years the prospective world supply of wheat for 1939–40 is placed at 5,290,000,000 bushels, the greatest on record, while wheat has fallen in the Liverpool market to the lowest prices reached since Queen Elizabeth's time. It is small satisfaction that by a tariff and Government loans we have kept American wheat from falling quite as low. September wheat at 60⅜ cents on Monday fell within three-fourths cent of the lowest price at which any wheat future has sold since April 1933.

Some of our own Government's policies have certainly made the plight of the American wheat grower worse. It is futile for a country that grows wheat for export in a competitive market to adopt an acreage-restriction scheme. Our own restriction is not great enough materially to affect the world price, while it reduces farm income by reducing the amount of wheat we have to sell. It has not helped us to subsidize wheat for export. In combination with other countries doing the same thing, the result has merely been to push down the world price further.

In the 12 months ended on June 30 the United States Government sold 93,754,000 bushels of wheat in the export markets at a loss to the Government of $25,700,000, or 27.4 cents a bushel. The foreign consumer, in other words, was able to get his wheat cheaper at the expense of the American taxpayer. That is hardly the path to national enrichment.

II

Corn also is now selling at the lowest prices since 1933. For this our own governmental policy must again bear a large part of the blame. Last year and the year before the Government made "nonrecourse" loans to enable the farmers to hold large stocks of corn off the market. The loan rate was made so attractive that it even paid farmers to build extra cribs to store on their own farms the corn under Government loan. So the farmers withdrew from the market and stored in their own cribs some 257,000,000 bushels of 1937 and 1938 corn.

No doubt this helped to keep prices up for a time. But these loans fall due on August 1, and farmers want to free their storage space to make room for the new crop. Fears that the Government will be forced to take 100,000,000 bushels or more of this grain in satisfaction of the matured loans and sell it have been depressing the market. The price can be kept up, perhaps, by new Government loans so high that it would be profitable for the farmers to build still more cribs to hold still more unsold corn. Is this to be the outcome of Mr. Wallace's "ever-normal granary"? At present prices the Government already has a loss of about 25 cents a bushel on the corn under the present loan. The prospective carry-over of corn on October 1 next is already estimated to be at a record high level.

III

For the present plight of cotton the direct responsibility of our Government's policy is a very heavy one. The crop-restriction policy itself is indefensible on several grounds, but much worse in practiced effect has been the Government loan policy. Under that policy the Government has placed an entire year's American cotton crop in warehouses; the American price has been kept above the world price, and as a result, in the cotton year that ends with this month the United States will have exported only about 3,400,000 bales, the smallest export in 60 years.

In the 1932 year the exports of cotton amounted to 8,766,000 bales. The difference is not to be accounted for by any decline in world demand. On the contrary, in the same period in which our

exports fell off by more than 5,000,000 bales, world consumption of all cotton rose by about 3,000,000 bales. Other producing countries have stepped into the place in world markets that we abandoned.

As a cure for this, the Government does not propose abandonment of either the restriction policy or the more damaging loan policy. Instead, and in spite of the bad results in wheat, Secretary Wallace announces that beginning today the Government will subsidize the export of cotton to the extent of 1½ cents a pound. In other words, having artificially, and at great Government expense, held cotton off the world market, we are now artificially, and at further Government expense, to try to force some of it into the world market.

But the results will be much more serious than in the case of wheat. For cotton is a raw material that goes into manufactures. What we will be doing is to give foreigners cheaper raw cotton to compete against our own manufacturers in our own markets and in world markets. To compensate, Mr. Wallace will also subsidize exports of finished cotton goods, and suggests limitations on imports of cotton goods. But this leads merely to the building up of a whole series of bureaucratic controls. And we are doing all this at the very time when we have placed countervailing duties on importations of silks from Italy and a whole range of products from Germany, on the ground that these importations are subsidized. In other words, we are deliberately undertaking what we officially penalize as unfair and demoralizing competition when it is done by other nations.

This is the end result of the "orderly Government planning" that was to supplant the chaos of uncontrolled agriculture.

Mr. BARKLEY. Mr. President, I inquire if an amendment is now pending?

The PRESIDING OFFICER. There is no amendment now pending.

Mr. BARKLEY. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed on page 6 to strike out lines 11 to 25, inclusive, and on page 7, to strike out lines 1 to 12, inclusive, and in lieu thereof to insert the following:

SEC. 5. Subject to the provisions of this act, the Public Roads Administration shall have power—

(a) To make loans to States, municipalities, and other public bodies for highway improvements as defined in section (4) (1) hereof;

(b) With the consent and cooperation of the State, municipal, or other public-highway agency within the territorial jurisdiction of which the facility is to be located, to construct, reconstruct, enlarge and maintain bridges, viaducts, and tunnels, and to fix, maintain, and collect tolls or other charges for the use of such facilities which shall be sufficient (after making reasonable allowances for operation and maintenance expenses, for depreciation to the extent not provided for by amortization and contingencies) to amortize the cost of such facilities with interest as hereinafter provided, but no tolls or other charges shall be collected for the use of any such facility after the construction cost thereof has been paid or liquidated;

(c) To construct, reconstruct, alter, extend, enlarge, improve, repair, and acquire highway improvements, with a view to promoting interstate commerce, aiding in the national defense, facilitating the use of the mails, or promoting the general welfare and to acquire by purchase or condemnation any real property adjacent to any such proposed highway improvement, but no such work shall be undertaken until a contract has been entered into between the Administration and a State, municipality, or other public body, pursuant to which such State, municipality, or other public body covenants to purchase or lease and to maintain and operate the improvement and all real property acquired under this section. Upon certification by the Corporation that the cost of any such highway improvement and such other real property together with interest thereon as provided in this act has been fully repaid by any State, municipality, or other public body, title thereto shall be vested in such State, municipality, or other public body.

(d) To acquire in the name of the United States by gift, purchase, exchange, or by the exercise of the power of eminent domain or otherwise, and to hold, lease (as lessor with or without the option to purchase, or as lessee), use, sell, exchange, or otherwise dispose of highway improvements or other real property, adjacent to any such highway improvement or necessary or convenient for carrying out any of its functions hereunder.

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

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KING. Would the adoption of this proposed amendment preclude later on, if perhaps it should be amended in some respects, a motion to strike out the entire provision dealing with public roads?

The PRESIDING OFFICER. It would not.

Mr. BARKLEY. Mr. President, I will say, if such a motion should be in contemplation, that all perfecting amendments would have priority and would be considered before any motion of that kind should be made.

Mr. KING. That was my understanding. I have no objection to such perfecting amendments as may be desired, but subsequently, after the amendment has been perfected, I intend to submit a motion to strike out the entire provision.

Mr. McCARRAN. Mr. President——

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

Mr. McCARRAN. Mr. President, where I am we could not hear the reading of the amendment. I should like to have it understood that I am merely one of those who may have been unable to hear it. I should like to have the Senator from Kentucky explain the amendment.

Mr. BARKLEY. I shall be glad to do so.

Mr. McNARY. Mr. President——

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

Mr. BARKLEY. I yield.

Mr. McNARY. As in the nature of parliamentary inquiry, I inquire if the Senator from Kentucky offered his amendment as a substitute for the section in the bill to which it refers?

Mr. BARKLEY. It is a substitute for a portion of section 5. It is not a substitute for all of section 5. It leaves three subsections as they are now.

Mr. McNARY. It is a very important matter, and 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	Davis	La Follette	Schwartz
Andrews	Downey	Lee	Schwellenbach
Ashurst	Ellender	Lodge	Sheppard
Austin	Frazier	Lucas	Shipstead
Bailey	George	Lundeen	Smathers
Bankhead	Gerry	McCarran	Smith
Barbour	Gibson	McKellar	Stewart
Barkley	Gillette	McNary	Taft
Bilbo	Green	Maloney	Thomas, Okla.
Bone	Guffey	Mead	Thomas, Utah
Borah	Gurney	Miller	Tobey
Brown	Hale	Minton	Townsend
Bulow	Harrison	Murray	Truman
Burke	Hatch	Neely	Tydings
Byrd	Hayden	Norris	Vandenberg
Byrnes	Herring	Nye	Van Nuys
Capper	Hill	O'Mahoney	Wagner
Chavez	Holman	Pepper	Walsh
Clark, Idaho	Hughes	Pittman	Wheeler
Clark, Mo.	Johnson, Calif.	Radcliffe	White
Connally	Johnson, Colo.	Reed	
Danaher	King	Russell	

The PRESIDING OFFICER (Mr. LUCAS in the chair) Eighty-six Senators having answered to their names, a quorum is present.

Mr. BARKLEY obtained the floor.

Mr. VANDENBERG. Mr. President, will the Senator from Kentucky yield to me for a question?

Mr. BARKLEY. I yield.

Mr. VANDENBERG. Before the Senator begins to explain his substitute, I desire to ask him for an interpretation of some of the language in the roads section of the bill, on page 3. I am referring to line 21, page 3, which refers to "other transportation facilities." I desire to know whether the words "other transportation facilities" are limited by the fact that they are in a roads section, and refer only to roads.

Mr. BARKLEY. Where is the language referred to?

Mr. VANDENBERG. In line 21, page 3. Is that language limited to roads, or could "other transportation facilities" be water facilities? Could they be canals?

Mr. BARKLEY. No; they are other transportation facilities connected with road systems.

Mr. VANDENBERG. It is the Senator's judgment that the language is strictly limited by its location in the bill?

Mr. BARKLEY. Absolutely; yes.

Mr. PEPPER. Mr. President, I know that the Senator from Michigan, always on the alert when anything about a canal comes up, will not miss any opportunity to refer to

the subject of canals in his own peculiar way, but I should like to know what it was that he said.

Mr. BARKLEY. The Senator from Michigan asked me whether the use of the term "and other transportation facilities" is to be interpreted as limited to the roads section of the bill and transportation facilities connected with highway systems; and my reply was that it is.

Mr. PEPPER. I suppose the Senator from Michigan is not trying to have an interpretation here which would absolutely and positively prohibit the Florida ship canal, or the John Smith canal, or anybody else's canal, or any other kind of public work, providing an application in a proper way is made; is he? If so, let us fight out the matter while we are at it.

Mr. BARKLEY. I will say to the Senator from Florida that we are dealing now with the public-roads section of the bill, the public-works section. I shall be frank in saying that if such an interpretation is to be placed upon the language used in the bill in connection with this allotment of $500,000,000 that it could be used by the Public Roads Administrator to go out over the country and dig canals, I should myself move to change the language, because it is not the object of this appropriation to be handled by the Public Roads Administrator to do things of that sort. These transportation facilities are all in connection with the highway system over which he has jurisdiction. He has no authority, and would have none under the bill, to go out and improve a river, or to construct a canal.

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

Mr. BARKLEY. I yield.

Mr. McCARRAN. I say again, as I said before the quorum call just a moment ago, that we were unable to hear the reading of the Senator's amendment. In order to facilitate matters, let me ask whether it is contemplated that this money shall be expended on a basis of population in the several States, or on a basis of territory served.

Mr. BARKLEY. There is no provision in the bill which allocates this $500,000,000 on the basis of population.

Mr. McCARRAN. Would the Senator object to an amendment providing that it might be allocated on the basis of territory served?

Mr. BARKLEY. Frankly, I will say to the Senator, I do not think the program contemplated under the amendment is of such a character that it can be circumscribed by a provision either as to population or territory in the various States, if that is what is in the Senator's mind.

Mr. McCARRAN. I have in mind that the greater population has the greatest demand, especially in a general-election year, and I am very much interested that a State which is cooperating in furnishing roadways across the Nation, which has a sparsity of population, shall nevertheless be recognized because of the fact that it has a great extent of territory; and I hope that the Senator will not overlook that fact.

Mr. BARKLEY. If I may explain the amendment somewhat, in order, I will discuss that feature of the Senator's inquiry.

Mr. McCARRAN. I shall listen to the explanation most carefully.

Mr. BARKLEY. Mr. President, in the committee which reported the bill there was very earnest discussion of the contemplated road program. For more than 20 years we have had a Bureau of Public Roads, during most of which time it has been presided over and administered by Mr. Thomas H. MacDonald, one of the ablest, most competent, and most devoted and sincere advocates of highway improvements, and I think, under all the circumstances, as great an expert in highway improvement as we have in the United States.

He made a survey and study, occupying 3 or 4 years, looking toward the recommendation and suggestion of a program of highway improvements going a little beyond the method adopted by the Federal Highway Act, taking into consideration the need for peculiar treatment of highway improvements in congested areas throughout the United States.

As the bill was originally drawn, it was feared in the committee, and by other Senators also, that it might authorize the Federal Government on its own account, and without consultation and cooperation with and without the consent of any State, to go into a State and build highways which would be Federal superhighways under the jurisdiction of the Federal Government alone, on which tolls would be charged with a view of repaying the cost of construction.

Of course, the Federal Government and the Public Roads Administration have not contemplated and do not contemplate any wholesale program of that sort, although I think the time may come when the Federal Government will have to consider what its contribution may be toward the solution of highway congestion in the densely populated sections of our country.

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

Mr. BARKLEY. I yield.

Mr. McKELLAR. The Senator speaks of the report of Mr. MacDonald. The report was in response to a resolution, of which I believe I was the author, concerning what are known as superhighways. It will be remembered that several bills relating to superhighways were introduced, and Mr. MacDonald reported in regard to them. As I recall his report, although I have not read it in the last day or two, it expressed opposition to superhighways, and merely mentioned the fact that there was one possible superhighway which might be made to pay, that is, one between Washington and Boston. Otherwise, as I recall Mr. MacDonald's report, it does not stand as a reason for the amendment and the provision in the bill.

Mr. BARKLEY. I may say to the Senator that Mr. MacDonald in his report does not oppose superhighways. He states in the report that, with the possible exception of one or two such highways, he doubts whether they would be wholly self-liquidating under any toll system which would be probably appropriate to the construction. But, regardless of Mr. MacDonald's report, and regardless of his opinion about the matter, the superhighway, as it is in the mind of the Senator from Tennessee, is out of the bill under the amendment which I have offered.

Mr. McKELLAR. The superhighway may be out, but toll roads are still provided for in the amendment. Does the Senator believe that toll roads will be acceptable to the people of the United States? The Senator no doubt recalls that in his own State, as in many other States, toll roads and toll bridges are about as unpopular as any public work which has ever been undertaken, and as soon as a toll road or a toll bridge is established in any State, one of the first things that is done is to have a bill introduced to do away with the tolls and make it a free road or a free bridge. It seems to me to be very unwise to introduce into the pending bill provision for a system of toll roads, for, in my judgment, they would not be acceptable to the people of this country. I do not believe the people approve of toll roads anywhere in our country, and I think that part of the bill should be stricken out.

Mr. McCARRAN and Mr. GUFFEY addressed the Chair.

Mr. BARKLEY. If I may reply to the Senator from Tennessee, I do not believe a system of general toll roads, which the people of the United States would be compelled to travel because of lack of any other sort of facilities, would be popular. I do not think any kind of facility on which anyone has to pay is extremely popular, so far as that is concerned. But there are toll bridges in my State, which were built under an act of the legislature authorizing the issue of bonds for the purpose of building those toll bridges, and those bonds are to be retired and are being retired out of tolls collected on the bridges, and it is estimated that within a very short time the bridges will be free because the revenue collected from the traffic upon them will be sufficient to pay the cost of construction, and when that cost has been paid, the bridges will be free.

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

Mr. BARKLEY. I yield.

Mr. McCARRAN. I take it that the Senator from Kentucky has been applying his answer to the Senator from Tennessee, who propounded a question, and made a statement in which I concur very wholeheartedly. I am wondering whether the leader of the majority in this body is now promulgating or fostering an entering wedge whereby this country is to have a system of toll roads from now on. I take it that the answer is no.

Mr. BARKLEY. Absolutely.

Mr. McCARRAN. Very well. Then, if it is not good as a promulgation for a general system, it cannot be good for a system which would apply specifically to some particular section. If that be true, then the whole proposition falls, because toll roads have been a failure due to their condemnation from the standpoint of public sentiment.

Mr. BARKLEY. Mr. President, I am not promulgating or fostering any proposal which could be construed as an entering wedge for the adoption of any general toll-road system in the United States. But there are special facilities, such as tunnels and bridges over navigable streams, or over estuaries, or across bodies of water, or bypasses in order to escape congestion in particular localities, for the use of which already, in parts of the country, tolls are being charged, where it may not be entirely inappropriate to use that method for repaying the cost of construction. But that does not apply in this amendment in the same way to roads themselves. It applies to the particular facilities mentioned in the first part of the amendment, and such facilities can be erected only with the consent and approval of and in cooperation with the State highway departments and the highways departments of the localities in which they are to be built.

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

Mr. BARKLEY. I yield.

Mr. McCARRAN. I make this expression basic to my support or nonsupport of the bill, that the so-called toll roads are to be self-liquidating projects. Therefore, they are to be fostered, promoted, promulgated, as self-liquidating projects. The amendment of the able Senator from Kentucky fosters and supports that theme and theory which I have put forward. If that be the theme of this program, we are lost.

Mr. BARKLEY. If I get an opportunity to explain my amendment I think I can disabuse the Senator's mind on that proposition.

Mr. McCARRAN. The Senator cannot disabuse my mind on the proposition that a toll road is not self-liquidating.

Mr. BARKLEY. The self-liquidation of a toll road under my amendment is out, unless it is a road constructed in cooperation with a State or local highway authority, in which the State or local highway authority agrees to take over and maintain and operate the highway facility, and return the money to the Government of the United States in any way that it sees fit to raise the money.

Mr. McCARRAN. That does not really answer the question, though it answers it directly in furtherance of my idea that a toll road is a lost project. If that is the policy, if that is the idea of the able Senator from Kentucky, as now expressed, then his whole idea has been lost.

Mr. BARKLEY. I hope we can find it again, even if it is entirely lost.

Mr. GUFFEY, Mr. BYRNES, and Mr. ADAMS addressed the Chair.

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

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

Mr. GUFFEY. For the information of the Senator from Nevada, the Senator from Tennessee, and the Senator from Ohio I will relate a little experience we have had in Pennsylvania in building a toll road. We are now building a toll road about 175 miles in length. It is a 4-lane road, 2 lanes in each direction. The road will shorten by about 40 miles the distance now necessary to travel over the existing road. A toll will be charged for traveling on that road. There will be no grade crossings, and there will be 7 miles of tunnels. The people who advocated the building of the road are those who will use the road.

Mr. ADAMS. Mr. President, I think the Senator from Pennsylvania should add to his statement that there was a grant of Federal money of 45 percent to the construction of the toll road referred to.

Mr. GUFFEY. I repeat, those who advocated the building of the road are those who will use the road.

Several Senators addressed the Chair.

Mr. BARKLEY. Mr. President, may we have order?

The PRESIDING OFFICER. If the Senate is to conduct business in the way it is accustomed to do so, we must have order, and Senators will obey the rules of the Senate.

The Senator from Kentucky has the floor.

Mr. BYRNES and Mr. ADAMS addressed the Chair.

Mr. BARKLEY. I yield first to the Senator from South Carolina, who has been on his feet for a long time.

Mr. BYRNES. I suggest to the Senator from Kentucky that there is a misunderstanding on the part of many Senators who believe that the language of the amendment as reported by the committee is to be considered by the Senate, and I think, if the Senator will ask permission to go ahead and explain the substitute he has offered, we might possibly save much discussion.

Mr. ADAMS and Mr. McCARRAN addressed the Chair.

Mr. BARKLEY. Mr. President, I will say that I am going to do what the Senator from South Carolina has suggested. I first yield to the Senator from Colorado.

Mr. ADAMS. Mr. President, I think the Senator from Pennsylvania should add a statement to his illustration. There was a grant of Federal money of 45 percent for the construction of the toll road referred to by him, and it could not have been built if the cost was to be repaid entirely from the tolls without the Federal grant having been made. If it had to be built at 100 percent cost to the State authorities, it would not have been a success.

Mr. GUFFEY. The people of the community were anxious and willing that the road be built, and are willing to use it and pay tolls for the use of it.

Mr. President, I ask to have printed in the RECORD at this point in connection with my remarks a telegram from Walter A. Jones, chairman of the Pennsylvania Turnpike Commission, addressed to the chairman of the House Committee on Banking and Currency.

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

The telegram is as follows:

JULY 25, 1939.

Chairman H. B. STEAGALL,
House Committee on Banking and Currency,
House Office Building, Washington, D. C.:

Your wire addressed to me at Harrisburg received here, New York, too late to appear today before your committee. I had hoped to speak briefly on the subject of toll roads and urge the necessity of beginning at once the construction of a system of express highways, cost of which to be amortized by the traffic using them, especially interstate trucks; such roads to circumvent all cities and towns. This can be done, I am convinced, after extensive study, by private capital if the Government will create a Federal Road Authority with power to issue bonds, which would be guaranteed by the Government. Under this plan private capital will be put to work immediately and go very far to relieve unemployment and stimulate business. This would also lessen the necessity of Government appropriations. The railroads need help, which can be obtained only from the Government, because of the loss of business to highway traffic. It is only reasonable that the great corporations, including the railroads, who are now using the highways should pay for the system of express highways. The construction of the tunnel highway by the Pennsylvania Turnpike Commission, of which I have the honor to be chairman, and which project is being financed entirely by Federal money, has created a golden streak of prosperity and relief and also an uplifting encouragement to the citizens along the 160-mile stretch through the mountains of Pennsylvania. So I urge that this matter at least be started at this time by your committee, even if nothing more is done than the appropriation of a sum to enable the authority you would create to make necessary studies as to the initial location of such express highways.

WALTER A. JONES,
Chairman, Pennsylvania Turnpike Commission.

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

Mr. BARKLEY. I now yield to the Senator from Nevada.

Mr. McCARRAN. I wish to address my remarks to the Senator from Kentucky in order that he may clarify the expression just made by the Senator from South Carolina, who said that a misapprehension existed and that we should consider the language of the amendment of the Senator from Kentucky. What else would we consider, because that is the mater now before the Senate? And I say that the language of the amendment of the able Senator from Kentucky conveys the idea that toll roads are to come into the picture as self-liquidating projects.

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

Mr. BARKLEY. No, Mr. President, I will not yield until I make a start toward explaining the amendment. I will yield later on.

Mr. LODGE. Very well.

Mr. BARKLEY. We yield around here until the whole day is gone and we do not get anywhere. [Laughter.]

Mr. President, as I was saying an hour or two ago [laughter] when this language was in the Committee on Banking and Currency—I hope I may have the attention of my devoted friend the Senator from Nevada when I explain my amendment.

The PRESIDING OFFICER. Will the Senators kindly take their seats while the Senator from Kentucky explains his amendment?

Mr. BARKLEY. Mr. President, as this bill was originally introduced it carried the idea which is in the mind of the Senator from Nevada, and because of that there was serious objection to it. We had Mr. MacDonald before the committee. The Senator from Arizona [Mr. HAYDEN], who, I think, knows more about public highways than any other Member of the Senate, came before the Senate committee and gave us the benefit of his experience. It was difficult to write language in the hurly-burly of debate in a committee that did just what we are trying to do. So the language of this amendment has been framed after consultation with the Senator from Arizona, the Senator from South Carolina [Mr. BYRNES], the Senator from New York [Mr. WAGNER], the Senator from Colorado [Mr. ADAMS], and the Senator from Ohio [Mr. TAFT], who had offered in the committee an amendment dealing with the same subject. But while the Senator from Ohio may not entirely agree to the language in which the amendment is couched, I understand that it is fairly satisfactory to him.

The amendment takes the place of paragraphs (a), (b), and (c) of section 5, dealing with highways. Section 5 of my amendment begins:

Subject to the provisions of this act, the Public Roads Administration shall have power—

And, of course, the only other part of the measure dealing with highways is in section 4, where the allocation of the $500,000,000 is provided for.

SEC. 5. Subject to the provisions of this act, the Public Roads Administration shall have power—

(a) To make loans to States, municipalities, and other public bodies for highway improvements as defined in section (4) (1) hereof;

Section 4 (1) is to be found on page 3, where the allocation of the sum of $500,000,000 for post roads, highways, parkways, grade crossings, underpasses, overpasses, viaducts, bridges, and tunnels, and so forth, is provided.

(b) With the consent and cooperation of the State, municipal, or other public-highway agency within the territorial jurisdiction of which the facility is to be located, to construct, reconstruct, enlarge, and maintain bridges—

Senators will bear in mind that that section does not deal with highways; it deals with bridges, viaducts, and tunnels—

and to fix, maintain, and collect tolls or other charges for the use of such facilities which shall be sufficient—

Omitting the parentheses, which merely makes provision for reasonable allowance for operation and maintenance—

which shall be sufficient to amortize the cost of such facilities with interest as hereinafter provided, but no tolls or other charges shall be collected for the use of any such facility after the construction cost thereof has been paid or liquidated.

That only applies to bridges, viaducts, and tunnels. It does not apply to roads in the ordinary acceptation of that term out through the country.

I now read subsection (c) of my amendment:

SEC. 5. Subject to the provisions of this act, the Public Roads Administration shall have power—

* * * * * * *

(c) To construct, reconstruct, alter, extend, enlarge, improve, repair, and acquire highway improvements, with a view to promoting interstate commerce, aiding in the national defense, facilitating the use of the mails, or promoting the general welfare and to acquire by purchase or condemnation any real property adjacent to any such proposed highway improvement, but no such work shall be undertaken until a contract has been entered into between the Administration and a State, municipality, or other public body, pursuant to which such State, municipality, or other public body covenants to purchase or lease and to maintain and operate the improvement and all real property acquired under this section. Upon certification by the Corporation—

That is the Reconstruction Finance Corporation—

that the cost of any such highway improvement and such other real property together with interest thereon as provided in this act has been fully repaid by any State, municipality, or other public body, title thereto shall be vested in such State, municipality, or other public body.

That is the provision of this amendment which carries out the idea of constructing highways, highway improvements, and the acquirement of land necessary for rights-of-way and land adjacent thereto. However, before the Federal Government may go into a State and build a mile or a foot of such highway it must have a contract with the State, the municipality, or other public body, under the terms of which, at the conclusion of the construction of the highway, the State or locality shall take it over, operate and maintain it, and repay the Federal Government the cost of the construction, with interest. The local communities are at liberty to raise the money necessary to repay the Federal expenditure by any method which they see fit to adopt. They may do it out of general revenues. They may do it out of license taxes. They may do it out of gasoline taxes; or I presume, if the local highway authority wanted to do it or had the power to do it, they might themselves fix a toll. But the Government of the United States has no power to fix a toll on any highway constructed under the provisions of the subsection of the amendment which I have read. I dare say that no highway department in any State or city would levy a toll for that purpose; but if it did so, it would be doing it on its own responsibility and not through any coercion, cooperation, or any other authority or power vested in the Government of the United States to bring about the collection of any such toll. The local authority, whether it be State or municipal, is absolutely free to determine for itself how it shall raise the money to repay the Government of the United States for the expenditure necessary to carry out the program.

Mr. McCARRAN rose.

Mr. BARKLEY. Before yielding I should like to refer to an instance to which I referred earlier in the debate. In the city of Chicago, where traffic is congested in and out of the city and in Cook County, the local authorities now have a program involving the widening of streets and roads to avoid congestion and to enable traffic to go around the congested sections of downtown Chicago. Chicago has $60,000,000 with which to carry on the improvement. Forty-five million dollars will be required to buy the rights-of-way. So if the city of Chicago were compelled to pay $45,000,000 out of its available fund of $60,000,000 for the rights-of-way it would have only $15,000,000 left for construction, which would not be sufficient.

Under this program the Federal Government could go in and buy the rights-of-way, assuming that they would cost $45,000,000. That would leave the city of Chicago and Cook County $60,000,000 with which to build the highway. Then, under any plan adopted by the city of Chicago, Cook County, or the State of Illinois, either separately or together, they would repay the United States Government over a period of not to exceed 40 years. I think in that particular case the

plan would be to pay back in 25 years, out of current revenues—not out of tolls but out of current revenues—the entire amount involved in the expenditure by the Government of the United States, with interest. Under this provision, if the locality decided to set up a toll system to raise part of the money, at the end of the amortization period no more tolls could be charged, even by the community in which the facility is established. So there is nothing in the bill which authorizes, empowers, or in any way makes it possible for the Federal Government to build a highway and charge tolls upon it to those who use it.

Mr. McCARRAN and Mr. DANAHER addressed the Chair.

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

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

Mr. McCARRAN. Mr. President, I appreciate the courtesy and kind attitude of the Senator from Kentucky in this matter. I represent a rather peculiar section of the country—a section with 110,000 square miles of territory and a population of 100,000. The population is carrying a tax burden to maintain a State which is progressive to the "*n*th" degree, and at the same time to maintain its part in the Federal system. We are not inclined—and we never will be inclined—to tax those who pass over our territory by way of a toll to be paid for the use of the roads over that territory. The Federal Government has contributed, in keeping with its proportion of contribution and the principles of equity, toward the building of transcontinental and other highways over that State.

I use my own State as an example. It is not an isolated example. There are other examples. We have not heard about some of them, but they are, nevertheless, examples. All the sparsely settled States of the West are involved in this question. If there are benefits to come from the bill, and if we are to gain the benefits only by taxing the transient public which passes across our territory; if we are to say, "Yes; we will take advantage of the bill, but we will tax those who visit our community," then I say that some of us must be opposed to the proposal, because we are opposed to any proposal which involves a toll to pass across the territory of a State.

Mr. BARKLEY. Mr. President, there is nothing in the bill which remotely authorizes such a thing. The Federal Government may not even go into the State to help it build a road, bridge, tunnel, or viaduct unless the State itself consents to it.

Mr. McCARRAN. That is very true.

Mr. BARKLEY. The Senator's State is not different from many other States. I am as much opposed as is the Senator to any scheme by which we would establish toll roads all over the country and charge tolls for the people to travel over the roads, although it may be possible that in some densely settled sections of the country many persons who are in a hurry with trucks and automobiles might be willing to pay a reasonable toll in order to avoid such congested centers as Baltimore, Philadelphia, or New York in going on a long trip. However, that is neither here nor there. Such a thing may not be done under the provisions of the bill without the consent of the locality. The way the measure would operate would be that localities and States would make application to the Government of the United States through the Public Roads Administration. The operation does not involve the question of the United States forcing itself on some locality to build a road or establish a toll. Such roads are to be built in cooperation with and with the consent of the State or locality. As a matter of practice, it would be at the invitation, and usually at the urgent request of the State or locality, in order that the financing of the enterprise might be assisted with funds from the United States.

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

Mr. BARKLEY. I yield.

Mr. McCARRAN. There would be an inducement offered to the State to establish tolls. For example, in my State we would be asked, "By what process would you repay the expenditure?" Having been taxed almost up to the limit, we would say, "We now have no available process." I am not speaking for Nevada alone. Senators from some of the Western States with sparsely settled communities may well listen to what I am saying. The Federal Government would then say, "There is another avenue. If we build this road for you, you may charge a toll." The natural inducement is to bring the public into our community. We would be induced to impose a toll upon those who pass across New Mexico, Arizona, Nevada, Wyoming, and other States of like sparseness of population.

Mr. BARKLEY. I do not think that result could ever happen unless we assume that the highway authorities of Nevada and the other States are totally oblivious to public opinion and would force a toll on their own people, which I do not believe would ever occur.

Mr. McCARRAN. The highway departments of Nevada and other Western States are never oblivious to public opinion. They are always sensitive to public opinion. However, the public opinion of the sparsely settled States is in favor of bringing the traveling public to those States.

Mr. BARKLEY. They would not want to bring them there if it would operate as a burden upon the States.

Mr. McCARRAN. It would not be a burden upon the States. It would be a burden upon the traveling public.

Mr. BARKLEY. It might be a burden of such size as to keep the traveling public from visiting the beauties of Nevada, but that is a matter which the people of Nevada would have to consider if they were to entertain the proposal to levy a toll. I think the Senator from Nevada can rely upon the sentiment and the attitude of the people of every State with respect to toll roads. A different question is involved in building a tunnel under a stream, or a viaduct of some sort to get away from congestion in a city or in the outskirts of the city. The local community might be willing to pay a small charge to enjoy that privilege. However, nothing could be done without the consent of the locality. No power on earth can force the Federal Government into a State, city, or county unless the locality wants it to come.

Mr. McCARRAN. I should like to make one further observation, and then I shall not interrupt the Senator any further. I have already interrupted him more than I intended. I am opposed to anything which carries out the principle of toll roads. That principle belongs to a century ago. It has been lost to America. It should never be revived. And I am opposed to anything that would revive it. I hope the Senator from Kentucky agrees to that viewpoint.

Mr. BARKLEY. I share the Senator's sentiment. There is no one who is more opposed generally to the existence of toll roads than I am. However, that question does not lurk in this amendment.

Mr. LODGE and Mr. McNARY addressed the Chair.

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

Mr. BARKLEY. I yield first to the Senator from Massachusetts, who has been on his feet for some time.

Mr. LODGE. I merely wish to ask one question. Under the terms of the Senator's amendment, is it correct to say that all road projects would have to be adopted with the consent of either the State or the subdivision of the State?

Mr. BARKLEY. Absolutely.

Mr. LODGE. I thank the Senator.

Mr. McNARY. Mr. President——

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

Mr. McNARY. I do not desire to interrupt the Senator from Kentucky.

Mr. BARKLEY. I have concluded.

Mr. McNARY. He has made a very clear exposition of his amendment, but it appears to me, if I read his amendment aright, that it contemplates that the construction of roads shall be done exclusively by the Federal Government and not by the highway commissions of the various States.

Mr. BARKLEY. It makes it possible for that to happen, but it is not obligatory.

Mr. McNARY. That is the interpretation I place on it. According to the amendment, section 5 provides that the Public Roads Administration, which is the Federal Government, "shall have power to construct, reconstruct, * * * highway improvements."

Mr. BARKLEY. Yes; that it shall have the power to construct, but it is not compelled to construct.

Mr. McNARY. And then only in the event that the highway commission shall enter into a contract to take the road off the hands of the Federal Government after it is constructed.

Mr. BARKLEY. That is correct. For instance, if a State had a sum of money that would enable it to make a contribution to the construction of the highway and the Federal Government put up the balance, that would leave, of course, a smaller amount to be paid by the Federal Government whenever the State and Federal Government, which they might do in partnership, should build a highway, but the road when constructed would be turned over to the State or to the locality, and would be maintained and operated by the locality, and the amount of the Federal contribution paid back over a period of years.

Mr. McNARY. I appreciate that; and the Senator's proposition is to transfer the final liability from the Federal Government to the State highway commission, which, of course, is the agency of the State.

Mr. BARKLEY. That is true.

Mr. McNARY. I think it is an improvement over the bill as originally framed, but it occurs to me, even after the explanation, that the power is given to the Federal Government to construct, and then leave the State to take over the program after the construction period has been fulfilled.

Mr. BARKLEY. What we have all been trying to get away from is the theory that the Federal Government is going to build main highways or any other highways and charge tolls and itself operate the highway as a Federal highway free from any cooperation, jurisdiction, or connection with the State highway system. So, under this amended proposal, while the power exists for the Federal Government to incur the entire expense necessary to build a road, as soon as it is built it is turned over to State operation, just as if it were a State highway, except that the money must be paid back.

Mr. McNARY. I appreciate that, but let me state again my position. The highway commissions of the various States have facilities and equipment with which to construct roads and have long experience. The Federal Government has had no experience, and has no equipment, no facilities for the construction of highways. Would it not be better if all the power were removed from the Federal Government to construct roads and that power reserved exclusively to the State highway commissions?

Mr. BARKLEY. I do not think so, because I think the Federal Government might, in some cases, put up the entire amount, and while the Federal Government does not have a large amount of equipment it has had much experience in the building of highways. All highways in this country are built under specifications that have to be approved by the Federal Government.

Mr. McNARY. In part. There are three factors, as the Senator knows, namely, the State highway commission, the Forest Service in the case of forest roads, and the Federal Bureau of Roads. I only express my view when I say I fear the power conferred by the amendment. I think it would be better in the consideration of this measure if all the power for the construction of roads were taken away from the Government and placed in the States.

Mr. BARKLEY. I appreciate the Senator's opinion, but I do not think that would improve it. The other subsection of my amendment is practically the same as was in the bill authorizing the Federal Government to acquire title and take the property, and so on. I do not wish, however, to take any more time.

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

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

Mr. TAFT. What concerns me about paragraph (c) is that it says:

> But no such work shall be undertaken until a contract has been entered into between the administration and a State, municipality, or other public body, pursuant to which such State, municipality, or other public body covenants to purchase or lease and to maintain and operate the improvement and all real property acquired under this section.

Does the Senator think that that would permit the Federal Government to build $40,000,000 of highway improvements in the city of Chicago and then lease them to the city for a dollar a year?

My amendment provided that there could not be such a lease unless a rental was paid under the lease which would pay all costs over a period of 30 years.

Mr. BARKLEY. The Senator's amendment would practically compel the locality to levy tolls.

Mr. TAFT. No; that is not correct.

Mr. BARKLEY. Of course, it would not be possible for the Federal Government to lease any such highway or improvement to the city of Chicago or any other municipality for a dollar a year, because that would not pay back the cost of construction in 30 or 40 years, the period provided for in the bill.

Mr. TAFT. In other words, the Senator relies upon section 17 in the making of lease?

Mr. BARKLEY. That section is to be considered, but there is a provision in the amendment that there must be a contract with the locality, State, municipality, or other public body in which locality covenants to pay the Federal Government the cost of construction and interest.

Mr. TAFT. I do not see that.

Mr. BARKLEY. I beg the Senator's pardon. I should have referred him to section 13, on page 15.

> SEC. 13. The Department of Agriculture, the Public 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, 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—

And so forth.

Mr. TAFT. The Senator is referring to section 17, I think, which reads that—

> 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.

Mr. BARKLEY. That is right; it is section 17.

Mr. TAFT. That, of course, is entirely at the discretion of the Federal Road Administrator.

Mr. BARKLEY. He has to convince the Federal Loan Administrator that the terms of the contract and the whole contract are of such character and the revenues of the State or locality are of such character as reasonably to assure the repayment within that period.

Mr. TAFT. The Senator, then, would probably not object to the amendment I intend to offer to provide that the Federal Loan Administrator shall find or shall approve a finding that the improvement is self-liquidating and the cost will be paid back.

Mr. BARKLEY. The Senator has criticized the use of the word "self-liquidating" so much that I do not think that question ought to be injected into the bill.

Mr. TAFT. Very well.

Mr. BARKLEY. I would have no objection to an amendment that would require more specifically that the Federal Loan Administrator shall find that the contract with a State or locality is of such nature that the money will be repaid.

Mr. TAFT. I will submit such an amendment.

There is another feature. As I understand, in two places the amendment proposes the condemnation of property. Paragraph (c) authorizes the Road Administrator "to acquire

by purchase or condemnation any real property adjacent to any such proposed highway improvement." Again, in subsection (d), it speaks of acquiring "other real property, adjacent to any such highway improvement."

Then, in the old subsection (d), which now becomes (e), there is authority to improve "such real property in any way authorized by this act."

It seems to me that that restores to the bill the feature the committee took out, which authorized the Federal Government to go into the business of excess condemnation of acquiring property on both sides of the right-of-way adjacent—and "adjacent" is a pretty broad term—and then to go ahead and build on that property garages or apartment houses or any other kind of construction which might be authorized under the P. W. A.

Mr. BARKLEY. The Senator is referring, is he not, to old subsection (d)?

Mr. TAFT. I am referring to old subsection (d).

Mr. BARKLEY. I will say to the Senator that the purpose of that section is to enable the Federal Government to do what it cannot now do. It cannot expend any money on a piece of property it has purchased until title has been certified by the Attorney General as being vested in the Government of the United States. So, under this section, if the Government goes in and starts condemnation proceedings, as it does now in the national parks and the Forestry Service, and has to wait until the condemnation suit is brought and compensation is fixed and title vested in the Government and the Attorney General certifies that fact, the Government may go in now and expend money upon the property, take possession of it, and when the compensation has been determined by the condemnation then, of course, the owner of the property is paid, but in the meantime the Government can go ahead and make improvements on it. That is the object of this provision.

Mr. TAFT. I will speak in my own time later, but I want to say that it seems to me the Senator has restored the excess-condemnation provision which the committee expressly struck out in the form of a bill. I do not think they are in the present (a), (b), and (c) paragraphs, and I do not think the committee approved of such excess-condemnation proceedings.

Mr. BARKLEY. The purpose of that section is to take these improvements out from under the prohibition of section 355, which compels the Government to delay the expenditure of any money on property until there has been a certification of title.

Mr. BYRNES. Mr. President——

Mr. BARKLEY. I yield to the Senator from South Carolina.

Mr. BYRNES. I only want to call the Senator's attention to line 22, page 2, of his amendment, where the word "section" appears. The fact has been called to my attention, as a matter of draftsmanship, that the word should be "subsection" instead of "section."

Mr. BARKLEY. What page is the Senator referring to?

Mr. BYRNES. Page 2, line 22, of the Senator's amendment. The language is:

> but no such work shall be undertaken until a contract has been entered into between the Administration and a State, muncipality, or other public body, pursuant to which such State, municipality, or other public body covenants to purchase or lease and to maintain and operate the improvement and all real property acquired—

The amendment says—

> under this section.

The section provides for the acquirement of other property.

Mr. BARKLEY. I think that is all right; but it would also be necessary to say "this section and subsection (e)."

Mr. BYRNES. If the Senator would say "under this subsection in connection with such improvement," I think he would provide for just what was intended.

Mr. BARKLEY. I have no objection to that language.

Mr. McCARRAN. Mr. President, will the Senator from Kentucky and the Senator from South Carolina state what is intended?

Mr. McNARY. Mr. President——

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

Mr. BARKLEY. I have yielded to the Senator from South Carolina.

Mr. McCARRAN. I am addressing my question to the Senator from Kentucky and the Senator from South Carolina, in view of what has been stated. What is intended?

Mr. BYRNES. I have called to the attention of the Senator from Kentucky the fact that on page 2, line 22, there appears the word "section"; but I am satisfied that the intention of the Senator from Kentucky and the committee was that it should be "subsection", so that the provision would apply only to the real property acquired pursuant to the subsection. The draftsmen have called attention to it, and the Senator from Kentucky states that he realizes that it should be done.

Mr. McCARRAN. The Senator speaks of the intention of the committee. I do not understand what is meant by that. This matter was not before the committee.

Mr. BYRNES. The members of the committee to whom the Senator from Kentucky talked with reference to this matter had the intention which the Senator from Kentucky states.

Mr. McCARRAN. What was their intention? Please state it in the language of the Senator from South Carolina.

Mr. BYRNES. The intention was that no such work should be undertaken—

> until a contract has been entered into between the Administration and a State, municipality, or other public body, pursuant to which such State, municipality, or other public body covenants to purchase or lease and to maintain and operate the improvement and all real property acquired under this subsection in connection with such improvement.

Mr. McCARRAN. What is meant by "and all real property acquired"?

Mr. BYRNES. The language means what it says—all real property acquired in connection with the construction of the road or bridge.

Mr. McNARY. Mr. President, still pursuing my inquiry, and again stating my objection to the Federal Government constructing these roads, and looking more closely to the language, I am confirmed in my conviction and expressed opinion that by this amendment the power to construct roads is vested, if not contemplated, in the Federal Government.

On page 2, line 20, the language of the amendment reads, referring again to the contract between the State or municipality and the Public Roads Administration of the Federal Government, that the State or municipality may enter into a contract "to purchase or lease and to maintain and operate the improvement." The clear deduction from that language certainly is that if the State or municipality is to lease the road, or if it is to purchase the road, the Federal Government must have constructed the road, because if the State or municipality constructs the road, it certainly would not purchase or lease the road; it would own the road, subject to the liability to return to the Government the amount of money advanced for the construction of the road.

I do not want any doubt thrown upon the matter. If this unfortunate bill should become a law, and if this section should remain in the statute in the fashion in which it is offered here by the able Senator from Kentucky, I should not want to have the Comptroller General or the Department of Justice construe this amendment to mean that in view of this rather ambiguous language the Federal Government only had the power to construct the road, and the State had the power to lease or purchase and maintain it. Therefore, to remove all doubt and to make it clear, I suggest that on line 20, page

2, before the word "purchase," we insert the word "construct," so that it shall read, commencing on line 16:

but no such work shall be undertaken until a contract has been entered into between the Administration and a State, municipality, or other public body, pursuant to which such State, municipality, or other public body covenants to construct, purchase, or lease—

And so forth. That will make it clear, in my opinion, that the State may construct the road; but if the Government itself does construct the road, it may be leased.

Mr. BARKLEY. I will say to the Senator that I have no objection to that amendment. I think the States, municipalities, and so forth, can do it anyway; but if they cannot, I want them to be able to do it. I accept the amendment.

Mr. McNARY. Very well.

The PRESIDING OFFICER. Is there objection?

Mr. BARKLEY. I desire to say, in that connection, that the reason why the word "lease" is used is that there may be some States and some localities which have reached their limitation of indebtedness, and they could not go into debt, but they could enter into a lease by which they could repay the Government over a period of years.

Mr. McNARY. I appreciate the intendments of the Senator.

Mr. BARKLEY. I modify the amendment in the regard suggested by the Senator from Oregon.

The PRESIDING OFFICER. Does the Senator from Kentucky also accept the modification of the amendment proposed by the Senator from South Carolina?

Mr. BARKLEY. Yes; I stated that I would modify the amendment as suggested by the Senator from South Carolina, and also as suggested by the Senator from Oregon.

Mr. McKELLAR. Mr. President, I desire to ask the Senator from Kentucky a question, if I may.

On page 2, lines 14, 15, and 16, the amendment reads:

And to acquire by purchase or condemnation any real property adjacent to any such proposed highway improvement.

That is known as excess condemnation. There are only seven States in the Union—possibly eight—which provide by their constitutions for excess condemnation of land.

Mr. BARKLEY. There are 15 States which, either by constitutional or by legislative authority, provide for the purchase or acquirement of excess land.

Mr. McKELLAR. Well, let us say 15. Then necessarily the benefits of this bill would be confined to 15 States, because there would be no way of condemning excess property in other States. I do not think that ought to be the case.

Mr. BARKLEY. Of course this condemnation and this acquirement are to be done by the Federal Government in connection with the construction of the highway. Then the highway is to be taken over by the State. The State does not have to engage in any condemnation proceedings.

Mr. McKELLAR. Unless the State's constitution or law provides for excess condemnation, is the Senator of the opinion that the Federal Government may step in and condemn any amount of land? And, by the way, this amendment as the Senator has drawn it, provides for the unlimited acquirement of such excess property.

Mr. BARKLEY. No; I do not think it is unlimited. The amendment says "adjacent."

Mr. McKELLAR. All property in the United States would be adjacent to the road if we should keep on widening it. We could widen it until we got it all.

Mr. BARKLEY. That certainly would be a broad interpretation. [Laughter.]

Mr. McKELLAR. That would be a very broad interpretation, and perhaps too broad; but there is no limit on this language. It really applies, if the Senator is right, to only about 15 States. The benefits provided in the bill would go to only 15 States.

Mr. BARKLEY. I do not agree with the Senator from Tennessee.

Mr. McKELLAR. I will state to the Senator what Mr. MacDonald has reported. Mr. MacDonald has reported that in California, Massachusetts, New York, Pennsylvania, and Rhode Island a limited amount of excess property may be condemned. Ohio also authorizes a limited amount; Wisconsin likewise, and Michigan likewise. Mr. MacDonald says there are seven States in which such condemnation is permitted under the State constitutions. In the others it is not permitted. Necessarily, in my judgment, the benefits of the act would be limited to the States which have such provisions in their constitutions. I may be mistaken. I have not examined the decisions.

Mr. BARKLEY. This is the way that would work: The Federal Government, we will say, would buy or acquire in some way 100 feet or 200 feet on either side of a road. When the road was completed, the State would take over what the Federal Government had acquired, namely, the road and the adjacent property. No question of condemnation would be involved. The State would just take over and maintain the property which the Federal Government had taken in connection with the highway; and in that connection there is one advantage to the State which I think probably has been lost sight of—that the Federal Government would get back only what it had paid for the improvement of the property, with interest. If there should be any increase in the value of the property taken over it would accrue to the State, and the State would get the benefit of it, not the Federal Government.

Mr. McKELLAR. That may be so; but I find from the report of the Bureau of Public Roads that in the case of *Cincinnati* v. *Vester* (281 U. S. 439), a very late case, decided in 1929, this statement was made by our Supreme Court:

We conclude that the proceedings for excess condemnation of the properties involved in these suits were not taken in conformity with the applicable law of the State, and in affirming the decrees below upon this ground we refrain from expressing an opinion upon the other questions that have been argued.

That is a very clear implication that we must follow the State law, and, according to the report of Mr. MacDonald, there are only seven or eight States which have constitutional provisions permitting the acquisition of excess property by condemnation. Therefore the benefits of the act would be limited to those States. Under those circumstances it seems to me it would be very unwise to adopt such a provision.

Mr. BARKLEY. The case to which the Senator has referred involved the interpretation of a city 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. The circuit court of appeals held that the ordinance of the city of Cincinnati was constitutional; the case went to the Supreme Court, and they affirmed the decision, but did not pass on the question of whether the ordinance authorized the purchase of land for nonpublic uses.

Mr. HAYDEN. Mr. President, as I read the amendment proposed by the Senator from Kentucky, it in no manner interferes with or changes the existing Federal-aid highway policy of the United States, but does properly supplement it. The existing policy was initiated in 1916, and contemplated that the United States would not build roads, but that the Federal Government would aid the States in the construction of highways. The way in which the United States does that is by the appropriation of a lump sum of money, which is apportioned among the States according to area, population, and mileage of post roads.

The law provides that when a State has a project which meets with the approval of the Bureau of Public Roads, and it submits that project to the Bureau and it is approved, it becomes a contractual obligation of the United States to pay its share of the cost.

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

Mr. HAYDEN. I yield.

Mr. BYRD. Under the proposed act there is to be no distribution among the States. All of the money, if the President of the United States so desired, could go to one State, and the other 47 States would not receive a dollar. Am I correct about that?

Mr. HAYDEN. I do not think the Senator is correct.

Mr. BYRD. What is there in the bill which makes provision for any distribution among the States? It is left to the President of the United States to say where the money shall be spent. Would it not be possible for him to spend all the money in Virginia, for instance?

Mr. HAYDEN. I say that the President of the United States could take all this money and spend it in Virginia, yes, if he desired; but after all, that is not a sound supposition.

Mr. McCARRAN. Mr. President, he could not spend it all in Virginia, could he, because Virginia has certain constitutional provisions, has it not, which would prohibit the application of the proposed law now being written?

Mr. McKELLAR. In furtherance of the statement made by the Senator from Nevada, is it not also true that the President would be limited to the seven States which authorize excess condemnation?

Mr. HAYDEN. Mr. President, I started to tell the Senate what our policy is, and how this program has been initiated. I do not desire to be diverted by questions which obviously answer themselves, or by legal arguments.

Mr. McCARRAN. Just a moment, if the Senator will yield. He imputes to me that I propounded a question which answered itself.

Mr. HAYDEN. I was looking at the Senator from Virginia when I said that. [Laughter.]

Mr. McCARRAN. I was not answering myself; but I realize that the able Senator from Arizona is the master of this situation——

Mr. HAYDEN. I am no master.

Mr. McCARRAN. He has made a very careful study of this matter. But there are some States which cannot meet the conditions imposed, of which I may say, without fear of contradiction from the able Senator from Arizona, his own State is one.

Mr. HAYDEN. Not at all. My State can meet all the obligations and conditions of the bill if it should desire to utilize its privilege. But let me proceed with my statement.

Mr. McCARRAN. If I may interrupt the Senator once more, this will be the last time.

Mr. HAYDEN. I yield.

Mr. McCARRAN. The pressure which would be brought to bear in order to acquire superhighways——

Mr. HAYDEN. There is no superhighway in this bill; there is no toll road in this bill.

Mr. McCARRAN. But they will be permitted.

Mr. HAYDEN. They cannot be permitted under this amendment.

Mr. McCARRAN. They will be permitted as highways.

Mr. HAYDEN. They cannot be permitted as highways under this measure. I am talking about toll roads and superhighways, and we both have the same idea. As I read the amendment, toll roads are completely out of the picture.

Mr. BYRD. Mr. President, I do not want to interrupt, but the Senator from Kentucky has stated that a State may establish toll roads.

Mr. HAYDEN. Not a toll road.

Mr. McCARRAN. Then, there are no toll roads in the bill?

Mr. HAYDEN. That is correct. That is exactly the way I read it.

Mr. BYRD. The Senator from Arizona does not agree with the patron of the bill, the Senator from Kentucky.

Mr. McCARRAN. Will the Senator consent to strike out the term "toll roads" all through the bill?

Mr. HAYDEN. Certainly; because it is not in the bill.

Mr. McCARRAN. It is in the amendment.

Mr. HAYDEN. No; it is not in the amendment. The only thing in the amendment is that there may be constructed viaducts, tunnels, and bridges, on which tolls may be paid. It does not include toll roads, and the whole idea of superhighways is out of the bill the way it is drawn. But I ask Senators please to let me state why I think this proposal fits in with our existing Federal-aid system.

The Federal-aid system is based upon applications made to the Bureau of Public Roads for the construction of projects. The projects are initiated by the States. All the Bureau of Public Roads does is to pass upon the merit of the project; and if it fits into the law, it approves it. Then the United States contributes its part of the construction cost. That is what would happen under this bill. Under the change which has been made in the bill, nothing can be done unless first initiated by a State.

What is the difficulty we are now having with our Federal-aid system? The difficulty primarily is over rights-of-way. Every 2 years we appropriate money for Federal aid, and there is a long lag in its expenditure. It drags and drags and drags. It drags so that last year, when the Senator from Tennessee and I and others on the Committee on Post Offices and Post Roads came to make up the bill authorizing expenditures for the next 2 years, we found $150,000,000 of authorizations which were unused. Realizing that this long lag had taken place, that the money was not going to be used, we determined that it would not be necessary to appropriate so much money for the present fiscal year, and so we cut the Federal aid for the fiscal year ending June 30, 1940, from $125,000,000 to $100,000,000, and made it $115,000,000 for the fiscal year 1941

For the fiscal years 1938 and 1939 $50,000,000 a year was authorized for the elimination of grade crossings. We cut that to $20,000,000 for 1940 and to $30,000,000 for 1941, because the money was not being expended. The authorizations were piling up.

In the same bill, as the Senator from Tennessee has stated, we placed a provision directing the Bureau of Public Roads to make an investigation of the highway situation throughout the United States. The report states that the reason why Federal funds are not being spent, and why roads are not being built, is the bottle neck over rights-of-way. That is the great difficulty. This bill clears that situation.

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

Mr. HAYDEN. I yield.

Mr. TAFT. Why can it not be cured in a much simpler way, by merely providing that Federal-aid money may be used for buying rights-of-way, instead of having an elaborate bill creating all kinds of power in the Federal Government to construct bridges, and highways, and other things of the kind?

Mr. HAYDEN. Let me suggest to the Senator where the right-of-way difficulty occurs. It does not occur in rural sections of the country, where we have been building most of our Federal-aid projects. Since 1916 we have been connecting up the different centers of population in the United States. Until 5 years ago not a dollar of Federal-aid money was expended in any town or city which had a population of more than 2,500. The result has been that we have fairly good highways between the cities, but when we get into the cities, we run into terrific traffic jams. It is the cost of rights-of-way inside the cities that is causing the great difficulty.

The pending bill permits a project to be set up by any municipality or by any State. It is theirs; they work it out, and then say, "In order to straighten out the traffic conditions the way they must be handled, we have to acquire rights-of-way."

There are two difficulties in securing rights-of-way. One is the antiquated condemnation laws. A group of States, which the Senator from Tennessee has mentioned, have improved their laws and their constitutions so that they can handle the matter. In many cases, however, title must be acquired to the last tract of land before it is possible to proceed with the work, and perhaps a whole project may be tied up on that account.

The pending measure provides for a Federal statute, which is just the same as the statute we now have for the condemnation of Federal building sites. It is possible to take

the property, appraise it, and pay for it afterward, so that the project may proceed. That is one big advantage.

The other feature that has held up the States is the lack of right-of-way money, and the pending bill provides for the funds to pay for the rights-of-way.

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

Mr. HAYDEN. I yield.

Mr. McKELLAR. I know how very enthusiastic the Senator is about roads, and how very helpful he has been in aiding in the establishment of the road system, which I think is second to none, and under which we have had most wonderful results.

When I first came to Congress, some 28 years ago, no road in my section of the country went through as much as two counties, much less through a State, but now we have many of the most highly improved roads.

I am very much in favor of appropriations for highway improvement. I should like to see such an appropriation go into this measure. I call the attention of the Senator from Arizona [Mr. HAYDEN] to the language on page 6 of the bill, line 11, under the heading "Highway Improvement"—

SEC. 5. Subject to the provisions of this act, and utilizing the services of and with the cooperation and consent of the States, municipalities, and other public bodies concerned, the Public Roads Administration shall have power—

(a) To make loans for highway improvements, or to construct, reconstruct, alter, extend, enlarge, improve, repair, and acquire highway improvements—

I would add right there—

including viaducts, bridges, and rights-of-way—

Then the bill continues—

with a view to promoting interstate commerce, aiding in the national defense, facilitating the use of the mails, or promoting the general welfare.

And stop right there. That would enable cities, States, and towns to do what we may call extraordinary road work; to put in viaducts where they are necessary, if they want to take advantage of borrowing money as provided in the bill. Such a plan would apply to every State and would not apply to only seven States.

I wish to ask the Senator to accept such an amendment, which would apply to all the States and would not commit us directly or indirectly to a toll system either of bridges or roads.

Mr. HAYDEN. Mr. President, I do not claim to be a legal authority at all, but, as I read this measure, it would constitute a Federal condemnation statute, which, according to the brief which has been submitted to us, Congress has a perfect right to enact, and which would be entirely constitutional; so that we could go into any State and condemn a right-of-way for a highway and for property fronting on each side of it. Only a few States have the right kind of a statute to permit such a proceeding to be prosecuted promptly. I think there should be a Federal statute applicable to the 48 States.

Mr. BARKLEY. In addition to that, Mr. President, the Senator from Tennessee is suggesting practically that we simply loan to States and localities the money with which to do that.

Mr. McKELLAR. That is correct.

Mr. BARKLEY. That would bar any city, county, or State that could not legally borrow more money, which had reached its debt limitation from participating in any of this program. But under this bill they can lease the highway facility, and over a period of years repay the cost of its construction. Without such a provision all those States, and all those counties, and all those cities that are constitutionally unable to borrow more money would be barred from participation in this program.

Mr. HAYDEN. I have a table before me which shows, as of June 30, 1939, the balances of Federal aid credit available to the several States, and it amounts to $228,180,000. One large item is $57,449,000 for the elimination of railroad grade crossings.

The railroad grade-crossing money is appropriated by Congress, and not one cent of it has to be matched. All the locality has to do, all that the State has to do is to provide the right-of-way. Why is it that that vast sum of money has accumulated, and we have not got rid of these death traps at which people are being killed all over the United States? It is because of the difficulty in getting the right-of-way.

There is an illustration of this situation existing at Phoenix in my State. At the Union Station there the Southern Pacific and the Santa Fe come in together. The principal road leading out of the city to the south has to cross both sets of tracks. People have been killed on that grade crossing. Freight trains come in there and block the traffic for great distances on either side. There is no place anywhere in the country where an underpass is more needed. Money was made available, appropriated by Congress, but the city has to provide the right-of-way. The city was bonded to its limit. The only way in the world it could get the money was to levy a special tax on top of every other tax. The city authorities hated to do that, and they tried in every conceivable way to get around it. They tried to get the State to take it over. Finally, after some 2 years delay they did levy the tax. If it had been possible for them to have the United States acquire that right-of-way for them, pay for it, and then apportion the $100,000, or whatever the amount necessary was, over a period of 8 or 10 years, they could have taken care of it in their budget. That is all there is to this proposal.

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

Mr. HAYDEN. I yield.

Mr. BYRD. Does the Senator from Arizona think that the Federal Government can acquire a right-of-way cheaper than can a State or a municipality?

Mr. HAYDEN. I should say, if a State had a good condemnation law such as that of the State of New York, which has an excellent taking statute, that it would be better to proceed under the State statute. I say, though, that when the State has a statute which is so antiquated that it cannot get possession of the entire property until it has brought the matter into court and taken the last parcel, then I would prefer to have the Federal Government take it.

Mr. BYRD. If the case were brought to court, would or would not a local jury assess a higher cost against the Federal Government than against the State or local governments?

Mr. HAYDEN. I know that juries in cases where the United States is to take, or a State or a county or municipality is to take, may argue, "Well, Uncle Sam, or the State, or the county, or the city is rich."

Mr. BYRD. I think what the Senator proposes would result in increased rather than decreased cost of the right-of-way. Most of the States have right-of-way laws to permit them to condemn property for public purposes and to pay for them later. I know we have such a law in Virginia.

Mr. HAYDEN. The Senator from Tennessee was quoting a statute——

Mr. BYRD. That statute related to excess condemnation, which is entirely different from condemning for public purposes.

Mr. BARKLEY. Mr. President, there are some States which have power to take possession of the property and pay for it later, but most of them do not have such authority.

Mr. BYRD. Let me say to the Senator from Kentucky that is a matter for the States. In this instance the Senator from Arizona is advocating that the Government of the United States perform by means of a Federal condemnation what the State should do and then transfer the property to the State for State use.

Mr. HAYDEN. What is the difference so long as the public obtains the service to which it is entitled? What is the difference in the net result?

Mr. BYRD. The difference in the net result is that the cost of the right-of-way would be greatly increased if the Federal

Government should acquire rather than have the State government acquire it.

Mr. HAYDEN. When a case is brought into court the jury fixes the value. Why would the jury place a higher value on the property simply because the Federal Government was condemning it?

Mr. BYRD. I think a local jury would undoubtedly be inclined to assess a higher cost to the Federal Government than it would to local governments. They know that if the local government were acquiring the property that government would have to pay for it out of the local taxes, whereas the Federal Government is regarded as a Santa Claus who gets its money out of thin air.

Mr. HAYDEN. The localities are obliged to tax in order to pay amounts assessed by juries for property acquired by them. I do not think there is much force to the Senator's argument.

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

Mr. HAYDEN. I yield.

Mr. DANAHER. I would be happy to have the Senator explain how the city of Phoenix would contemplate repayment, assuming that the government should obtain the right-of-way for the underpass to which the Senator referred.

Mr. HAYDEN. The city could pay it under the bill, according to a contract which they would make, by which it would pay the amount over a period of years.

Mr. DANAHER. How would the city get the money?

Mr. HAYDEN. The city would get it by local taxation. It would be paid back over a period of years, so the burden would not be so great.

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

Mr. HAYDEN. I yield.

Mr. ADAMS. Though the Senator from Arizona is not a member of the bar, I recognize him as one of the best lawyers in this body. I ask him how the city of Phoenix could make a valid contract unless it had adopted a provision with respect to payment of money under the contract?

Mr. HAYDEN. Under this bill the city of Phoenix would lease the property from the United States at an annual rental.

Mr. ADAMS. Does the city of Phoenix have such authority?

Mr. HAYDEN. I have not examined their charter, but if they do not have it, I think they would quickly fix the charter so they would have it.

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

Mr. HAYDEN. I yield.

Mr. BYRD. Is it not true—I know it is in the State of Virginia—that the legislature of a State cannot bind the State for financial payment beyond the term of the particular legislature, which is to last for 2 years? Virginia is prohibited under the constitution from issuing bonds. It is likewise prohibited from making contracts for payment that must be paid out of taxes beyond the life of the general assembly that creates the obligation. I think the Senator will find that many sections of the country would be prohibited from getting any benefits from the long-term leases of which he speaks.

Mr. HAYDEN. I know that that very identical constitutional question was raised with respect to Public Works loans, and leases were made and worked out in an entirely satisfactory manner. I do not know the details of the leases, but I know it is done in that way.

Mr. BYRD. The Senator thinks that the chief advantage of this proposal is in the matter of the purchase of the right-of-way. He does not expect, does he, the Federal Government to build the roads or the State to build them from the particular funds provided under the pending bill?

Mr. HAYDEN. No.

Mr. BYRD. But that then there will be another fund that the State would use to build the road?

Mr. HAYDEN. I say that the chief advantage which is going to accrue from the enactment of this proposed legislation is that it will clear up the right-of-way difficulty.

Mr. BYRD. Then, why not pass a simple statute giving the Federal Government the right to condemn property for roads?

Mr. HAYDEN. This is a simple statute to do that.

Mr. BYRD. But connected with it is an appropriation of $500,000,000.

Mr. HAYDEN. What is the use of enacting a statute to condemn property and have no money with which to pay for it?

Mr. BYRD. The Senator called attention to some $210,000,000 of unused balance which could be used.

Mr. HAYDEN. No; I did not say that. I say those balances have been appropriated and made available to the States for the purpose of building Federal-aid highways, and for no other purposes. They cannot be used for rights-of-way.

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

Mr. HAYDEN. I yield.

Mr. McCARRAN. How much of the land of the State of Arizona belongs to the Federal Government?

Mr. HAYDEN. About 65 percent.

Mr. McCARRAN. In the State of Nevada 85 percent belongs to the Federal Government. In the Senator's State 65 percent is entirely available now, and no condemnation for Federal highways is at all essential. In the State of Nevada on 85 percent of the land no condemnation is essential at all; no condemnation proceedings are necessary. Why does the Senator camouflage his proposition?

Mr. HAYDEN. I am not camouflaging the situation. In my own city of Phoenix we had to buy a right-of-way for an underpass.

Mr. McCARRAN. I am speaking of the State of Arizona and the State of Nevada, and not about the cities.

Mr. HAYDEN. On the roads and streets of the United States there are some 30,000,000 motor vehicles; and the congestion is in the cities and towns. That is where the underpasses and overpasses are located; that is where we are encountering the right-of-way difficulty; that is where the streets are narrow and have to be widened; that is where we must make improvements; and that is where property must be condemned to make the improvements, because the property is settled and in private ownership. I say that the enactment of the pending bill would do more to release the lagging impounded Federal funds than any other step which possibly could be taken.

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

Mr. HAYDEN. I yield.

Mr. McCARRAN. Has the Senator found any lagging, impounded funds during the past 6 years, during which time he has had almost exclusive control over the Federal highways of this country as a member of the Committee on Post Offices and Post Roads.

Mr. HAYDEN. I have just read to the Senate that $228,000,000 of Federal-aid funds are now available which are not used.

Mr. McCARRAN. Yes; but where were the lagging projects due to a lack of facilities for condemnation?

Mr. HAYDEN. I should like to read from Mr. MacDonald's report in that connection.

Mr. McKELLAR. What page?

Mr. HAYDEN. Page 114. It is under the heading "The Nature of the Right-of-Way Problem." I think this one paragraph will state it:

> The most influential causes of delay in effecting the needed changes hitherto have been the inadequacy of available funds and the overpowering legal obstacles and inhibitions that stand in the way of obtaining essential rights-of-way. These will continue to retard action and eventually build up a formidable burden of construction expenditures unless early provision is made to deal adequately with the problem.

We asked Mr. MacDonald to investigate this problem. This is his finding, and the proposal made by the Senator from Kentucky [Mr. BARKLEY] is the answer. It will do the trick. It will do two things. Where we have legal obstacles, to which Mr. MacDonald referred, such as inadequate State condemnation laws, we will have a Federal statute which will

permit us to step in and take the property, just as we take the site for a Federal building. Then we will have the cash to pay for it. Those two things are required, and the bill provides them.

Mr. McCARRAN. Does the Senator mean to convey the idea that the Federal Government is to step into the confines of a sovereign State and condemn rights-of-way?

Mr. HAYDEN. On the application of the State.

Mr. McCARRAN. On the application of the State?

Mr. HAYDEN. That is all.

Mr. McCARRAN. But the State now has the power to apply; and the State has had the power.

Mr. HAYDEN. Mr. MacDonald finds that the overpowering legal obstacles and inhibitions that stand in the way of obtaining essential rights-of-way have made it impossible for the States to do that. I have before me a statement with respect to $228,000,000 worth of work which should be done, but which has not been done. I pointed out $57,000,000 worth of grade-crossing eliminations with respect to which the Federal Government pays the whole cost, and the only thing that stops the work is the lack of rights-of-way.

Mr. McCARRAN. I take it that condition was not in the State of Arizona or the State of Nevada.

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

Mr. HAYDEN. I yield.

Mr. BYRD. Does the Senator contend that the entire question has been held up because of right-of-way difficulties?

Mr. HAYDEN. We started in with $50,000,000. The first money provided for grade-crossing elimination was back in——

Mr. BYRD. I was speaking of the $200,000,000 item to which the Senator referred.

Mr. HAYDEN. Highway work is lagging on the average in most of the States from a year and a half to 2 years; and the greatest single cause of the lag is, first, the difficulty about acquiring rights-of-way, and, secondly, the difficulty in finding the money to pay for the rights-of-way. This bill would cure both difficulties.

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

Mr. HAYDEN. I yield.

Mr. McCARRAN. Let me take the last statement of the Senator and divide it. The Senator referred to the difficulty of acquiring rights-of-way. The difficulty of acquiring rights-of-way is a matter of law.

Mr. HAYDEN. That is a matter of law. This bill corrects that.

Mr. McCARRAN. Does the Federal Government propose to step in and supersede the State law in the matter of acquiring rights-of-way?

Mr. HAYDEN. If a State highway department is operating under a State statute which is antiquated and is causing difficulty, it will have the option of applying to the Federal Government to use the Federal statute. If the State has a satisfactory statute, that will not be done.

Mr. McCARRAN. I am taking the statement of the Senator. If that be true, I shall, of course, oppose the bill, because I believe the sovereignty of the State to be paramount.

Mr. HAYDEN. How can the State sovereignty be impaired when the State makes application to invoke the Federal statute?

Mr. McCARRAN. The State will be forced to do it or it will not obtain any Federal aid whatever.

Mr. BARKLEY. It cannot be done without the consent of the State.

Mr. HAYDEN. No; it cannot be done without the consent of the State. If the Senator says that the State is being forced to do something for which the State applies, I cannot argue with him.

Mr. McCARRAN. I will argue from the standpoint of the able Senator's own State, which in some respects is comparable to my State. I say that the Federal agency can be used to force the State into a position in which it will do everything to bring into operation the power of the Federal Government for condemnation.

Mr. HAYDEN. My State does not need a condemnation statute. It has a very good one. However, we did need the money to pay for the property taken. The city of Phoenix could not obtain the property without levying a special tax and collecting it all in 1 year. There should be a place to borrow the money.

Mr. McCARRAN. The Senator is speaking of the city of Phoenix.

Mr. HAYDEN. Yes.

Mr. McCARRAN. He is speaking of a municipality.

Mr. HAYDEN. Yes.

Mr. McCARRAN. He is not speaking of a State-wide situation.

Mr. HAYDEN. Of course not.

Mr. McCARRAN. Because if he is, his whole argument fails.

Mr. HAYDEN. I have stated over and over again that the bottle neck, in acquiring rights-of-way, the place where the trouble is in the United States, is in the cities and towns. That situation has tied up the program more than has any other condition. The building of the proper kind of roads will do much toward saving human life. The proper kind of roads will enable people to get in and out of congested areas. If we look at the matter from a humanitarian point of view, the bill will become one of the greatest acts ever passed by the Congress.

Mr. McCARRAN. Of course, I am looking at it from a humanitarian point of view, and I do not think it would be anything of the kind. The able Senator from Arizona is using a very cogent argument. When a lawyer offers the last word to a jury to save the neck of his client, he uses such an argument. However, the argument does not apply in this case. It is lost in this case.

Mr. HAYDEN. I know that more persons are being killed every year in the United States in highway accidents than were killed in the Meuse-Argonne offensive. I know that highway engineers can design roads which will save human lives. A case of this very kind was brought to my attention the other day by a gentleman who gave me information from the State of Michigan. He called attention to a two-way highway which was highly congested. Innumerable accidents have occurred on that highway, with resulting loss of life and property. What is needed is to have the highway made into a four-lane highway with separated traffic. The State Highway Department of Michigan will take immediate advantage of the act to borrow the money to obtain the right-of-way; and if it can obtain the right-of-way money, the State of Michigan has sufficient money of its own and sufficient Federal-aid money to establish a four-lane highway and stop the slaughter of human beings and the loss of property. The same thing is true all over the United States.

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

Mr. HAYDEN. I yield.

Mr. McCARRAN. Has the State of Michigan been deprived of the right of acquiring right-of-way prior to this time?

Mr. HAYDEN. The State did not have the money.

Mr. McCARRAN. But it could have acquired right-of-way by condemnation.

Mr. HAYDEN. It could not pay for it.

Mr. McCARRAN. After acquiring the right-of-way it could have applied to the Federal Government to pay for it, could it not?

Mr. HAYDEN. It could do so under the provisions of this bill.

Mr. McCARRAN. Under the provisions of the bill the Federal Government steps in to condemn the right-of-way.

Mr. HAYDEN. Not unless the State requests it. If the State has a satisfactory statute, we are not bothered with condemnation at all; but if the State has not that kind of a statute the Federal statute can be used. It is a double-barreled affair. One barrel or both may be used.

Mr. President, I have concluded my remarks.

Mr. DANAHER. Mr. President, addressing myself to some observations made last night with reference to this particular subject, I crave the indulgence of the Senator from Kentucky [Mr. BARKLEY]. I know he has been exercising the greatest forbearance and patience, but I should like to impose further upon him if he will permit me.

I ask the Senator to direct his attention to page 3 of his amendment, on which subsection (d) appears.

According to the Senator's amendment, the Public Roads Administration shall have the power to acquire in the name of the United States property within a State, by the power of eminent domain or otherwise.

Is it not the purpose, just as the Senator from Arizona [Mr. HAYDEN] has so frankly stated it to be his view, that under the provisions of this subsection the United States would acquire the power to go into any State which, as the Senator from Arizona put it, does not have a satisfactory statute, and condemn land?

Mr. BARKLEY. With the consent and cooperation of the local authorities.

Mr. DANAHER. Will the Senator please point out the section of the amendment or the bill under which he finds that qualifying language?

Mr. BARKLEY. The Federal Government may not go into a State for the purpose of building a tunnel, bridge, or viaduct without the consent of the State. It may not go into the State for the purpose of building a road or buying property in connection with the construction of a road, or improving it, widening it, and so forth, without a contract with the State or local community to take it over, operate it, and pay for it after it is constructed.

Mr. DANAHER. Let me point out to the Senator that I must respectfully disagree with him and, by way of illustration, direct his attention to the fact that the amendment does not say, in subsection (d), that it is for the purposes of this section.

Mr. BARKLEY. Of course this whole allocation of funds is for highway construction, and it is necessary to read subsection (d) in connection with subsections (a) and (b). The words "Subject to the provisions of this act" apply to all the subsections, not only in this amendment but the following subsections of the bill; so I do not think there can be any doubt about that.

Mr. DANAHER. Has the Senator objection, then, to interpolating in subsection (d) language which definitely will limit it to the consent that is required under subsection (c)?

Mr. BARKLEY. If any clarification is needed there, I should have no objection to it. I should like to see the language before agreeing to it.

Mr. DANAHER. Then may I direct the Senator's attention to page 7 of the bill itself, the former subsection (d), which will now become (e)? Has the Senator it at hand?

Mr. BARKLEY. Yes; I have it.

Mr. DANAHER. If the Senator will direct his attention to lines 19 and 20, he will find that the bill would, notwithstanding the provisions of section 355 of the Revised Statutes, authorize the action contemplated. If we examine section 355 we find that that is a section which has always required consent of the legislatures of the States before there is a taking of the land; but by the language of this bill it is obviously the purpose to do away with requiring the consent of the legislature. Is not that so?

Mr. BARKLEY. Of course, the consent of the highway department of any State or local public body is required before any expenditure, or any taking, or any activity under this bill can be undertaken by the Federal Government.

Last night the Senator called attention to the use of the word "act" in line 18. That was either a misprint or an oversight. It ought to be "section." I am glad he called attention to the word, and I propose to make that correction. But all this program, whether it is the acquirement of property or whether it is the condemnation of property, must be as a result not only of the cooperation but of the consent of the State authorities in charge of highways, and also of a contract with the State or local highway authorities that they will take over the highway, maintain it, operate it, and repay the Federal Government. But in order that the Federal Government may do these things, as the basis of the contract, either under the subsection pertaining to highways or the subsection pertaining to bridges, tunnels, and viaducts, it must have power to take the property by condemnation or gift or purchase.

Mr. DANAHER. I thank the Senator for his explanation.

Mr. McCARRAN. Mr. President——

Mr. DANAHER. Does the Senator from Nevada wish me to yield to him for a question?

Mr. McCARRAN. Perhaps my question may not be apropos the matter or thought which the Senator from Connecticut has in mind. I want to concur in the statement made by the Senator from Connecticut just a moment ago; and I should like to propound what is probably a three-barreled question, because the Senator from Arizona [Mr. HAYDEN] may leave the floor.

I desire to know whether or not the bill, or the bill plus the amendment which is now offered by the able leader from Kentucky, proposes to do away with all control over highways in the respective States?

Mr. BARKLEY. Mr. President, answering that question, I can say categorically that the answer is "No." We do not propose to do away with any control of highways in States.

Mr. McCARRAN. Does it mean, then, that there shall be an involvement between the Federal Government and the State governments as to the control or supervision of the highways in the respective States?

Mr. BARKLEY. No; it does not. It means that whenever the Federal Government builds a tunnel, bridge, or viaduct, or builds a road, the State takes it over, maintains it, and operates it, and the Federal Government is free of it, except that it does have the obligation of the State or subdivision to repay the money.

Mr. McCARRAN. Now, just one more question, and I hope it may conclude the matter. I do not want to be captious about it. I now invite the attention of the able Senator from Arizona [Mr. HAYDEN], the able Senator from Kentucky, and the able Senator from Connecticut, who has yielded to me. Does this measure do away with Federal aid in highways, or the system by which and through which we have operated in past years?

Mr. HAYDEN. In no manner whatsoever does it impair or change or in any way affect the existing Federal-aid highway system. Upon the other hand, it assists it to function in the way it should.

Mr. BARKLEY. That program, under which we have been operating since 1916, will continue to go forward just as it has, regardless of this act. This act supplements it.

Mr. McCARRAN. But may I say that under that program we have never borrowed a dollar, and now we are forced to borrow; otherwise, we get no highway system.

Mr. BARKLEY. Of course, that all depends. The Senator says "we have never borrowed a dollar." Whom does he mean by "we"?

Mr. McCARRAN. I mean the States of the Union.

Mr. BARKLEY. They may not have borrowed any money from the Federal Government; but many of them have bonded themselves over a period of years to obtain money to build highway systems. One of the most progressive States and most forward States in the Union in the construction of highways is the State of North Carolina. The State of Illinois several years ago bonded itself. Nearly all the States have done that. They did not borrow the money from the United States, but they borrowed it from private lenders, those who were interested in investing money in State bonds. This bill only provides another way by which the States may obtain the facilities without in any way interfering with their jurisdiction to operate, maintain, control, and run the roads, subject to their own laws. There is nothing in the bill which gives the Federal Government jurisdiction over any violation of the traffic or other laws of any State or any city in the matter of control.

Mr. McCARRAN. I still am obligated to the Senator from Connecticut [Mr. DANAHER] and addressing my question to the Senator from Arizona. I hope I may be wrong in this contention. I want the Sentaor from Arizona to correct me if I am wrong. I shall still insist, however, that I am right. [Laughter.]

For the past 25 years we have gone on with Federal-aid roads through the Western States. Am I right in that statement?

Mr. HAYDEN. One hundred percent.

Mr. McCARRAN. The Senator's State of Arizona, my State, and all the other Western States have been obligated to the Federal Government, because the Federal Government has contributed so as to make it possible for the public to travel in our part of the country. My contention is that if this bill goes into effect we shall have set aside the system under which and by which we have gone forward in the past 25 years, and we shall now obligate ourselves to borrow money from the Federal Government or from some agency backed by the Federal Government for the construction of these highways to which the Federal Government heretofore has been contributing, and to which the Federal Government should contribute.

Mr. HAYDEN. It is obvious that the Senator cannot be convinced against his will, because he would be of the same opinion still. I have just as keen an appreciation as has the Senator of all the Federal Government has done for the development of Federal-aid highways in the Senator's State and my State, which perhaps have benefited more than any other States in the Union. I assure the Senator that it is my considered judgment that there is nothing in the amendment proposed by the Senator from Kentucky which will in any manner interfere with, change, modify in any way, or do anything other than cooperate with and assist our States when we need help.

Mr. McCARREN. Why, then, the amendment?

Mr. HAYDEN. The amendment is necessary, as I stated to the Senator, because——

Mr. McCARRAN. Why the amendment as against the present system?

Mr. HAYDEN. It is not as against the present system; it is a supplement to it.

Mr. McCARRAN. It does not supplement it.

Mr. HAYDEN. Oh, yes; it does.

Mr. McCARRAN. It could not do that. The Senator is entirely in error about that.

Mr. JOHNSON of Colorado. Mr. President——

The PRESIDING OFFICER (Mr. TRUMAN in the chair). The Senator from Connecticut has the floor. Does he yield; and if so, to whom?

Mr. DANAHER. Has the Senator from Nevada concluded?

Mr. McCARRAN. No; I desire to ask a question. Why do we substitute a new system for the system which has been tried out for 25 years, if the new system does not offer anything in the way of advantage? I address that question to the able Senator from Arizona.

Mr. DANAHER. Mr. President, if the Senator will permit my own interpretation of the matter, let me offer just this much: I heard the question discussed. I was on the committee. The old system does continue. This measure purports to supplement it. As the Senator from Arizona states, it provides a brand-new condemnation statute, and in States which do not have what the Federal Loan Administration thinks are satisfactory statutes this measure will supersede the State statutes requiring consent of the States before land is taken. In other words, in that particular it represents a brand-new innovation under which the Federal sovereignty will be superimposed upon the States and the title taken, whether they like it or not.

Mr. McCARRAN. Mr. President——

Mr. DANAHER. I yield to the Senator from Nevada.

Mr. McCARRAN. I am entirely in accord with the construction applied to this amendment and to the bill by the able Senator from Connecticut. What I fear is that there will be a supersedence of Federal control into the States; and we have relinquished State rights so far that I am reluctant to go much further.

Mr. DANAHER. I thank the Senator for his views, Mr. President.

I should like to direct to the attention of the Senator from Kentucky one question, as to whether or not he will accept an amendment to subsection (d) of his amendment on page 3, ahead of the word "To", in the first line, to insert "With the consent of the States."

I ask the Senator to accept that amendment.

Mr. BARKLEY. I am willing to put in the same language there that is in the previous subsection.

Mr. DANAHER. Let me call to the Senator's attention the fact that on page 1, in line 6, the Senator has written his amendment and included the words "With the consent and cooperation of the State." Is there any reason why a similar amendment should not be made at the point stated by me?

Mr. BARKLEY. I am willing to put the same language in subsection (d).

Mr. DANAHER. In line 3?

Mr. BARKLEY. Yes; "With the consent and cooperation of the State, municipal, or other public-highway agency."

Mr. DANAHER. "To acquire," and so forth?

Mr. BARKLEY. "To acquire"; yes. I accept that amendment.

Mr. DANAHER. I thank the Senator. I ask the Senator to join me in a unanimous-consent request that we——

Mr. BARKLEY. Wait a moment. I want to clear up this matter. I am willing to modify my amendment, in order to simplify the parliamentary situation, by inserting on page 3, before the word "To" in line 3, the words "With the consent and cooperation of the State, municipal, or other public-highway agency."

The PRESIDING OFFICER. Without objection, the amendment is modified as stated by the Senator from Kentucky.

Mr. DANAHER. I thank the Senator. I ask the Senator to join me in a unanimous-consent request that we amend, on page 7 of the bill, in line 18, the word "act" to read "section."

Mr. BARKLEY. I am glad to modify the amendment to read "section," because that is what the language is intended to mean; and it could not apply to any other part of the bill anyway, because it is limited to the road provisions. I think it ought to be "section" instead of "act."

The PRESIDING OFFICER. Without objection, the word "act" in line 18, page 7 of the bill, will be changed to read "section."

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

Mr. DANAHER. I yield.

Mr. AUSTIN. Would not the intent of the author of the bill be carried out better if there were a comma at the end of line 12 on page 7?

Mr. BARKLEY. After the word "hereunder"?

Mr. AUSTIN. No; after the word "condemnation."

Mr. BARKLEY. The Senator apparently does not have the same print of the bill I have. Line 12 on page 7 ends with the word "hereunder" and a semicolon.

Mr. AUSTIN. I will have to find it in Senate bill 2864. I had before me Senate bill 2759.

Mr. BARKLEY. That is the old print. What section and subsection is it?

Mr. AUSTIN. It is subsection (g) and would follow the proposed amendment of the Senator.

Mr. BARKLEY. That would be subsection (h), for the subsections are to be relettered.

Mr. AUSTIN. The text seems to be entirely different. Was the text changed? I can state what I fear. The language is "to acquire by purchase, but not by condemnation for investment purposes."

Mr. BARKLEY. That is not in the bill. That has all been stricken out.

Mr. AUSTIN. I thank the Senator.

Mr. DANAHER. Mr. President, I invite the attention of the Senator from Kentucky to line 13, on page 7, as to which there was a discussion last night. The Senator at that time said that he would like to think about the amendment I suggested at that time, and which I asked him to accept, in line 13, to strike out the word "purpose" and insert in lieu thereof the words "purposes of this section," so that the first line would read, "to expend moneys for the purposes of this section," and so forth.

Mr. BARKLEY. That is entirely acceptable.

Mr. DANAHER. I thank the Senator.

The PRESIDING OFFICER. The Senator from Kentucky modifies his amendment as suggested.

Mr. DANAHER. I shall conclude in just a moment. Last night I made references, reported at page 14110 of the RECORD, in which I stated I was paraphrasing a certain editorial comment, or newspaper article, and, that the reference may be direct, let me say that the Washington Post, on the front page, contains this item:

> A complete break between President Roosevelt and Postmaster General Farley can be averted only by a full exchange of views concerning the 1940 campaign, says Ernest Lindley, probably the closest to the White House of all special writers. See his article on page 3 of the editorial section.

In the editorial section there was an article entitled "Parting of Ways," by Ernest Lindley, from which I quote:

> Farley, on the other hand, greatly overemphasizes the importance of the Democratic Party politicians. He shares their belief that they "made" Roosevelt and that they are entitled to cash in on Roosevelt's accomplishments.
>
> The answer of Roosevelt's friends is that while the Democratic Party nominated Roosevelt, it did not elect him, either in 1932 or in 1936. Roosevelt is the leader of a movement of which the Democratic Party is only a part.

Mr. McCARRAN. Mr. President, is that what the able Senator meant by the term "new movement"?

Mr. DANAHER. Yes. It is distinctly what I referred to as the "new movement."

Mr. McCARRAN. I notice the Senator last night repeatedly referred to the "new movement."

Mr. DANAHER. I did.

Mr. McCARRAN. I wondered whether it was a 17-jewel movement, or a Swiss movement, or what it was. I could not understand what the new movement was.

Mr. DANAHER. It is a movement which evolves itself in a mainspring fashion, from the center out, I will say to the Senator, and apparently ultimately is to be all-inclusive, and the pending bill is typical.

Mr. McCARRAN. I thank the Senator.

Mr. TAFT. I should like to offer an amendment to the amendment of the Senator from Kentucky, and I ask that it be stated.

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

Mr. TAFT. I yield.

Mr. McCARRAN. Mr. President, there has gone forward in this body during the last 12 hours a propaganda—and I choose to term it a propaganda—whereby it is proposed that my amendment which is to come up, to revive and restate the prevailing wage amendment in America, shall be set aside so far as the pending bill is concerned, with the promise that it will be incorporated in the third deficiency bill.

I desire to set the Senate right on this matter. If that provision were to be incorporated in the third deficiency bill it would mean that it would have to come out of the Committee on Appropriations, and that would contemplate the necessity of setting aside a rule of the Senate, which would require a two-thirds majority. So let the Senate not be dissuaded, let it not be misled. I propose to offer the amendment—and to persist in the amendment until it is adopted or voted down by a record vote—so as to do away with that which has set America in a turmoil, by restating the prevailing wage amendment as it was stated when the relief bill was before this body, and was adopted by this body, and rejected by a conference committee. So, let it not be said with any consistency or cogency that we could set it aside and incorporate it in the third deficiency bill, because that is out of the question.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Ohio.

The LEGISLATIVE CLERK. In the amendment offered by the Senator from Kentucky it is proposed on page 2, line 20, after the word "covenants" to insert "to pay a purchase price or rental sufficient in amount to reimburse the administration in not more than 40 years for the expenditures it has made in connection with such highway improvement and."

Mr. TAFT. Mr. President, I think I can state what the amendment of the Senator from Kentucky does. In one respect, in my mind, it is an improvement, because the bill introduced finally, and which we are now considering, authorizes the Federal Government to build its own roads, and maintain and operate those roads. I think it is most important that we get rid of that power, for if the Federal Government ever starts into the business of building Federal roads in the United States, whether they are supposed to be toll roads or whatever they may be, I do not believe we are going to stop short of a complete Federal system, adding to the Federal appropriations a vast additional expense over what we have today.

The amendment attempts to cut that out, and provide merely that the Federal Government may build a road providing they have a contract with the State or municipality concerned to take the road off their hands.

The amendment is offered because I do not believe the amendment of the Senator from Kentucky quite carries out the purpose intended. The amendment as I see it provides only that "no such work shall be undertaken"—and I suppose the word "work" may be considered to mean condemnation or acquisition of real estate, as well as the construction work:

> No such work shall be undertaken until a contract has been entered into * * * pursuant to which such State, municipality, or other public body covenants to purchase or lease and to maintain and operate the improvement.

But a contract or lease does not mean much. A contract or lease means only that they may contract to lease the road for only 1 year, to pay $1 rental, perhaps. It does not really bind the State to take the road off the Federal Government's hands, or to repay the Government. That is why I offer this amendment, and ask the Senator from Kentucky to accept it. The amendment proposes, after the term "covenants to purchase or lease", to insert the words "and to pay a purchase price or rental sufficient in amount to reimburse the administration in not more than 40 years" for the expenditure it may make. In other words, if we are going so far as to build a Federal road—and I personally disapprove of that policy, but I understand the argument made by the Senator from Arizona—if we are going that far, we certainly ought not to do it unless we make certain that the State agrees by contract to take the road off our hands, or to pay for it.

Mr. HAYDEN. What is the difference between what the Senator is proposing and what is already in the bill in section 17?

Mr. TAFT. Section 17 is a very general provision. It does not apply to the contract involved. Someone may hopefully say that he thinks the State will lease the road for a year, and think that then they will lease it for another year. I think the general provisions of the section are not sufficient, in the light of its very indefinite language. If section 17 means that, why does the Senator object to putting it into this section also?

Mr. HAYDEN. Why does the Senator want to have us say the same thing twice?

Mr. TAFT. I do not think we would be saying the same thing twice.

Mr. HAYDEN. Section 17, it appears to me, makes it perfectly obvious that it is not possible 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.

Mr. TAFT. There is one very uncertain phrase, namely, "from reasonable assurances." What on earth is a "reasonable assurance" of a municipality? Can a mayor make a "reasonable assurance"? What is it? I do not know. It does not say a contract, but it says "a reasonable assurance."

Mr. HAYDEN. The amendment of the Senator from Kentucky says a contract.

Mr. TAFT. It says a lease, but a lease is not a contract to buy. A lease would generally provide for taking the road off the hands of the Government for a while, and perhaps paying a dollar or so as rental.

Mr. HAYDEN. "A dollar or so" would conflict with section 17.

Mr. BARKLEY. A dollar or so a year would not pay anything back in 40 years.

Mr. TAFT. They may say, "We have not any tax money this year, but come around next year and we will give you a reasonable assurance"—whatever that may be, or whatever it may be worth—"that we will pay a bigger rental." I think the language is so wide open that there is no real assurance that the Federal Government would not get the road back on its hands as a Federal road.

Mr. BARKLEY. I agree with the Senator from Arizona that the language now proposed is not necessary, but I am willing to accept it. Of course, if the locality is able to buy the road outright, when it is completed, that ends the matter, and the question of 40 years does not enter. There may be in some States some sort of inhibition against a contract running for 40 years which would be interpreted as a contract which might require a vote of the people.

Mr. TAFT. Say "not more than 40 years."

Mr. BARKLEY. After the word "or" in the Senator's amendment, why not insert the phrase "from year to year," so that it would provide that they should pay a purchase price or from year to year an annual rental sufficient to pay back in 40 years?

Mr. TAFT. That is all right. I accept that.

Mr. BARKLEY. With that modification, I have no objection to the amendment.

The PRESIDING OFFICER. The Senator from Kentucky modifies his amendment.

Mr. TAFT. Mr. President, I have only one other objection to the section. I myself think that the Senate Committee on Banking and Currency struck out the so-called excess condemnation provision. I cannot find in the bill as introduced by the Senator from Kentucky anything which authorizes anyone to think that the Federal Government can buy property on both sides of a right-of-way. I think the Senate Committee on Banking and Currency disapproved of that principle. I think they disapproved of the idea that the Federal Government could buy property on both sides of a right-of-way with the idea that they might make some profit on it.

The original bill I may say contained very elaborate language as to how the Government was to buy land if it thought that within 20 years it would be worth more than the price paid for it. In other words, a distinctly speculative proposition was contemplated. Those words are now all stricken out by the committee.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. TRUMAN in the Chair). Does the Senator from Ohio yield to the Senator from Kentucky?

Mr. TAFT. I yield.

Mr. BARKLEY. The Senator says the committee struck that all out. In subsection (c), line 11, the language is:

> Use, sell, exchange, or otherwise dispose of highway improvements or other rail property necessary or convenient—

There was ambiguity about the word "convenient."

Mr. TAFT. No, no; that word "convenient" is all right. But convenient for what? For carrying out any of its functions hereunder. The only functions hereunder are to build a road; not to make a profit on real estate.

Mr. BARKLEY. Of course, this amendment, which requires the Government to enter into a contract with a State or locality to take off its hands not only the road but the property which it has bought at the price which has been paid for it, so as to reimburse the Government for the amount, with interest, certainly eliminates the element of profit to the Federal Government. If there is profit it will accrue to the State, because it gets it at actual cost.

Mr. TAFT. Buying land on both sides of the highway is a beautiful theory.

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

Mr. TAFT. I yield.

Mr. RUSSELL. I have been disturbed because of this general language giving the right to condemn. The bill provides that the Federal Government has the power of condemnation of any real property adjacent to any proposed highway. I realize that the right of eminent domain is an essential attribute of sovereignty, in fact it is concomitant with sovereignty, but I had always throught that the right of eminent domain was in some way coupled with a public use. Unless the power of eminent domain has some relation to a very definite public use, I apprehend the rights of private property in this country are very insecure. Neither the Federal Government nor any governmental subdivisions should, without consent, divest an individual of his land unless it is for a public purpose, and this bill should contain some limitations and safeguards. I agree that the rights of an individual must yield where the public interest is involved, but this subdivision and development by the Federal Government scheme set forth in this bill does not embrace my idea of a public interest or use.

There would be nothing under this bill to prohibit the Federal Government from condemning land that any little bureau chief might decide was adjacent to public highways and devote it to the purpose of building stores, tourists' camps, or even hot-dog stands, or any other private use. I cannot see how that is impressed with a public interest. Has the Senator from Ohio, who is an able lawyer, given any thought to that particular point?

Mr. TAFT. I think it has always been the rule that that is not a public use. Seven States have amended their constitutions because it was unconstitutional to give their municipalities or other public authorites or bodies the right to acquire adjacent real estate, but in the case of Vester against Cincinnati it was contended that, in spite of that provision of the Ohio Constitution, it was contrary to the United States Constitution to condemn such property.

Mr. RUSSELL. That is what I had in mind.

Mr. TAFT. While the Supreme Court opinion is not finally conclusive, it is sufficiently so that the city of Cincinnati abandoned its effort to carry out any excess condemnation, and constructed the improvement without it, and, so far as I know, the question has not been finally settled.

Mr. RUSSELL. It has been repeatedly said this afternoon that these properties would not be purchased or condemned without the consent of the State or local subdivisions of government, but it occurs to me that we might occasionally give attention to individual property rights and the rights of the individual that might have property in land adjacent to the highway that the Federal Government might seek to condemn. This amendment, if I have the proper construction of it, would give to the Federal Government the power to condemn lands in States where perhaps the State constitution did not give any such power, but then by a contract which the State or the subdivision of government might enter into with the Federal Government the State could circumvent the provisions of their own State constitution—if the Federal Government had the right to proceed under the Federal Constitution—and condemn the lands adjacent to the highway by taking lands for uses prohibited by the constitution of the State.

Mr. TAFT. I think the Senator states clearly the law with respect to the matter.

Mr. HAYDEN. Let me state the question not as a lawyer but as I view it as a layman. Take, for example, the city of Baltimore. Let us say it is necessary there to build a bridge across the Patapsco River, and in order to get to the bridge there must be an approach road at each end. Would it not be the part of wisdom for the city of Baltimore in condemning the right-of-way in order to get to the bridge to condemn not only the narrow strip of land for the roadway but also some property adjacent to it, which at some future time it could sell and thus recoup itself for some of the money expended?

Mr. TAFT. Mr. President, my answer is no. It would probably lose money on it. These things look very nice on paper, but they work out very poorly. The best thing I think is to leave it alone. I do not see why the United States Government when building a viaduct across the railroad tracks in the city of Phoenix should buy property on both sides of that right-of-way and hold it until it could sell it at some time in the future. I do not see why, if they are going to help the city of Phoenix to build a viaduct across the railroad tracks, they should not confine themselves to getting the right-of-way for that viaduct.

Mr. HAYDEN. Then, it is the Senator's contention that when a large sum of money is to be spent in a public improvement of this kind the owner of the property is entitled to all the unearned increment that comes from the improvement, and that the public has no interest in it at all? I can state to the Senator that Mr. MacDonald in his report shows us instances in England and in the United States where very substantial returns have been made by acquiring more land than was necessary for the right-of-way.

Mr. TAFT. At times the Government has engaged in successful real-estate speculation. I do not approve of the Government engaging in such speculation.

I offer an amendment to the bill which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, in lines 14, 15, and 16, it is proposed to strike out the words:

And to acquire by purchase or condemnation any real property adjacent to any such proposed highway improvement.

And on page 3, in lines 8, 9, and 10, to strike out the words:

Or other real property adjacent to any such highway improvement or necessary or convenient for carrying out any of its functions hereunder.

Mr. TAFT. In other words, Mr. President, I move to strike out the words which are conferring the power to acquire by purchase or condemnation the property adjacent to the improvement.

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

Mr. TAFT. I yield.

Mr. LUCAS. Does the Senator from Ohio know whether there is a constitutional prohibition against the acquisition by an agency of the State of excess lands adjacent to highways? In other words, does any constitutional prohibition exist against an agency of the State making a valid contract with the Government whereby it may turn over to the Federal Government the authority to condemn?

Mr. TAFT. No; I would question whether it could do so.

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

Mr. TAFT. I yield.

Mr. WALSH. Can the Senator give us any information as to whether or not any State or subdivision of any State ever experimented in this field?

Mr. TAFT. I stated that there have been, I think, a few instances, which are listed in Mr. McDonald's report. Seven States have authorized it, and I think one or two have done it. I know that in the city of Cincinnati, after carrying the case to the Supreme Court of the United States, the decision against the right of the city to do so, in spite of the Ohio constitutional provision, was so discouraging that the city abandoned the project and proceeded without it.

Mr. WALSH. Can the Senator give us any information as to the result of the experiments of the seven States to which he has referred?

Mr. TAFT. I am afraid I cannot do so at this time.

Mr. WALSH. I observe that the able Senator from Kentucky yesterday called attention to the fact that this plan had been undertaken and was in operation in England. Am I correct about that?

Mr. TAFT. It has been done in one or two cases, but I may say that incidentally it increases the net cost of the right-of-way about three times, because the property on each side is going to be just as expensive as the right-of-way itself. So, it results in piling up the cost on the Federal Government and adds to the difficulty of getting the money back. Sometimes the Government engages in successful real-estate speculation, but I am one who does not believe that the Government should engage in real-estate speculations, which may not be successful in many cases.

Mr. WALSH. I think the Senator's observations carry a good deal of weight. I think it may be a dangerous course to pursue, but I should like to hear what the Senator from Kentucky has to say with respect to how the experiment worked in England.

Mr. BARKLEY. In England they built a highway from London to the sea, and they paid for it out of the income from the use of the property which they bought adjacent to the highway, which they put to use in the way of concessions and rentals. They were able to control what went on on the adjacent property, and the entire cost of that project was paid for out of the property which they purchased on the adjacent sides of the road.

The Senator from New York [Mr. WAGNER], who is not present, called attention to the fact that they did the same thing in New York. The State is operating gasoline stations on the adjacent property. Of course, there is no contemplation that that would happen under this bill. The fact that the State has got to make a contract with the Government to take it over and operate and maintain it at the conclusion of the construction, even eliminates from the Federal Government the possibility of making any profit, because it only takes it over at the cost of the Federal Government plus interest over the period of years for which the debt will be amortized.

Mr. WALSH. Is there any limitation on the amount of right-of-way that may be taken for this purpose?

Mr. BARKLEY. No. It merely must be adjacent, necessary, and convenient for carrying out the project.

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

Mr. TAFT. I yield.

Mr. NORRIS. I wish to refer to what the Senator from Ohio said. Of course, we should be very careful that the Federal Government does not make any money anywhere. That ought to be the first thing we should make sure of, that in this great undertaking the Federal Government must never make any money. If it should have, by mistake, some property willed to it in some way or other, there should be a provision in the bill that any money made should be given to the State or to some corporation or some institution.

Mr. BARKLEY. Mr. President, if the Senator will yield I will say that that possible contingency has been amply taken care of.

Mr. NORRIS. It seems from the discussion that has taken place here that such a contingency has been taken care of.

Mr. BARKLEY. Yes.

Mr. NORRIS. The Federal Government will furnish the money, but in no case shall it be entitled to get any money in return.

Mr. BARKLEY. Even where a property owner has given to Uncle Sam some property——

Mr. NORRIS. We must not take it.

Mr. TAFT. I do not think the Senator from Nebraska need have the slightest fear that the Federal Government will make any profit out of it.

Mr. NORRIS. I do not think it will if the Senator from Ohio has his way.

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

Mr. TAFT. I yield.

Mr. HAYDEN. I wish to refer to a condition in connection with State highway departments which has come up many times in the hearings on road bills. There is what is called in the common law the right of ingress-egress. If you condemn a right-of-way through a man's farm, you just have a bare right-of-way. He owns the land up to the edge of the road, and he has the right to come in and out of that road when he pleases. In the old days, when he had a barn on one side of the road and a pasture across on the other side of the road——

Mr. TAFT. Why does the Senator say "in the old days"? The same situation now exists. I have frequently seen such conditions.

Mr. HAYDEN. What happens, though, when it comes to high-speed traffic, such as we now have? Today every State highway engineer will testify that it is absolutely imperative in order to protect that traffic and to safeguard human life to control not a mere highway but some land in each side of it.

Mr. TAFT. Do I understand the Senator is proposing not only to eliminate every railroad grade crossing but every farm crossing, every crossing over which a farmer drives his cattle back and forth across a public road?

Mr. HAYDEN. I say that crossings where there is high-speed traffic must be regulated or farm animals will be killed, and people driving along the road will be killed. Take the fine boulevard which the Government built from Washington, D. C., to Mount Vernon, Va. We acquired just the bare right-of-way. What do we find on the side of that road? Beer signs and almost everything imaginable which should not be there. Undoubtedly, if the Government had bought a little more land on each side it could have controlled the situation without great expense. I am merely repeating to the Senator what has been testified to by every State highway department representative who has appeared before the committee, that it is highly advantageous to have some excess taking of land adjacent to the highway. The Senator would prohibit that by his amendment.

Mr. TAFT. Absolutely, except for this fact: The courts give a liberal construction to the amount of land required for a road improvement. If it is claimed that a right-of-way 100 feet wide is necessary, but that only 60 feet will be used for the highway proper, as a rule the courts hold that there is a public use for the entire 100 feet. However, if it is perfectly clear that the purpose is to acquire the land for some other use, such as building hot-dog stands, that would not be a public purpose. I do not see any reason why the United States Government should go into that business. I think it is doubtful whether a State or city should do so. In the end, I do not believe they will make any money out of it. The only purpose is to make money. There is no other purpose that I know of.

Mr. HAYDEN. The Senator and I are in accord in one respect. I do not think the United States ought to do it.

Mr. TAFT. We propose to go a step further. We propose to go into many States which themselves are not permitted to do such things, and we propose to have the Federal Government do them, although the people in those States are protected by the State constitutions against the States doing such things. When we once allow excess condemnation, I am not certain whether or not the other subsection applies. I do not know exactly what the words mean. Even after it is changed by the amendment of the Senator from Connecticut [Mr. DANAHER], subsection (d), which is now subsection (e), says:

> To expend moneys for the purpose for which any real property has been purchased, in improving such real property in any way authorized by this section.

Of course, the real property has been purchased for the purpose of building things on it. That is the only reason it has been purchased. It has been purchased to make money out of it. When we add subsection (c) to subsection (d), if we leave those words in, I still am not clear as to whether or not the Federal Government could go into a State, as it undoubtedly could under the terms of the original bill, and build any kind of building it thinks ought to be there, including apartment houses and garages. Mr. Carmody testified that we ought to finance public garages, and that the Government ought to build garages. Those who will administer the act are in favor of the Government going into every business; and if they can torture that power out of the words of the act they will do so. So it seems to me that if we keep this language in we shall be putting the Federal Government into every business in the world along the vast superhighways which the Federal Government is proposing to build and turn over to the States at a practically negligible rate of interest.

Mr. BARKLEY. Mr. President, a moment ago the Senator from Massachusetts [Mr. WALSH] asked me where such an experiment had been tried. Yesterday I referred to the so-called seven-States experiment in a number of the States, including New York. The Senator's own State has engaged in this activity. A number of years ago the State of Massachusetts reclaimed the so-called Back Bay Flats, which were lowlands washed by tides from the Boston harbor. The lands were absolutely unusable. In fact, their existence prevented the use and development of the harbor. The State condemned the area, drained it, and provided proper protection, with the result that usable land was created. A large portion of the land was sold at a profit to the State. In a test case the project was upheld as constitutional.

Mr. WALSH. I am very much pleased to have the information. That section of the city of Boston is known as Back Bay.

Mr. BARKLEY. I am familiar with it.

Mr. WALSH. It contains the residences of some of the most well-to-do families in Boston.

Mr. BARKLEY. That is true.

Mr. WALSH. Now that the Senator has called my attention to the matter, I think the State of Massachusetts also carried on a somewhat similar project in connection with filling in some of the low, flat lands in the harbor. I think the Army air base, which the Government now owns, was originally built by the filling in of land by the Commonwealth of Massachusetts.

Mr. BARKLEY. I am not as familiar with that project, but I have had it called to my attention.

Mr. President, I hope the amendment of the Senator from Ohio will not be adopted. The bill is now so restricted with respect to the purchase of adjacent lands that the Federal Government is compelled to turn the highway over to the State when it is completed. If we should adopt this amendment, all the Federal Government could do would be to acquire the actual strip of ground on which there would be traffic, and then it would be required to turn it over to the State. Even if the State then desired to acquire adjacent land in order to do the things to which the Senator from Arizona [Mr. HAYDEN] has called attention, and which the State had the power to do, it would have to pay the increased price brought about by reason of the construction of the highway. That would again involve the question of money.

Under the provisions of the bill the Federal Government may take the adjacent property, and when it turns the completed highway over to the State under a contract to pay for it in 40 years, it also turns over the adjacent property as a part of the highway system; and the State which operates and maintains and later will own the highway when it is paid for will have the power to protect its highway against any unsightly, unseemly, or obnoxious structure or enterprise or activity which ought not to be located on the side of the road.

The only way the State can protect itself is to allow the Federal Government, when it acquires the right-of-way, either by gift, purchase, or condemnation, to take enough land on either side of the road, not only to build the highway, but to provide ingress and egress along the highway for the convenience of the public. Otherwise, a concrete spur 10 or 15 or 20 feet out from the highway itself could not be

built in order that the public, looking over a long period of years, might be able to accommodate itself to such a thing by the building of feeder roads into the highway. If the Senator's amendment should be adopted, it would result in very great disadvantage in the operation of the measure, and inconvenience to the public.

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

Mr. BARKLEY. I yield.

Mr. McCARRAN. I do not wish to embarrass the able Senator from Kentucky. I am quoting a part of his statement, as I recall it. As I understood him, he stated that the amendment of the Senator from Ohio [Mr. TAFT] would provide against the Federal Government taking a part of the highway essential to a highway project. Am I correct?

Mr. BARKLEY. What I said was that under the provisions of the Senator's amendment all the Government could take would be the actual strip upon which it proposed to build a highway, but it could not take any ground on either side adjacent to the highway.

Mr. McCARRAN. That would be the situation under the provisions of the amendment offered by the Senator from Ohio?

Mr. BARKLEY. Yes.

Mr. McCARRAN. That leads me to this thought: Does the amendment of the Senator from Kentucky propose that the Federal Government may take anything within the confines of a sovereign State?

Mr. BARKLEY. Only with the consent and cooperation of the authorities of the State.

Mr. McCARRAN. Of course.

Mr. BARKLEY. Of course, these things will be done, as has already been explained, on the application of the authorities of the State. The Federal Government may not go into a State and do any of these things over the objection of the State authorities.

Mr. McCARRAN. The power of free money or easy money is a terrific power. I do not think the able Senator from Kentucky will deny that statement.

Mr. BARKLEY. I know. From time immemorial it has been said that the love of money is the root of all evil.

Mr. McCARRAN. Yes.

Mr. BARKLEY. However, I think that when the Senator intimates that the power of free money in the building of highways is so seductive as to destroy the moral stamina of a whole State he is doing what Edmund Burke once said could not be done. Edmund Burke said that you could not indict a whole state or a whole nation.

Mr. McCARRAN. I agree with Edmund Burke that you cannot indict a whole State or a whole nation, but you can indict the political power which controls a State. Edmund Burke did not have that situation before him when he uttered the words to which the able Senator from Kentucky refers.

Mr. BARKLEY. If the elected officers of any State, or the appointed or elected highway authorities of any State were so spineless, weak, and susceptible that they would cave in, in spite of the opposition of the people of the State, in order to get the Federal Government to build a bridge, tunnel, or viaduct, or to put up the money to buy the right-of-way and build a highway to turn over to the State, I think the people themselves could attend to that situation at the next election.

I do not share the Senator's suspicion with respect to State authorities. I realize that all the people of the country have lately learned to get all the help they can from the Federal Government. While that is true, they are very loath and stubborn when it comes to surrendering any of their authority over either the expenditure of the money while it is being expended or the project after it has been completed.

Mr. McCARRAN. I am very sorry the Senator from Kentucky continuously returns to the matter of tunnels, overhead bridges, and underpasses, because they are really not the spirit of the amendment. The spirit of the amendment is the building of highways. I am at a loss to understand why the Senator from Kentucky should contend, on the one hand, that this program does not involve a relinquishment of State rights, and, on the other hand, that the Federal Government might step in where it wished to and condemn.

Mr. BARKLEY. It seems to be very difficult for me to make myself clear in respect to this matter. I have insisted, and I still insist, that the Federal Government may not engage in a single operation under the provisions of the bill without the consent of the State authorities, whether it applies to bridges, tunnels, viaducts, a highway, or a street.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT] to the amendment of the Senator from Kentucky, as modified.

Mr. TAFT. Mr. President, I ask for a division.

Mr. BARKLEY. 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	La Follette	Russell
Ashurst	Ellender	Lee	Schwartz
Austin	Frazier	Lodge	Schwellenbach
Bailey	George	Lucas	Sheppard
Bankhead	Gerry	Lundeen	Smathers
Barbour	Gillette	McCarran	Smith
Barkley	Green	McKellar	Stewart
Bilbo	Guffey	Maloney	Taft
Bone	Gurney	Mead	Thomas, Utah
Brown	Hale	Miller	Tobey
Burke	Harrison	Minton	Townsend
Byrd	Hatch	Murray	Truman
Byrnes	Hayden	Neely	Tydings
Capper	Herring	Norris	Vandenberg
Chavez	Hill	Nye	Wagner
Clark, Idaho	Holman	O'Mahoney	Walsh
Clark, Mo.	Holt	Pepper	Wheeler
Connally	Hughes	Pittman	White
Danaher	Johnson, Colo.	Radcliffe	
Davis	King	Reed	

The PRESIDING OFFICER. Seventy-eight Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT] to the amendment offered by the Senator from Kentucky [Mr. BARKLEY].

Mr. TAFT. I call for a division.

The PRESIDING OFFICER. Those favoring the amendment will stand and be counted. [A pause.] Those opposing the amendment will stand and be counted. [A pause.] There are 20 ayes and 25 noes. The amendment to the amendment is rejected.

Mr. TAFT. Mr. President, a point of order. A quorum is not present.

The PRESIDING OFFICER. Seventy-eight Senators answered to their names on the roll call, and the Chair declared a quorum present. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. BARKLEY], as modified.

Mr. BYRD. Mr. President, a parliamentary inquiry. I have an amendment which strikes out all of the bill relating to the appropriation for public roads. I desire to make a parliamentary inquiry, as to whether my amendment would be in order in the event the amendment offered by the Senator from Kentucky should be first acted upon.

The PRESIDING OFFICER. It would be. The question is on agreeing to the amendment offered by the Senator from Kentucky, as modified.

The amendment, as modified, was agreed to.

Mr. BARKLEY. Mr. President, just a moment. The amendment makes necessary the relettering of the following subsections of the bill.

The PRESIDING OFFICER. Without objection, the clerk will be authorized to reletter and renumber the sections as they should be lettered and numbered to carry out the purposes of the amendment.

Mr. BARKLEY. Also, I desire to offer another perfecting amendment. I overlooked one correcting amendment to my amendment. I ask that the vote be reconsidered for the time being.

The PRESIDING OFFICER. Without objection, the vote will be reconsidered.

Mr. BARKLEY. In line 7, page 1, I move to strike out the word "agency" and insert the word "body", so that it will read "public highway body."

The PRESIDING OFFICER. Without objection, the amendment will be modified as requested; and, without objection, the amendment, as modified, is agreed to.

Mr. BYRD obtained the floor.

Mr. DANAHER. Mr. President, will the Senator from Virginia yield to me for a moment?

Mr. BYRD. Yes.

Mr. DANAHER. I thank the Senator. I had previously discussed with the Senator from Kentucky the substitution of the same words, "public highway body", for "highway agency" with reference to his amendment on page 3, line 3. I take it the Senator has no objection to that substitution there, instead of "public highway agency."

Mr. BARKLEY. I intended to have it apply to both.

The PRESIDING OFFICER. Without objection, that will be done.

Mr. BYRD. Mr. President, I ask that the clerk read the amendment offered by me with respect to the elimination from the bill of the $500,000,000 made available for public roads, and to change the lettering of the amendment to comply with the amendment which has been adopted, offered by the Senator from Kentucky [Mr. BARKLEY].

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

Does the Senator desire to have all of the amendments reported together, or one at a time?

Mr. BYRD. Would it be in order to act on all the amendments at one time?

The PRESIDING OFFICER. If they pertain to the same subject, the Senate may act on them all at one time, by unanimous consent.

The amendments will be stated.

The LEGISLATIVE CLERK. On page 2, line 3, it is proposed to strike out "the Public Roads Administration."

On page 2, line 22, it is proposed to strike out "$2,390,000,000", and in lieu thereof insert "$1,890,000,000."

On page 3, beginning with line 16, it is proposed to strike out down to and including line 4 on page 4.

On page 6, beginning with line 10, it is proposed to strike out down to and including line 10 on page 9.

On page 11, lines 4 to 7, it is proposed to strike out the following: "the Public Roads Administration (after reserving when necessary sufficient funds to pay operating and maintenance expenses of any highway improvement)."

On page 15, lines 7 and 8, it is proposed to strike out "the Public Roads Administration."

Mr. BYRD. Mr. President, I have no desire to detain the Senate. This subject has been very fully discussed during the past 2 days. The purpose of the amendment is to eliminate from the bill the $500,000,000 made available for loans for the purpose of constructing public roads, and other parts of the bill pertaining thereto.

I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the name of Mr. ADAMS, who voted in the affirmative.

Mr. BARKLEY. Mr. President, I simply wish to say that I hope this amendment will be voted down. This is one of the most important parts of the bill.

Mr. McCARRAN. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCARRAN. I understand that the call of the roll is not to be interfered with.

Mr. BARKLEY. But nobody had answered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk resumed the calling of the roll.

Mr. GREEN (when his name was called). I have a pair with the Senator from Wisconsin [Mr. WILEY]. I transfer that pair to the Senator from Illinois [Mr. SLATTERY] and, being free to vote, I vote "nay."

Mr. BARKLEY (when Mr. LOGAN's name was called). My colleague [Mr. LOGAN] is unavoidably detained. If present, he would vote "nay."

The roll call was concluded.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote if present, I transfer that pair to the junior Senator from Vermont [Mr. GIBSON] and will vote. I vote "yea."

Mr. HARRISON. I have a pair with the Senator from Oregon [Mr. McNARY]. I understand that my pair, if present, would vote as I intend to vote; so I vote "yea."

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

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

The Senator from Florida [Mr. ANDREWS], the Senator from North Carolina [Mr. BAILEY], the Senator from South Dakota [Mr. BULOW], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Illinois [Mr. SLATTERY], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Indiana [Mr. VAN NUYS] are absent on important public business.

Mr. AUSTIN. I announce the following general pairs:

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Virginia [Mr. GLASS]; and

The Senator from New Hampshire [Mr. BRIDGES] with the Senator from Louisiana [Mr. OVERTON].

The result was announced—yeas 38, nays 40, as follows:

YEAS—38

Adams	Davis	Hughes	Smith
Austin	George	King	Taft
Bailey	Gerry	Lodge	Tobey
Barbour	Gillette	Lucas	Townsend
Burke	Gurney	McCarran	Tydings
Byrd	Hale	McKellar	Vandenberg
Capper	Harrison	Miller	Wheeler
Clark, Mo.	Herring	Radcliffe	White
Connally	Holman	Reed	
Danaher	Holt	Russell	

NAYS—40

Ashurst	Ellender	Lundeen	Pittman
Bankhead	Frazier	Maloney	Schwartz
Barkley	Green	Mead	Schwellenbach
Bilbo	Guffey	Minton	Sheppard
Bone	Hatch	Murray	Smathers
Brown	Hayden	Neely	Stewart
Byrnes	Hill	Norris	Thomas, Utah
Chavez	Johnson, Colo.	Nye	Truman
Clark, Idaho	La Follette	O'Mahoney	Wagner
Downey	Lee	Pepper	Walsh

NOT VOTING—18

Andrews	Donahey	McNary	Thomas, Okla.
Borah	Gibson	Overton	Van Nuys
Bridges	Glass	Reynolds	Wiley
Bulow	Johnson, Calif.	Shipstead	
Caraway	Logan	Slattery	

So Mr. BYRD's amendment was rejected.

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. 18. An act authorizing payment to the San Carlos Apache Indians for the lands ceded by them in the agreement of February 25, 1896, ratified by the act of June 10, 1896, and reopening such lands to mineral entry;

S. 522. An act 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; and

S. 2482. An act authorizing the President to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy.

PROMOTION OF NAUTICAL EDUCATION—CONFERENCE REPORT

Mr. BAILEY submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5375) to promote nautical education, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 2.

That the House recede from its disagreement to the amendment of the Senate numbered 1; and agree to the same.

JOSIAH W. BAILEY,
MORRIS SHEPPARD,
BENNETT C. CLARK,
WALLACE H. WHITE, Jr.,
W. WARREN BARBOUR,
Managers on the part of the Senate.

S. O. BLAND,
ROBERT RAMSPECK,
FRANCIS D. CULKIN,
Managers on the part of the House.

The report was agreed to.

AMENDMENT OF MERCHANT MARINE AND SHIPPING ACTS—CONFERENCE REPORT

Mr. BAILEY submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6746) to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with the following amendments:

On page 2, line 17, of the Senate engrossed amendment, strike out "ten" and insert "five".

On page 4, line 16, after the words "vessels and", insert a comma, the words "for instructional purposes only" and a comma; and the Senate agree to the same.

JOSIAH W. BAILEY,
MORRIS SHEPPARD,
BENNETT CHAMP CLARK,
WALLACE H. WHITE, JR.,
W. WARREN BARBOUR,
Managers on the part of the Senate.

S. O. BLAND,
ROBERT RAMSPECK,
FRANCIS D. CULKIN,
Managers on the part of the House.

The report was agreed to.

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. MALONEY. Mr. President, I send to the desk an amendment I desire to propose, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert a new title, as follows:

TITLE II—PUBLIC WORKS ADMINISTRATION

SEC. 201. (a) In order to increase employment by providing for useful non-Federal public-works projects of the kind and character which the Federal Emergency Administrator of Public Works has heretofore financed or aided in financing, pursuant to title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the Emergency Relief Appropration Act of 1936, the Public Works Administration Extension Act of 1937, or the Public Works Administration Appropriation Act of 1938, there is hereby appropriated to the Public Works Administration (herein called the "Administration") in the Federal Works Agency, out of any money in the Treasury not otherwise appropriated, the sum of $300,000,000, together with the balance of the appropriation made under section 201 of such act of 1938, not reserved for administrative expenses of the Administration and not now or hereafter expended pursuant to allotments heretofore made, which amounts shall be available until June 30, 1941, and may be expended by the Commissioner of Public Works (hereinafter referred to as the "Commissioner") for (1) the making of loans or grants, or both, to States, Territories, possessions, political subdivisions, or other public bodies (herein called "public agencies"); or (2) the construction and leasing of projects, with or without the privilege of purchase, to any such public agencies.

(b) No amount available under this title shall be allotted for any project which, in the determination of the Commissioner, cannot be commenced prior to March 1, 1940, or the completion of which cannot be substantially accomplished prior to July 1, 1941: *Provided,* That this limitation upon time shall not apply to any project involved in litigation in any Federal or State court.

(c) Under the funds available in this title, no grant shall be made in excess of 30 percent of the cost of any project, and no project shall be constructed for lease to any public agency unless the Commissioner shall determine that the nonrecoverable portion of the cost of such project shall not exceed 30 percent of the cost thereof.

(d) No moneys for a non-Federal project shall be paid from the funds made available by this title to any public agency unless and until adequate provision has been made, or in the opinion of the Commissioner is assured, for financing such part of the entire cost thereof as is not to be supplied from Federal funds.

(e) Not more than $6,825,000 of the amount available under this title may be used for administrative expenses of the Administration during the fiscal year ending June 30, 1940, in connection with this title; such amount shall be available for administrative expenses thereof during such fiscal year for the purposes set forth for such Administration in the Independent Offices Appropriation Act, 1940. The Commissioner shall reserve from the amount available under this title an adequate sum for administrative expenses of the Administration in connection with this title for the fiscal year ending June 30, 1941, subject to authorization hereafter by annual appropriation acts for the utilization thereof.

(f) No funds made available under this act shall be allotted for any project undertaken pursuant to this act which will compete with any privately owned or operated public utility whose rates are subject to public regulation on the date of enactment of this act (1) until such public utility has been notified by the Commissioner that a competing project of such character is proposed to be financed with such funds, and (2) until such public utility (A) has rejected, or has failed to accept within 30 days after it is made, a bona fide offer by a public agency, or by or on behalf of the United States, to purchase the property of such public utility at a price fixed by a board of arbitration appointed as hereinafter provided, or (B) has failed to appoint within the time specified a member of the board to be created for the purpose of fixing such price: *Provided,* That the board of arbitration in each such case shall consist of three members, of whom one shall be appointed by the public utility, one by the public agency which is to construct such competing project or to which such project is to be leased, and one by the two members so appointed, and all such appointments shall be made within 30 days after the notification by the Commissioner to the public utility as provided in clause (1) of this subsection: *Provided further,* That if the members of any such board appointed by the public utility and the public agency are unable to agree upon the third member of the board within such 30-day period, then the Governor of the State in which the competing project is proposed to be located shall, within 10 days after the expiration of such period, appoint a third member of such board: *Provided further,* That the price fixed by the board for the property of the public utility in any such case shall be a price which in its opinion is the fair and reasonable value of such property to the public agency, and such price shall be agreed upon by at least two members of the board, and shall be fixed within 60 days after the third member of the board is appointed: *Provided further,* That in any case in which the Governor of any such State fails to appoint a third member of a board of arbitration within the time specified for such appointment by him, and in any case in which any such board fails to fix the price for the property of the public utility within the time specified therefor, funds appropriated under this title may be allotted for the competing project.

(g) The rates of pay for persons engaged upon projects under the appropriations in this act shall be not less than the prevailing rates of pay for work of a similar nature in the same locality as determined by the Commissioner: *Provided,* That if minimum rates of pay for persons employed by private employers in any occupation are established by or pursuant to the authority conferred by the Fair Labor Standards Act of 1938, not less than the minimum rates of pay so established shall be paid to persons in similar occupations in the same locality employed on projects under the appropriation in this title.

(h) No funds made available under this act, whether administered by the Federal Government or by the States or local governmental agencies from funds contributed in whole or in part by the Federal Government, shall be used by any Federal, State, or other agency to purchase, establish, relocate, or expand mills, factories, or plants, which would manufacture or produce for sale articles, commodities, or products in competition with existing industries.

SEC. 202. Moneys realized from the sale of securities acquired by the Federal Emergency Administration of Public Works or the Public Works Administration, or the proceeds of such securities, may be used by the Commissioner for the making of loans in connection with projects under this title, notwithstanding any previous limitations on the total amount of such securities or proceeds thereof that may be used for loan purposes.

SEC. 203. The Public Works Administration is hereby continued to the close of the fiscal year ending June 30, 1942, and is hereby authorized to continue to perform all functions which it is authorized to perform on July 1, 1939. All laws, Executive orders, and other documents referring to the Federal Emergency Administration of Public Works shall be deemed to refer to the Public Works Administration, and all laws, Executive orders, and other docu-

ments referring to the Federal Emergency Administrator of Public Works shall be deemed to refer to the Commissioner of Public Works.

SEC. 204. (a) Section 206 of the Public Works Administration Extension Act of 1937, as amended by the Public Works Administration Appropriation Act of 1938, is hereby amended to read as follows:

"SEC. 206. No new applications for loans or grants for non-Federal projects shall be received by the Administration after September 30, 1939: *Provided*, That this section shall not apply to applications amendatory of applications for projects received prior to October 1, 1939, and such amendatory applications shall be confined to projects which, in the determination of the Commissioner, can be started and completed within the time limits specified in section 201 (b) of the Public Works Administration Appropriation Act of 1939."

(b) That portion of section 201 (f) of the Public Works Administration Appropriation Act of 1938 which reads "for the completion (except liquidation) of the activities of such Administration," is hereby repealed.

SEC. 205. (a) There is hereby appropriated to the Administration, out of any money in the Treasury not otherwise appropriated, to remain available until June 30, 1941, the sum of $50,000,000, to be expended at the direction of the Commissioner, for the making of allotments to Federal agencies for the financing of Federal construction projects (including projects for making surveys and maps) in continental United States outside of the District of Columbia, and the acquisition of land for sites therefor, such projects to be selected from (1) projects authorized by law and (2) projects for the enlargement, extension, or remodeling of existing Federal plants, institutions, or facilities.

(b) No Federal construction project, except flood control and water conservation or utilization projects now under actual construction, shall be undertaken or prosecuted with funds made available by this section unless and until moneys sufficient for the completion thereof shall have been irrevocably allocated or appropriated therefor.

SEC. 206. This title may be cited as the "Public Works Administration Appropriation Act of 1939."

Mr. MALONEY obtained the floor.

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

Mr. MALONEY. I yield.

Mr. McKELLAR. I desire to call the Senator's attention, first, to page 2, line 1, where the language of his amendment is "there is hereby appropriated."

Mr. MALONEY. If that had been read as I have corrected it, the Senator would have found that I have changed the language to read, "there is hereby authorized to be appropriated."

Mr. McKELLAR. The Senator has corrected it?

Mr. MALONEY. I have corrected it.

Mr. McKELLAR. If the Senator will turn to page 7, line 24, he will find this language:

There is hereby appropriated to the Administration, out of any money in the Treasury not otherwise appropriated—

Mr. MALONEY. I ask unanimous consent that the amendment be amended so as to read "authorized to be appropriated."

Mr. VANDENBERG. Is the Senator offering an original section or is he offering a substitute for section 2?

Mr. MALONEY. Actually it is an additional section. As it will work out, in my opinion, it would prove to be a substitute for section 2.

Mr. VANDENBERG. Why does not the Senator offer it as a substitute for section 2, so the issue can be squarely drawn? The P. W. A. has an excellent record. If any such thing is to be done, I agree with the Senator from Connecticut it should be done under the P. W. A. Why does not the Senator offer it as a substitute for section 2, and thus let us have the issue squarely drawn?

Mr. BARKLEY. The provision for which it is proposed to be a substitute is to be under P. W. A.

Mr. VANDENBERG. Under a totally different method.

Mr. BARKLEY. A system of loans, not grants, but still to be under the P. W. A.

Mr. VANDENBERG. The Senator has raised the issue, as I understand, which places the P. W. A. as the formula, as we know it, and I think the Senator ought to offer the amendment, if he will permit me to say so, as a substitute for section 2, so that we can have the issue squarely drawn before us.

Mr. MALONEY. I am a little bit in sympathy with the Senator, but because there are some in the Government who have the idea that a 100-percent lending plan might work, I am perfectly willing that it should be tried out, and I prefer not to offer my amendment as a substitute for section 2, although I think it will prove to be a substitute.

Mr. VANDENBERG. If it were not that it would result in an increase of $350,000,000, I should be willing to vote for the inclusion of the Senator's formula in the bill.

Mr. MALONEY. If the Senator's proposal had come at an earlier time, perhaps the amendment could have been offered in line with that proposal.

Mr. President, I presume that the reason why the Senate is considering this so-called work financing bill is because the administration is anxious to find jobs for men who are unemployed. It seems to me that the most serious problem of the time is that millions of men are out of work. I am sorry to say that I think that in our attack on the unemployment problem we have lost our grip in these last few months. It does not seem to me that we have followed through.

I regret, as every sane Senator and American regrets, that the Budget is so out of balance. I am sorry that there is a need for unusual expenditure, but I am satisfied, Mr. President, that the sane and the safe way, and the American and the necessary way, is to provide Federal funds to take care of men who are out of work, and who might otherwise be cold and hungry.

I think we made mistakes as we passed the relief bill of this year. I think that the principal reason for these mistakes is the fact that the bill was passed hurriedly, and that there was misunderstanding on the part of some Members of Congress. I did not so much misunderstand it myself, Mr. President, because I then pointed out on the floor of the Senate that we were making those serious mistakes.

I said then, and I say again, that the proposal that men after 18 months of employment should be laid off was an extravagant step—a cruel and serious mistake—and generally a bad thing to do. I am satisfied that a majority of the Members of Congress now realize that it was a bad thing to do—that it was wasteful—that it was cruel that those who were marked to be laid off should be subjected to worry and suffering for a period of at least 30 days. It now has created a chaotic situation in some municipalities and States, and brought misery to a great many people.

At this point, Mr. President, I want to read an editorial—not a news story, but an editorial, and to mention that it appeared in one of the largest, if not the largest newspaper in my State. I want to point out that it is a part of a newspaper chain of Frank Gannett, a man who, in my opinion, is a conservative. I do not mean to say that this is a conservative newspaper, because I regard it as a reasonably liberal newspaper, and a splendid and fair newspaper. The title of the editorial is, "Trouble With the W. P. A. Order."

It appeared in last night's newspaper. I read:

TROUBLE WITH THE W. P. A. ORDER

Told of her dismissal from a W. P. A. sewing project under the new ruling, a woman fainted in New Haven and was taken to a hospital. Her friends said she had been the main support of her family since her husband became an invalid several years ago.

That simple news item illustrates the strongest argument against the lay-off plan. The W. P. A. contains many men and women who have no other hope of sustenance other than the jobs on which they are employed. Some are physically or mentally unfit for private employment. Some are too old. A variety of reasons disqualify more and distinguish them from other numbers who have continued on W. P. A. because they are well enough satisfied with its meager returns or too indolent to attempt to find private employment.

A sifting of the W. P. A. ranks probably would be highly desirable. But merely because a man or woman has been a project worker, even for 5 or 6 years, does not in itself prove that he should be required to seek charity for 30 days or starve.

Mr. President, I agree with that editorial. I think there are, without question, a number of people on the W. P. A. who could be better engaged in private employment. I think that out of millions there are some indolent men. I think in some instances the wages are too high.

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

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. MALONEY. I yield.

Mr. NORRIS. I also agree most heartily with that editorial, but it seems to me that there is an opportunity for misjudgment of one of the material things referred to in the editorial, because as I understand, the person who was discharged was discharged because of an act of Congress. The editorial says it was on account of a new ruling. The impression that may be conveyed—I do not know that it is intentional, and I do not accuse the writer of the editorial of intentionally doing so—but the impression that will result is that the discharge took place because of some activity of a person having charge of the work, or some new ruling made by the existing W. P. A. administration, when as a matter of fact it all occurred because Congress passed a law which made it imperative that such a thing take place. I think that ought to be said in reference to the editorial.

Mr. MALONEY. I am going to mention that.

Mr. NORRIS. I agree with the Senator most heartily that Congress made a serious mistake when it passed that provision of the law, and it has resulted in a great deal of misery. Illogical conclusions have been drawn from the results since that time. But Congress ought to, as it must, it seems to me, take the entire responsibility for whatever happens in regard to that action.

Mr. MALONEY. I am very grateful to the Senator from Nebraska, and he is, of course, entirely right.

The editorial writer is slightly in error in saying that this woman was dropped from the sewing project under the new ruling. I am glad the Senator from Nebraska made that point, and I am going to attempt to lay emphasis upon it. It is not the fault of the administration that this situation prevails. It is entirely the fault of Congress that there is confusion in the W. P. A. It was pointed out to the Congress, and the Members of the Senate, that this sort of situation would result, just as it was pointed out to the Congress that there would be confusion in other instances under the W. P. A. unless the proposed law was made more liberal and a greater care was exercised. I know that, because I, I presume rather feebly, pointed it out myself. And I am glad to have the chance to try to emphasize this, Mr. President, for while we are only going to be here for a little while longer, it seems to me that we might correct this 18 months' situation. I understand that such a proposal is to be offered in connection with the pending bill, and I shall be very pleased with the chance to vote for it.

One of the other serious mistakes of the relief act was the proposal which led the W. P. A. Administrator to believe that he had been directed to cut the security wage as of September 1. I have on several occasions during the past few weeks discussed that particular proposal in the Senate, and I am happy to be able to say that others have joined in the effort to clear the situation, and that it now appears that it has been made clear to the Administrator, and I say that on my own responsibility, that there is no need or direction that he cut the security wage. The law, if interpreted in accordance with the intent of Congress, and in accordance with the intent of the conferees, will make it unnecessary for the W. P. A. Administrator to cut the wages of these more than 1,000,000 men in the North and West who are certified workers and getting a meager pittance.

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

Mr. MALONEY. I yield.

Mr. WALSH. I should like to inquire of the Senator, in order that the RECORD may be clear, in which branch of the Congress the 18-month furlough originated in the relief bill.

Mr. MALONEY. It is my understanding—and I should be glad to be corrected if I am in error—that it originated in the other branch of the Congress.

Mr. WALSH. That is also my understanding.

Mr. MALONEY. That does not excuse us, however, Mr. President, because we voted on it after that.

Mr. WALSH. I am not commenting on that. Of course, the Congress is blamable. The bill was given too brief consideration in the Senate.

Mr. MALONEY. I know the Senator is not.

Mr. WALSH. The Senator will recall that some of us voted against this provision. Now I should like to inquire whether or not the 18 months' furlough was recommended by the Administrator of the W. P. A.?

Mr. MALONEY. I am not in a position to say. I was not a member of the subcommittee, and I do not know.

Mr. WALSH. Neither do I. Does any member of the committee know? I am making these inquiries only for the record.

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

Mr. MALONEY. I yield.

Mr. MURRAY. I have discussed the matter with Colonel Harrington, of the W. P. A.——

Mr. WALSH. I have also discussed it with him. I do want the information of the committee.

Mr. MURRAY. He points out——

Mr. WALSH. I want to know if anyone representing the Administration appeared before a committee of the Congress and made that recommendation?

Mr. MURRAY. I understand not. Colonel Harrington refers to the record and points to the testimony in the record, which would indicate that no such recommendation was made by the W. P. A.

Mr. WALSH. If that be so, the Senator from Nebraska is correct in stating that Congress is entirely to blame; but I have been under the impression that it may have been recommended or tacitly agreed to or at least approved by the Administrator. I merely wanted the record to be clear, because of the conflicting opinions expressed.

Mr. TYDINGS. The Senator from Colorado [Mr. ADAMS] was chairman of the subcommittee.

Mr. ADAMS. I did not hear the question.

Mr. WALSH. In view of what the Senator from Nebraska [Mr. NORRIS] said a few minutes ago, to the effect that Congress was solely to blame for the furlough provision of 18 months, I asked whether or not the furlough was recommended at any time by the Administrator or whether it originated in the House committee.

Mr. ADAMS. I thought at first the Senator was speaking of the 130-hour provision and the prevailing wage. That recommendation came from Colonel Harrington.

Mr. WALSH. I was inquiring where the provision originated. I think we are all agreed it was in the House.

Mr. ADAMS. The 18-month provision was in the bill when it came to the Senate. The Senate changed the provision.

Mr. WALSH. We all agree upon that; but there seems to be a difference of opinion as to the next step. Was it or was it not recommended by the Administrator of the W. P. A.?

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. ADAMS. I can answer the question. The provision which the Senate put in the bill was a provision which Colonel Harrington gave to us. I know that because he brought us a typewritten statement and we substituted the typewritten paragraph which Colonel Harrington gave us for the House language. Colonel Harrington's amendment provided, in substance, that if any man had been in need of relief for 3 months and had been certified and could not get on relief, as between that man and a man who had been on relief for 18 months, preference should be given to the man who had been unable to get on the roll. The House provision arbitrarily took people off at the end of 18 months, regardless of whether or not there was anyone to take their places. Instead of the House provision, the Senate merely said that there was provision for only a certain number, and that either a man who had been in need for 3 months and could not be taken care of had to be kept off, or a man who had been taken care of for 18 months would have to be taken off, and that the preference as between the two should be given to the man who had not been able to get on the roll.

Mr. WALSH. I think also Colonel Harrington added another proposal, namely, that the most needy of those on relief should be reinstated.

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

Mr. MALONEY. I yield.

Mr. BARKLEY. I offered an amendment on the floor, not exactly in that language, which amendment was adopted. The language referred to by the Senator from Colorado, which was inserted by the Senate committee on the recommendation of Colonel Harrington, was an effort to soften the arbitrary provisions of the House bill, which automatically struck off everybody who had been on the roll 18 months. When the bill came on the floor of the Senate I offered an amendment which provided that preference should be given to those who had been certified for 3 months and could not get on the roll, as compared with those who had been on for 18 months, except that that provision should not apply in cases where undue hardship would result.

Mr. WALSH. I thank the Senator. I think it is conceded that the Senate made less severe and less drastic the provisions of the House bill.

Mr. BARKLEY. That is correct.

Mr. WALSH. I think that is generally agreed.

Mr. BARKLEY. Colonel Harrington did not originally recommend the provisions in the House bill.

Mr. WALSH. I am pleased to know that, for it is but just to him to have that a part of the record.

Mr. BARKLEY. I talked with him after the House bill came over to the Senate in an effort to arrange it so that the hardships resulting from automatic dismissal of everybody who had been on the roll for 18 months might be in some way assuaged.

Mr. WALSH. I have a very high opinion of Colonel Harrington. I think he is trying to do a good job and will do a good job.

Mr. ADAMS. I did not know as to the origin of the House provision. I did know as to the origin of the Senate provision.

Mr. WALSH. I thank the Senator from Connecticut, and I wish to say that I concur in all that he has said in relation to the cruel and harsh effects of the administration of the 18 months' furlough provision of the law. My conversation with Colonel Harrington disclosed the fact that he was taking steps not to stagger the discharges over as long a period of time as he could under the law. He began earlier than the law required so that that could be done.

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

Mr. MALONEY. I yield.

Mr. PEPPER. I wonder if the Senator has received a satisfactory answer to the query which I know is in his mind if he has not propounded it. Why was it necessary for anybody to be cut off the W. P. A. who had been certified for relief by a competent and responsible agency? Did the United States Government profess to be so impoverished that it was willing to go back on the platform declaration that no one in this country would be allowed to go hungry? What answer has been given to the Senator's query as to why anybody has had to go off the roll at the end of 18 months or any other time?

Mr. MALONEY. Of course the Senator knows the answer, because he was on the floor. He was one of those who, like myself, made an attempt to overcome the threat at that time. However, the Congress is entirely responsible. The Congress decided. The Senate joined with the other branch of the Congress in reaching a decision.

Mr. PEPPER. Did the Senator obtain the impression that the Senate and the House intended to represent that the United States did not have the money to afford jobs, or that the United States did not want to provide jobs?

Mr. MALONEY. I will answer the Senator by saying that I think the bill was rushed through too hurriedly. I do not believe there is a single Member of the Senate who does not want to provide jobs for unemployed men who want work. I think some Members of the Senate conscientiously believe that the way to correct the unemployment situation is by another way than the expenditure of further relief funds. I should like to believe that there is another way. Year after year in the Senate I introduced a bill which would do it in another way. I do not think that the W. P. A. method is the proper procedure, but this is the only road left open to us, Mr. President. The other proposals have been set aside; and we cannot sit idly by and maintain that private employment is the place for men to go.

In my opinion, we cannot satisfy ourselves by saying that if we let business alone men will be given jobs in private employment. That argument makes no impression on me, Mr. President, because in 1929, 1930, 1931, and 1932 there were no restrictions on business. There was no hampering governmental influence. Businessmen were riding wide and fancy. We dashed downhill toward ruin. So the only way we can do it, Mr. President, is by providing relief funds.

Although I should like to see the Budget balanced, and although I know there is danger in continuing expenditures, I am satisfied that that is the right way because, in my opinion, it is the only way left to us for the time being. I believe that there is a governmnetal responsibility so long as able-bodied and willing men are anxious to have a job and cannot find it in private employment. I believe that the true test of a nation is its care of the weak, and that the responsibility of providing assistance for the millions of men now terror-stricken because of the W. P. A. rules, and the passage of the Relief Act, is ours; I further believe, unless we take some steps before we go home, we shall be more seriously sorry before we come back in January.

Mr. President, I am quite satisfied from the standpoint of the record and of my conscience that I have not voted to cut a single relief bill or against a single relief bill. I know that some Members conscientiously and sincerely believe that such is the proper way. I do not think they are helping to hasten better times in our country.

Mr. President, I wish to read another article from one of yesterday's newspapers. I presume it is possible that the editorial which I just read and the brief item which I am about to read are to some extent indicative of conditions over the country. This article happens to be from the New York Sun of last night:

> Persons on the Triborough Bridge observed a man leap from a guardrail of the Manhattan lift span, off One Hundred and Twenty-fifth Street, into the Harlem River, 65 feet below, and apparently drown, at 3 o'clock this afternoon.
>
> In a pocket of the coat left behind by the man was a W. P. A. work card.

Mr. President, I do not like to inject this sort of thing into debate in the Senate. It is probably wrong. Perhaps I make a serious mistake when I do it. I hope it is not. However, the situation is serious; and I cannot forget that, in my opinion, we hurriedly and carelessly considered the relief bill. I do not want to miss the last chance we have this year to provide an opportunity for men to return to work.

During the past few days in the Senate I have obtained unanimous consent to have inserted in the RECORD newspaper articles showing that in the comparatively well-off State of Connecticut, as a result of the restricted relief appropriations, thousands of men were being dropped from the rolls, with no place to go. That is a sad state of affairs, Mr. President. And with that situation true in a State which is relatively as wealthy as mine, I dislike to think what the consequences may be in some of the other States of the Union.

Mr. President, unlike some of those who have expressed such an opinion, I do not think the present bill proposes a spending spree. I think it is too conservative a proposal. I should not handle the problem this way. I do not think too much will happen as a result of the bill; and I think very little will happen under the P. W. A. part of the bill. That is why I have offered an amendment which I hope may provide jobs for men in private employment.

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

Mr. MALONEY. I yield.

Mr. VANDENBERG. Does the Senator's amendment touch any of the problems to which he has recently been advertising, such as the furlough and the prevailing wage?

Mr. MALONEY. No. I will answer the question by saying that such amendments have been printed, and they will be called up in connection with the bill.

Mr. VANDENBERG. I was wondering whether or not the Senator's observations attached to his own amendment.

Mr. MALONEY. I think they do, Mr. President. I am making these observations because I want to make up for the errors of the relief bill, which is behind us. We cut down the amount of money to a considerable extent. As a result of the limitations of the relief bill, which I have been discussing, thousands of men have lost their jobs. Thousands more will lose their jobs; and more than 1,000,000 will have their wages curtailed on September 1 unless the Administrator follows the viewpoint of those Members of the Senate who have declared that the language of the law does not compel him to cut the wages of the certified relief workers. I know of no Senator who has a different opinion.

Mr. President, I answer the able Senator from Michigan by saying that I think there is a relationship; and I want to show that under my amendment jobs will be provided, because the P. W. A. section of my amendment makes certain the expenditure of at least $1,000,000,000 on work to be undertaken by private contract.

Mr. VANDENBERG. I merely wish to get straight the answer to my original question. Of course, the Senator's contention is that by providing supplemental work he provides supplemental jobs.

Mr. MALONEY. That is correct.

Mr. VANDENBERG. However, the Senator does not contend that his amendment is the direct answer to the other criticisms which he levels at the original relief bill. Is that correct?

Mr. MALONEY. That is correct; and I am sorry the Senator seems not to have understood me. I know it is my fault.

I have been endeavoring day after day for a period of 2 weeks to gain the attention of the W. P. A. authority and the assistance of Senators for the purpose of trying to correct the situation which I have described. Perhaps we cannot entirely correct the situation by law, because it seems to me we are soon to adjourn. But a part of it can be corrected by interpretation of the language that we passed, and that is one of the reasons why I am discussing this matter just now.

Mr. President, the first part of this amendment relating to the P. W. A. Administration might be best and briefly explained by saying that it is substantially the same proposal which was offered to the Senate in connection with another bill a short time ago by the Senator from Arizona [Mr. HAYDEN]. It is an appropriation of $350,000,000 to provide a continuation of the P. W. A. as it existed when first created by Congress. Senators will recall that at that time grants in the amount of 30 percent and loans in the amount of 70 percent were available.

It proved not too tempting a proposal. The municipalities and States of the Union, despite the seriousness of the times, despite the great and widespread unemployment, did not take full advantage of that opportunity. So Congress, anxious to stimulate employment and return men to work, liberalized the P. W. A., and we made loans of 55 percent and grants of 45 percent. If I now thought there was the slightest chance that I could get such a proposal adopted at this time, I would offer an amendment continuing the P. W. A. as it last existed, with grants of 45 percent and loans of 55 percent. I would do it, because the municipalities and the States of this country, hundreds and hundreds and hundreds of them, have set out local programs, and by action of their boards of aldermen or courts of common council or town meetings have prepared plans and specifications and expended a considerable sum of money to take advantage of the P. W. A. 55 percent-45 percent plan. They are not responsible for the fact that the plan has died. They spent a great deal of money, and it seems to me that there has been not a betrayal but a misleading suggestion on the part of the Federal Government.

I do not offer that liberalized proposal, because the Senate had a chance to vote on it through an amendment offered by the junior Senator from New York [Mr. MEAD] just a little while ago.

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

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

Mr. MALONEY. I yield.

Mr. LUCAS. I should like to ask the distinguished Senator from Connecticut whether or not he believes that his amendment will take care of a community, for instance, which has voted $40,000 in bonds on the theory that the Federal Government was going to give it a grant of 45 percent. Will the Senator's amendment take care of that situation?

Mr. MALONEY. I cannot be sure that it will take care of it in all instances; but I assume that what a municipality has once done, it can do again; and while I know that they would prefer the increased grant of 45 percent, I believe that these States and municipalities and subdivisions of government which have indicated a willingness to take advantage of a 45-percent grant will in a great many instances be anxious to take advantage of a 30-percent grant. Perhaps all of them cannot do it, but I think most of them should be able to.

Mr. LUCAS. I do not agree with the Senator upon that proposition. In most of the cases in the State of Illinois I find that nearly all of the municipalities have done all they can do, so far as issuing bonds or raising funds is concerned, to meet a particular grant given to them under the present law; and I do not believe the Senator's amendment is going to have any material effect on obtaining relief for the people in the various communities and in the municipalities which have already voted bonds or have already raised money on the theory that they were going to get a 45-percent grant.

Mr. MALONEY. I am sorry the Senator misunderstands what is uppermost in my mind. I am trying to further expand the national economy at a time when business seems to be showing improvement. I do not want it to drop off. I am trying to provide jobs for men. I am not especially concerned with making it easy for the municipalities, although I feel that we have a responsibility in that direction, and I should like to do it; but I am recognizing a practical situation. I do not believe the Senate will vote a 45-percent grant. We tried it here 2 months ago, or less, and it did not work. We had a tie vote on such a proposal as I am now offering, but I am very hopeful that we may get this one passed. I am in sympathy with what appears to be the opinion and the desire of the Senator from Illinois, but I do not think it is possible, and I think we should be realistic about it.

Mr. LUCAS and Mr. HUGHES addressed the Chair.

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

Mr. MALONEY. I yield first to the Senator from Illinois.

Mr. LUCAS. Mr. President, does the Senator believe that any more men would be employed on the basis of 70-30 than would be employed on the basis of 45-55?

Mr. MALONEY. Of course not. That question answers itself. I do not think any men would be employed under this proposal if I offered it for 55-45. If we can pass the 70-30 amendment we are going to spend a billion dollars in this country, and it will employ a great many men.

I now yield to the Senator from Delaware.

Mr. HUGHES. Mr. President, I was not here when the Senator from Connecticut started his discussion and offered his amendment. As I understand, the bill itself provides $350,000,000.

Mr. MALONEY. Yes.

Mr. HUGHES. The Senator's amendment provides an additional $300,000,000. Is that the idea?

Mr. MALONEY. I will get to that, if the Senator will bear with me for just a minute. I will explain it right now, if the Senator desires.

The proposal offered by the Senator from Kentucky [Mr. BARKLEY], insofar as the P. W. A. is concerned, indicates a desire to continue the P. W. A. by appropriating $350,000,000, under the new idea that the municipalities and the States will borrow 100 percent from the Federal Government to undertake these public works, which they refused to undertake in the beginning, when times were much more desperate than they now are, on the basis of a 30-percent grant. I offer my proposal because I do not think the municipalities or the States will take advantage of the provision in the so-called works-financing bill as it now stands. I have served as a mayor. I know something about local problems and the viewpoint of municipal officials. I was a mayor during this administration while a Member of the House. I saw this situation from both sides, and I know the resistance against local borrowing, because of the heavy burdens of the small-home owners of the municipalities of the country, at least in the industrial part of the country.

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

Mr. MALONEY. I yield to the Senator from Massachusetts.

Mr. LODGE. Is there anything in the Senator's amendment which would confine the expenditure of these funds to projects which have already been filed? In other words, I have in mind a sewage-disposal district in my own State which has been recently interesting itself in a project but has not filed any application because there seemed to be no reason for doing so. Would its application be considered under the terms of the Senator's amendment, or is it going to be limited entirely to projects which have already been filed and approved?

Mr. MALONEY. I will read that part of my amendment to the Senator:

SEC. 206. No new applications for loans or grants for non-Federal projects shall be received by the Administration after September 30, 1939.

There is a limited leeway. There is not a need, insofar as providing jobs is concerned, that the doors be opened to any additional projects, because there are more than enough projects now available with plans and specifications approved. I presume, however, that when this amendment—and I will say that this language is not mine—was originally offered to the Senate it was felt that there might be some such situation as that suggested by the Senator from Massachusetts which might be important and ought to be considered under this new appropriation.

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

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Delaware?

Mr. MALONEY. I yield.

Mr. HUGHES. I am not quite clear about whether the Senator has answered my question.

Mr. MALONEY. I am going to answer it. I was in the middle of the answer to it when I was interrupted again.

Mr. HUGHES. What I have in mind is this: The bill originally provided for $350,000,000.

Mr. MALONEY. Yes; on a 100-percent lending basis.

Mr. HUGHES. I wanted to know whether the Senator's additional $300,000,000 was in any way connected with this provision, whether they were to be operated together, or whether they were separate and distinct provisions for the Public Works Administration.

Mr. MALONEY. They would both come under the Public Works Administration. I do not think the proposal in the bill as it came to the Senate is going to be operative. I do not think the municipalities are going to take advantage of it, though they might do so. I may be mistaken, but I do not want to run the risk; and I am sorry to hear the Senator from Michigan [Mr. VANDENBERG] say that, because I did not offer this proposal as a substitute for the section in the pending bill he would not vote for my proposal, but that otherwise he would. I think he might well give his vote to my amendment if he believes in the plan I have submitted, because, whether or not my suggestion prevails, I doubt that there is very much chance of the expenditure of $350,000,000 on a 100-percent lending basis.

I do not think the municipalities will do it. They were badly enough off 2 months ago, but as a result of our action on the relief measure the situation in the cities of this country is serious. The heavy tax burden of every municipality now is largely that of relief. Heretofore the expenditure has been largely, at least in my part of the country, for education; but the relief expenditures have passed those for education, and have become a terrific burden on the cities, and a terrible drain on the local treasuries. While I think that under normal and ordinary conditions they might have taken advantage of such a proposal as this, I think that time has passed.

Unless someone wants to question me further about the matter I am anxious to hurry through the discussion of the bill, because weak as I think it is in some places, I think it is extremely meritorious in others, and I want to vote for it whether or not my amendment should be accepted. I think it will be a much better bill with the amendment. I think more men will be given work. I think it is extremely important that we now get into circulation the extra billion dollars which would be authorized by this proposal.

Mr. O'MAHONEY. Mr. President——

Mr. MALONEY. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. I understand the Senator's argument to be, in substance, that W. P. A. appropriations and made work paid for by such appropriations do not effect the stimulus that is really necessary to provide the force to carry on our economic system.

Mr. MALONEY. For this reason, let me say to the Senator from Wyoming that the big purpose of the W. P. A., and properly so, is to provide actual labor for men certified for relief work. The W. P. A. tries to avoid the purchase of material, and consequently there is not much contribution to private industry. The W. P. A. worker gets, for the most part, a subsistence wage. His pay is somewhat helpful to the national economy because, in addition to being able to keep his family alive and together, he contributes a little bit to the small-business man. But under the P. W. A. we contribute to private industry. We buy from the manufacturing plants of the country. We buy steel and concrete. We buy, under this plan, automobiles and machinery for every sort of building. We go into the hardware factories. We buy lumber and we buy brick, and things too numerous to mention that will give aid to the national economy, which, at least for the moment, seems to be properly on its way again to better times.

Mr. O'MAHONEY. In other words, the W. P. A. expenditures are practically dead expenditures. They turn over only once or twice.

Mr. MALONEY. I think that may be right.

Mr. O'MAHONEY. They serve only to give a little passing relief. They do not put the workers who are employed upon a self-supporting basis; but the money which is expended in public works will be reflected all through the economy, and therefore will be beneficial to everybody at every step of the economy.

Mr. MALONEY. It is helpful to the great number of unemployed who will go back to work as a result of the expenditure, and it makes more certain, if there is any such thing as certainty, positions held by men still at work. It adds to their security.

Mr. O'MAHONEY. I assume that the Senator means that the provision now in the bill for a 100-percent loan of $350,000,000 will be an ineffective provision, because, in his opinion, the States and municipalities and other public agencies will not be in a position to take advantage of 100-percent loans.

Mr. MALONEY. That is my opinion.

Mr. O'MAHONEY. And the Senator feels that it is necessary, in order to promote this renewed activity throughout the economic system, for the Federal Government to stimulate public works by a grant of 30 percent of the cost.

Mr. MALONEY. I think it is an economical investment on the part of the Federal Government.

Mr. O'MAHONEY. I take it that the Senator believes that an investment of this kind is far more effective than an investment of twice that sum in W. P. A. expenditures.

Mr. MALONEY. From the standpoint of the national economy, yes. In addition to providing a sufficient amount of money to keep families together, the greatest benefit from W. P. A. expenditures is that they protect the natural American pride of men. Once the pride of Americans is destroyed, they are not the same kind of people, and giving them work instead of a dole is tremendously important to our whole national structure. But from the standpoint the Senator points out, it does not, in my opinion, provide very much assistance to general business.

Mr. O'MAHONEY. If I may ask another question, I understand that the Senator is not offering the amendment as a substitute for the 100 percent loan provision now in the bill.

Mr. MALONEY. For this reason, let me say to the Senator from Wyoming, there are those of this administration who seem to believe that this 100-percent lending plan can be made to work. I do not think it can. But the $350,000,000 provided in my proposal is aleady expended, insofar as the municipalities and States are concerned. They are ready to take it over. That means that there will thereafter be a further chance to find out whether or not the proposal already in the bill will work. I could offer this as a substitute, but I do not feel that it is fair to deny this new experiment.

Mr. O'MAHONEY. Would the Senator feel that it would be a proper thing to provide in the amendment, if it is not already provided, that no applicant which was actually able to accept a hundred percent loan should be permitted to take the grant?

Mr. MALONEY. Who would determine whether or not the applicant was able?

Mr. O'MAHONEY. I would say that the Public Works Administrator could easily determine that.

Mr. MALONEY. I prefer not to do that, although I should like to see it worked out if it were possible. I do not think it is possible. I do not think that any man, without great study and the expenditure of much time and money, could determine just exactly which municipality could afford the 100-percent basis and which was entitled to consideration on the 70-percent basis. If the Senator thinks it might work out, and he is willing to prepare such an amendment—and I cannot think of anyone who prepares amendments more efficiently and quickly than he does—I might be willing to add it to my amendment; and I am certain, in any event, that the Senate would be glad to have him offer it for consideration.

Mr. O'MAHONEY. I think it would be a valuable provision, because I have had the opportunity of examining statistics which have shown that there has been a practically complete transfer of the sponsorship of public works from States and municipalities to the Federal Government. Expenditures which, prior to 1930, were being made by States and municipalities for public works, have dropped off, and in lieu of those expenditures there has been a great rise in the amount of expenditures by the Federal Government for the same sort of work.

Mr. MALONEY. There are two reasons for that, I should like to point out to the Senator, at least two reasons appear to me.

The taxing opportunity of the municipalities and the States has been to a considerable extent lessened by several years of hard times. In my own State I think the State budget for this year is the largest in the State's history, though I may be in error about that. If the Federal Government was not pouring millions of dollars into my State, as it is into all the other States of the Union, the people of my State would find the tax burden exceedingly heavy.

There is one additional reason—and I think this reason especially important—and that is that it is more reasonable to take the taxes from those who are best able to pay, for providing work and creating social values, than it is to take the money from the heavily oppressed small-home owners in the towns and cities of the country; and that is the reason, in my opinion, why there has been this willingness on the part of Congress and the majority of the American people to shift the heavier burden to the Federal Government and to get most of the money through the income tax. It is entirely a tax matter.

Let me add, at that point, that while those who clamor for State control and State rights in connection with relief have as clear an understanding of the situation as I have. They know the local folks cannot stand the tax burden; and if it were shifted to them, the States and the municipalities in this country, in my opinion—although I dislike to say it—would in some instances head toward bankruptcy.

Mr. O'MAHONEY. Mr. President, with the permission of the Senator, I shall offer a perfecting amendment to his amendment.

Mr. MALONEY. Will the Senator permit me to finish my discussion before he does that?

Mr. O'MAHONEY. Of course; I beg the Senator's pardon. I thought the Senator was about to conclude.

Mr. MALONEY. Oh, no. I would have been through except for the interruptions.

Mr. O'MAHONEY. I apologize for the interruption.

Mr. MALONEY. No; the interruptions please me. I welcome them.

I should like to say, in connection with the P. W. A. proposal, that as I read the House hearings, and listened to the testimony in the Senate committee, it seemed to me that the P. W. A. authorities were in sympathy with the continuation of the P. W. A. in the manner I have suggested. It seemed to me that Governor Eccles, of the Federal Reserve Board, who has made a special study of this sort of program, is in sympathy with my method, or the method I suggest. I know that the mayors of the cities of the country are in sympathy with the proposal, and perhaps it is natural that they should be.

It is my impression that the majority, and perhaps nearly all, of the State and local officials are in sympathy with this way of procedure. They are in sympathy with it because there is a need for the building of many tremendously important projects—the creation of improved sewer systems and expanded water systems, the erection of new schools, and advancement of education, with which we are so much concerned—and these officials realize that there is no better way to expend public funds than in the creation of these kinds of projects under private industry.

It is not money lost; it is social values on one side to balance the expenditures on the other. The money we spend for these things now will be saved in another day. With improved business which I think would result from this further expenditure, I suggest there could be a more definite move toward the balancing of the Budget and the cutting down of Federal expenditures. But I am fearful, as Mr. Carmody seemed to be, that unless we make this P. W. A. expenditure at this time, or prepare to make it, there will come another lag a year hence, just as there was in 1937, and that we might lose the gains we made simply because we lack sufficient courage, and, in my judgment, foresight, to follow through.

Mr. President, in connection with the P. W. A. bill, I offered an amendment which would provide for the payment of prevailing wages. I wish to point out to the Senate that this prevailing-wage amendment is in connection with private industry, and simply carries out a policy which has been in effect in the Congress for some time.

Someone may suggest a little later that in the so-called Works Finance Act of 1939 there is a prevailing-wage amendment. That amendment was offered, I think, last Saturday at the final meeting of the committee. I was not present at

that meeting, because I had assumed that we concluded on Friday night, and I was out of the city on Saturday on important business.

The committee prevailing-wage section only provides for prevailing wages under the committee P. W. A. proposal, which, I maintain, may not work. That prevailing-wage amendment has nothing to do with the rest of the bill, and I insist that when the Federal Government expends money or provides money to assist industries, either by loans or by grant, it has the right to insist that the men engaged in plants using Federal funds and Federal help should receive the prevailing wage. It is not anything new. I mention this to show the difference between my proposal and the one that is in the bill as it came to the Senate.

I should like to point out one other part of the amendment, and if they are here, I should like particularly to call this to the attention of my colleagues who come from the North and the industrial Northeast.

I refer to subdivision (h), which reads:

(h) No funds made available under this act, whether administered by the Federal Government or by the States or local governmental agencies from funds contributed in whole or in part by the Federal Government, shall be used by any Federal, State, or other agency to purchase, establish, relocate, or expand mills, factories, or plants, which would manufacture or produce for sale articles, commodities, or products in competition with existing industries.

There is one part of that section with which I am especially concerned. I have the fear, and some of my colleagues from the North share the fear with me, that there might be a relocation of some northern industry as a result of loans made under the bill. While our hearts bleed a little for the stricken farmers of the West and the South, and while I have endeavored to give support to proposals which would be beneficial to them, and while I was glad to vote for the agricultural bill last year carrying a large appropriation, and while I realize that we cannot ever be happy unless they are happy, I should like to have them know that we suffer a bit from fear in these days of economic stress. We are losing some of our factories in the North to States in the South because of a special invitation, and we are paying for it in more ways than one.

I heard only last night of a Connecticut manufacturer who had opened a plant in one of the Southern States. He did not move his existing plant, but opened a new factory there. I may be in error about this, but I was advised not longer ago than last night that he moved to the South because wages were more favorable to business, because he would have no taxes to pay for a period of 10 years, and because he received other concessions from that particular State. Still, that State will come here and contend it cannot make a full contribution to the pension laws we pass. Representatives of that State and others like it tell us that the charge is too heavy a burden to bear. But they give tax-free plant locations in order to bring people down from the North. We tax our plants, and it does not seem to me at all fair that those States should give tax-free opportunities in the South at our expense.

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

Mr. MALONEY. I yield.

Mr. PEPPER. I wonder whether the Senator is aware of how violently the South has been discriminated against in the freight-rate structure of the United States; and if the Senator might not perhaps attribute inducements of the character he has described as being extended by Southern States to northern industry to a desire on their part to make up in the best way they could the burden under which industry was laboring in the South by having to pay the excessive freight rates that were imposed upon southern industry, which northern industry did not have to bear.

Mr. MALONEY. Mr. President, while I am here to represent in part the State of Connecticut, I hope I will never lose sight of the fact that I am a Senator of the United States, and I do not ever intend to cast a vote that will unfairly impose a hardship on any State. I prefer, however, not to discuss the freight-rate situation in connection with the pending proposal. It is something entirely apart, and I would rather not be diverted at this particular time.

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

Mr. MALONEY. I yield.

Mr. DAVIS. I agree with what the Senator has stated about factories moving from the North to the South, because in my State of Pennsylvania we have lost a number of factories, and we have found that they go South because they are relieved from the payment of taxes in the South, and because they get other concessions.

And we find, too, that, as in our State, after the original factory got started in another State, it was only a question of a short time before we heard people in our State saying, "The taxes are too high, the wages are too high, and we cannot compete." First they pass the buck by contending that foreign competition is coming in, but now we know that it is because the materials are produced cheaper in other sections of the country than they are in our own State.

Mr. MALONEY. I will say to the Senator from Pennsylvania that it is not a political question until it comes here. These States are fighting for their lives. They are anxious to do things to protect themselves. But we in Congress have a responsibility when it comes to the matter of fixing wages and we have a responsibility when it comes to a matter of providing the contributions of Federal money. We have a responsibility when it comes to appropriations for aiding States in the advancement of education. I do not think any State, no matter how poor that State may be, has the right to come to the Government for educational assistance, for old-age assistance, or any other assistance, so long as it wipes out taxes for industries that might be making large profits.

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

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

Mr. MALONEY. I yield.

Mr. PEPPER. Is not the Senator aware of the fact that the Southern States, and particularly the Southeastern States contribute a larger portion per capita wealth, in proportion to their population, than the Northern States contribute?

Mr. MALONEY. The point I am trying to make is that their per capita wealth may not be a true picture of the situation. They are permitting some northern manufacturers to sweat their labor, and it does not seem to me entirely correct to say that they are contributing for education more than other States insofar as their per capita wealth is concerned. I say they should be taxing the northern manufacturer who goes down there instead of giving him a 10-year free rent.

Mr. PEPPER. Mr. President, will the Senator yield for one more question?

Mr. MALONEY. I yield.

Mr. PEPPER. Is the Senator not aware of the fact that the wage and hour bill was favored by a great many southern Members in the House and Senate and that it is now in effect in the South as well as in the North?

Mr. MALONEY. Oh, yes.

Mr. PEPPER. And that in the last few days, due to the efforts of the able Senator from Georgia [Mr. RUSSELL] and the able Senator from South Carolina [Mr. BYRNES], with the cooperation of their colleagues, a provision has been written into the W. P. A. appropriation requiring that the same wages be paid for the same kind of work in all sections of the country, including the South, with only an allowance for the difference in the cost of living, which is negligible, and are we not in that way trying to raise the southern wage scale, and might we not be brought to the necessity in this very bill of trying to protect the efforts that were formerly employed to restore the southern wage scale?

Mr. MALONEY. Of course I am aware of it, and I have applauded it here in the past few days. Perhaps I went too far when I said what I did. But the Administrator of the Wage and Hour Division of the Department of Labor,

if I am correctly informed, has stated in the last few days that very serious violations of the law are being discovered, and has called attention to the fact that the law is being ignored in certain parts of the country.

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

Mr. MALONEY. I yield.

Mr. BYRNES. I trust that the Senator will not make blanket charges against an entire section of the country.

Mr. MALONEY. I just said I thought I may have gone too far in that statement. I am sorry.

Mr. BYRNES. I would ask the Senator, knowing his accuracy of statement always, whether the only State offering inducements of that kind were south of the Potomac. A Sentaor representing a State north of the Potomac who sat listening to the Senator told me his State offered an inducement, by way of exemption from taxation for 10 years, which the Senator has talked about. That situation does not exist in the State of South Carolina. It does not exist in many States. I hope the Senator from Connecticut will not say that such inducement is offered to industry only from southern States. If he will inquire, he will find that in many States of the Union outside of the South inducements are offered to industry.

Mr. MALONEY. What I referred to was one southern State, which was called to my attention last night, and which took away part of a Connecticut company.

Mr. BYRNES. If the Senator says only one State——

Mr. MALONEY. I said only one State, I will remind the Senator.

Mr. BYRNES. It may be true. If the Senator says that he knows it I will agree, but I would advise him then that a Member of the Senate, representing a northern State, listening to the Senator, told me that tax inducements were offered by his State.

Mr. MALONEY. I trust the Senator from South Carolina will understand that I did not criticize the States for offering such inducements. What I did say was that it was unfair for the representatives of States which made special inducements in the matter of the remission of taxes, to ask for a special consideration because they did not have sufficient tax income.

Mr. BYRNES. Then the Senator and I would have no argument about it, and if I misunderstood him, and he said only one State I would have no question about that.

Mr. MALONEY. I will say to the Senator from South Carolina that so far as I know South Carolina has not done anything of that sort.

Mr. BYRNES. If the Senator would inquire he would find that some States in his own section offer inducements to industries to come to those States.

Mr. MALONEY. I must insist here that I have a further chance to make myself understood. The States have a right to do that if they like to, but they have no right to ask the Federal Government to pay the tax bill.

Mr. BYRNES. I agree with the Senator in that respect. When it is done the representative of the State would have little justification for asking for any special favors because of lack of tax-paying capacity. I agree with the Senator.

Mr. MALONEY. I certainly absolve South Carolina and its very able representative now on the floor who, while he represents his State better than especially well, does not seem to expect that it shall receive consideration at the expense of other States.

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

Mr. MALONEY. I yield.

Mr. PEPPER. The Senator perhaps overlooks the fact that the per capita wealth of a given State that may offer industrial inducements would be less without the industry that they induced to come there. So that the situation has been improved by the industry coming there, even though the State gives it tax inducements. So the States are better able to pay their share by having the industry there, even though they give it certain tax benefits, than if the industry were not there.

Is the Senator not aware of the fact that the South has labored under many burdens and disabilities in the last 50 years, and that it has had a Herculean struggle to pull itself back up to a position of even comparable advantage with certain other sections of the country? It has not had a decent freight rate system, and it has not had access to an adequate capital market. There was a political party in power which consciously discriminated in favor of other interests and other sections of the country, a party which was dedicated by its whole history to the service of the kind of special interests which had their lodgement in other sections of the country. So the Republican Party, which dominated this Government through the major part of the last 50 years, has a great deal of responsibility for the impoverishment and the conditions that made it desirable for the South to get industry at almost whatever price it had to pay for it.

Mr. MALONEY. Mr. President, I am in sympathy with the effort to rehabilitate the South. If there is one reason above others that makes me willing to vote for this proposal, it is the $600,000,000 that the bill contains to provide relief through the Department of Agriculture by way of the lending of money to distressed farmers to repair their farms and farm properties and to acquire farm stock. I am pleased with it because it helps the tenant farmer to acquire a home. I do not think that the able Senator from Florida would now contend that the Congress has at all turned its back upon the stricken South, but that if it has been especially generous to any part of the country, to make up for the sins of another day, it has been generous to that part of the United States.

Mr. PEPPER. I want to say, Mr. President, in connection with that statement, that I believe that in the last few weeks and the last few months there has been less objectionable sectionalism manifested in this body than before in a long time. I certainly share the pleasure that the able Senator from Connecticut observed in seeing the abolition here of sectional tendencies, and the desire on the part of the United States Congress to legislate for the best interests of the whole country and the whole people.

Mr. MALONEY. Mr. President, we have always had a great representation from the South, and it has not lessened in brilliancy or militancy in the last few years.

Mr. President, I shall not take long. I think the reclamation proposal in this bill is a fine self-liquidating project and I think it is extremely important. We have done much for the agricultural parts of the country, but in the part of the bill providing money for loans to the railroads, with which to buy equipment, we find an isolated situation insofar as employment is concerned. It is not a provision which will be particularly helpful to the country as a whole.

Certainly it cannot be said that the export-import feature of this bill is going to provide a great help. I have some doubt about that. But I am hopeful that by the adoption of this amendment, and appropriation of $350,000,000, and the expenditure of $1,000,000,000, widely over the entire country, leaving no section untouched—creating splendid social values carefully selected and minutely scrutinized—we can do much to accelerate a national economy that is moving forward.

I have left to the last one section of the bill which seems to me important. I do not think that the Federal Government has a right to be loaning Federal funds or making Federal grants in instances that would permit a confiscation of property. So I have inserted a provision herein, Mr. President, that would prevent the expenditure of Federal funds for the establishment of a utility in competition with an existing utility unless a fair price was offered for that utility. It provides the price be fair to the public agency. I want to emphasize that point. The proposal is not just that it pay a fair price to the utility, but rather that the price be fair to the municipality or public agency. It seems to me to be an ironclad, fool-proof amendment—a protection to the municipality, a protection to the utility, a guaranty against confiscation, and at the same time permitting a nationalizing of power just as far and as fast as the Federal Government can fairly afford to go.

I should be glad to go into details about that amendment, but sometime ago I offered it here in the Senate, and I explained it in very careful detail. I shall not take a bit more time of the Senate, but I am going to ask for a yea-and-nay vote on the amendment, Mr. President. With that, I have concluded.

Mr. BARKLEY. 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, Calif.	Reed
Andrews	Davis	Johnson, Colo.	Russell
Ashurst	Downey	La Follette	Schwartz
Austin	Ellender	Lodge	Schwellenbach
Bankhead	Frazier	Lucas	Sheppard
Barbour	George	Lundeen	Smathers
Barkley	Gerry	McCarran	Smith
Bilbo	Gibson	McKellar	Stewart
Bone	Gillette	Maloney	Taft
Brown	Green	Mead	Thomas, Okla.
Bulow	Guffey	Miller	Thomas, Utah
Burke	Gurney	Minton	Tobey
Byrd	Hale	Murray	Townsend
Byrnes	Hatch	Norris	Truman
Capper	Hayden	Nye	Tydings
Chavez	Hill	O'Mahoney	Vandenberg
Clark, Idaho	Holman	Pepper	Van Nuys
Clark, Mo.	Holt	Pittman	Walsh
Connally	Hughes	Radcliffe	White

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

CORDELL HULL—EDITORIAL BY HUGH S. JOHNSON

Mr. MINTON. Mr. President, when tribute is paid to a man by one who has systematically scrutinized the actions of this administration for the purpose of laying bare its actions to criticism, one may properly feel that the tribute he pays is not only deserved, but may be entitled "high praise."

I find in the writings of Gen. Hugh S. Johnson a splendid tribute to a distinguished American, Cordell Hull. Everyone recognizes that General Johnson, since he severed his connections with this administration and became a columnist, has paid his respects to the administration; but in this article he approves most enthusiastically of Secretary Hull's handling of foreign problems.

Cordell Hull is deserving of this praise; and it is especially noteworthy as it comes from one who has looked askance at the administration. Secretary Hull is deserving of the good will, admiration, and gratitude of the American people.

It gives me pleasure to ask unanimous consent that General Johnson's article be placed in the CONGRESSIONAL RECORD, following my remarks.

Mr. BURKE. Mr. President, reserving the right to object, may I inquire of the Senator from Indiana if he has now changed horses and is supporting a different man for President?

Mr. MINTON. No. We are both going in the same direction.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Indiana?

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

[From the Washington Daily News of July 26, 1939]

ONE MAN'S OPINION

(By Hugh S. Johnson)

Hull and Hitler. Their names shouldn't be mentioned in the same breath but they are the only two consistent ministers in diplomacy today.

Their policies are completely opposed but they are equally steadfast. Hitler has been consistently a heel. His policies are almost solely responsible for the hatred, danger, unrest, and uncertainty in the world. They have tended to dry up the channels of world trade, destroy so much of international good faith as ever existed, and keep the whole of humanity under the threat of war. He has encouraged similar policies in other gangster grabber nations and is extending all his resources to set half the world to tearing out the entrails of the other half.

But even including incidental frauds and lies, Mr. Hitler has never deviated from the course he promised in his book at the beginning. The nations do not know what British or French policy is or may be day after tomorrow, but they have never had the slightest cause to doubt what Hitler's policy is. It is to take whatever he wants of other people's property or freedom by threat or force of arms whenever and as fast as he can swing it.

Neither has the world had any cause to wonder about Mr. Hull's policy—to the extent that he controls policy. This column represents no interview with the Secretary of State. It does reflect impressions gained in many conversations, both recently and in past years, and my understanding of his published utterances.

He very early made it clear that, regardless of how far other nations might depart from the principles of international law, this country would never either condone such departures or let a single one pass without protest. He consistently opposed freezing the world's commerce into water-tight trade compartments or engaging in undercover war by economic assaults and batteries. He has done his best to break trade barriers down.

His policy has been to avoid commitments or entanglements with any European country because it happens to be of British or French or any other race. If the policies of other nations coincide with his, he counts it fortunate because he believes those policies to be the best hope of humanity. But, considering the erratic conduct of some of those nations and our traditional policy in that regard, he can be counted upon not to get us into harness with any. Regardless of rumor, I am convinced there are no secret agreements or "gentlemen's understandings" or undercover commitments with any nation.

He regards war as not probable but as possible. So far as Mr. Hull is concerned, if we are dragged in, it will not be to fight the battles of anybody else. It will be because our own rights have been assaulted beyond the point of American endurance.

This last statement is of supreme importance because it has been the foundation of Mr. Hull's policy since the beginning to leave no doubt in the minds of the gangster or any other nations that such a point exists. There has been no swaggering about that and there will be none. Mr. Hull's policy is to avoid that point as long as it is honorably possible—but no longer. For if Japan, the Nazis, and the Fascists were ever foolish enough to be convinced that there is no such limit, we could and probably would have war in the world immediately.

Cast your eye over the entire company of the world's "statesmen" in the past few years. If any measures up to the waistline of Cordell Hull, I don't know who he is.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 5407) 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, and it was signed by the President pro tempore.

TRUTH IN FABRIC

Mr. THOMAS of Oklahoma. Mr. President, I shall ask the attention of the Senate for a very few moments. Tomorrow at 12 o'clock a motion will be made to reconsider the vote by which Senate bill 162 was passed. That bill is known as the truth-in-fabric bill. Inasmuch as the debate tomorrow will be limited to 1 hour, I occupy this time to make a portion of the RECORD so that Senators who may be interested will have the advantage of the RECORD when the vote is taken at 1 o'clock tomorrow.

Mr. President, this bill is a bill in favor of raw wool, termed "virgin wool"; and to the extent that the bill favors raw wool or virgin wool to the same extent such bill discriminates against reclaimed wool and other textile products. By other textile products I mean cotton and rayon. So the bill is a wool bill, and is against rayon and cotton.

If I may apply terms of finance to the bill, the bill seeks to monetize wool and to demonetize cotton and rayon.

Mr. President, the record is as follows:

During the debate on the bill the distinguished Senator from Kentucky, the majority leader [Mr. BARKLEY], admitted that the bill would have a great effect upon cotton, and that a vast amount of cotton was used in connection with wool in the making of cloth. Wool and cotton are woven together. They are spun together in the form of yarn, and from the yarn various classes of wool products are made. That information is now in the RECORD.

After this issue was developed in the debate I sent a telegram to the National Association of Wool Manufacturers. I ask unanimous consent to have printed in the RECORD at this point a copy of such message.

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

JULY 21, 1939.

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS,
386 Fourth Avenue, New York:

During consideration Schwartz wool bill it was admitted that vast quantities of cotton were used, in conjunction with wool, for

making cloth. Please contact manufacturers making cloth from wool-cotton combination and advise estimate of amount cotton used annually in the manufacture of cloth containing both commodities.

ELMER THOMAS.

Mr. THOMAS of Oklahoma. I shall not read the message. It will be in the RECORD for those who care to read it tomorrow.

I next ask unanimous consent to have printed in the RECORD at this point the reply to the telegram just referred to. The reply is signed by the National Association of Wool Manufacturers.

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

NEW YORK, N. Y., *July 24, 1939.*

Hon. Senator ELMER THOMAS, of Oklahoma,
United States Senate Office Building:

Re your telegram July 21, beg to advise that vast amounts of cotton are combined with wool in the manufacture of various types of textile fabrics for many purposes. Despite the fact that our association represents a large majority of the textile mills classified as wool textile mills, it will be necessary to get information on combined use of wool and cotton from mills considered cotton textile mills in order definitely to estimate annual volume of cotton so used. We are undertaking a survey to get this definite information from mills of both classifications immediately. At the same time we are asking these mills to advise us their opinion of the effect the pending bill will have on their use of cotton; that is, whether or not the present proposal enacted into law will increase or decrease the use of cotton by them and to what extent. We will immediately forward this information to you as quickly as received.

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS.

Mr. THOMAS of Oklahoma. One sentence of the reply reads as follows:

Re your telegram July 21, beg to advise that vast amounts of cotton are combined with wool in the manufacture of various types of textile fabrics for many purposes.

Mr. President, after this issue arose I made a search of the House hearings, and likewise of the Senate hearings. I found practically nothing in either regarding the relation of wool to cotton. The House hearings were on a similar bill. I do not complain that the hearings are silent as to the effect of this bill upon cotton because the subcommittee in the Senate was made up of members from Northern States, where no cotton is grown.

The distinguished Senator from Wyoming [Mr. SCHWARTZ] was made chairman of the subcommittee. He comes from a wool-growing State and where no cotton is produced. The second member of the committee was the Senator from Minnesota [Mr. LUNDEEN], likewise from a wool-producing State, where no cotton is grown. I make no complaint at that. The third member of the subcommittee was the Senator from Vermont [Mr. AUSTIN], likewise from a Northern State. I make no complaint about that. The subcommittee was selected from Senators from Northern States. There was no one on the committee to represent cotton, and because of that fact the cotton issue was not raised.

There was nothing in the Senate hearings about the relationship between wool and cotton in the making of any kind of cloth. I made a search of the House hearings, and I desire to place in the RECORD at this point all I could find, which was a question submitted by a Representative from my State, Mr. BOREN, in interrogating another Representative from my State, Mr. MONRONEY. This testimony is found at page 373 of the House hearings on House bill 944. On that page we find the testimony of the Honorable MIKE MONRONEY, a Representative in Congress from the Fifth Oklahoma District. Mr. MONRONEY was formerly a furniture manufacturer, and later expanded his business to include the retailing of furniture.

It is conceded that it was because of the testimony of Representative MONRONEY that articles going into the manufacture of furniture were excluded from the House bill. Such articles are floor coverings, upholstery, drapery fabrics, rugs, and mats.

In connection with Mr. MONRONEY's testimony he was asked the following question by Mr. BOREN:

I understand that you indicate it is your belief that it would be injurious to the cotton raiser and the seller of cotton that moves into the manufactured article?

Mr. MONRONEY answered:

Very definitely. To me this sets up the word "sterling" or "carat" of the fabric.

That was the answer by Mr. MONRONEY, a Representative from my State.

In discussing the fabric known as mohair, on page 379 of the House hearings, Mr. MONRONEY is quoted as follows:

The face of the fabric being all mohair, 100 percent mohair, this bill, if enacted, would require the trade to place on its tag the information that the fabric was made of 50 percent mohair, for instance, and 50 percent jute or cotton.

Then on page 380 he stated:

But after the customer has been used to an article containing 100 percent mohair, on the face, and picks up a label and sees this same fabric now labeled 50 percent mohair and 50 percent cotton or jute, I am afraid it is going to have an adverse effect.

Mr. President, that is all the testimony in the hearings in the House document as to the relation of cotton to wool.

The PRESIDING OFFICER (Mr. BROWN in the chair). The Senator has made a unanimous-consent request. Has he read in the RECORD whatever he wanted to have included?

Mr. THOMAS of Oklahoma. I asked unanimous consent that the telegrams be inserted in the RECORD, and I think consent was granted. I shall not ask for further unanimous consent with regard to the hearings. I have given the pages and the quotations which I desire the RECORD to contain.

When I found nothing in the House hearings, I then made a search of the Senate hearings, and I found in the Senate hearings only one little item which gave any light whatever upon the relation of wool to cotton. On page 116 of the Senate hearings on Senate bill 162 we find a table compiled from the United States Census figures for the years 1914, 1919, 1929, 1931, and 1935. That table assumes to give the principal fibers consumed in the woolen and worsted industries.

In 1914, according to this table in the hearing, some 28,387,022 pounds, or 56,777 bales, of cotton were used in conjunction with the making of woolen and worsted fabrics. The table shows the amount of cotton used in each of the years mentioned in connection with the making of such fabrics. The table does not give the amount of cotton used in the making of woolen and worsted fabrics for any year subsequent to 1935.

That is all the information that the Senate hearings contain with relation to the amount of cotton that is used in conjunction with wool in the making of textiles.

Mr. President, because I could find no information in the hearings, I addressed a letter to the National Retail Dry Goods Association. I understand that this association represents 5,900 stores. It is not a fly-by-night organization. It is one of the largest organizations in America, an organization having membership representing 5,900 stores. Included among those stores is the Penney organization, which of itself has 1,800 stores throughout the United States. In addition to the Penney organization and these other stores, this number embraces the mail-order houses. So I sent a letter to the head of this organization; and in order that the Senate may be advised, I ask permission to have printed in the RECORD at this point a copy of my letter to such organization.

The PRESIDING OFFICER. Without objection, the request is granted.

The letter is as follows:

JULY 26, 1939.

To National Retail Dry Goods Association:

We have pending in the Congress a bill known as the truth-in-fabrics bill sponsored by Senator SCHWARTZ, of Wyoming.

No doubt you have read the provisions of this proposed legislation. If not, I am enclosing copy for your inspection.

The subcommittee considering the bill was appointed from northern Senators; hence, the relationship between cotton and wool was not brought out in the hearings. At the last moment it has developed that a very large amount of cotton is used by the wool manufacturers in making yarn, consisting of both wool and cotton.

The purpose of the legislation is to increase the demand for raw or virgin wool and to discredit the demand for reclaimed or shoddy wool. It is my fear that the bill will have the same effect upon cotton that its promoters want it to have upon reclaimed or shoddy wool.

I have just sent a telegram to Mr. Fred K. Nixon, sales manager for the Riverside and Dan River Cotton Mills, asking for an opinion as to the probable effect of the passing of the Schwartz bill upon the cotton industry. For your information I am enclosing copy of this message herewith.

I have the Schwartz bill held up in the Senate pending a motion to reconsider. The vote comes up on my motion at 1 o'clock on Friday. I am desirous of securing all the information I can prior to the vote; hence, if you will send me a memorandum by messenger, giving me your reaction to the effect of the Schwartz bill upon the cotton-textile industry, the favor will be appreciated.

Yours most cordially,

ELMER THOMAS.

Mr. THOMAS of Oklahoma. I have received a reply to this letter. I shall not take time to read the letter, because it will be in the RECORD in the morning if I obtain permission to make it a part of the RECORD; and I now ask permission.

The PRESIDING OFFICER. Without objection, the request is granted.

The letter is as follows:

NATIONAL RETAIL DRY GOODS ASSOCIATION,
New York, N. Y., July 26, 1939.

Hon. ELMER THOMAS,
United States Senate, Washington, D. C.

DEAR SENATOR THOMAS: A great deal of attention and consideration is being given at the present time to the cotton-surplus problem, and there appears to be no question but that it requires solution in the interests not only of the cotton growers but of the general economic situation.

You are aware, of course, that there is a tremendous amount of apparel and household products, such as textiles, underwear, hosiery, blankets, etc., which are made of mixed wool and cotton.

Under the provisions of S. 162 and H. R. 944 the percentage of cotton content of all these products must be revealed on the label.

The use of cotton in these mixed products is often for very excellent purposes, too numerous to detail.

There has been such a huge amount of advertising of rayon and rayon products during the past year, particularly with respect to women's apparel, although to a lesser degree with respect to men's apparel, that inevitably, should it become necessary to label all merchandise containing wool as to fiber content, manufacturers of yarns, textiles, etc., will turn to rayon and eliminate cotton as far as possible. There is no real reason for doing this excepting the psychological one of minimizing sales resistance; and, of course, in these times, when increased sales and increased production are so vitally important, everyone will attempt to operate along the lines of least resistance.

The same is true in the matter of blankets. The tendency naturally will be to use less and less cotton in blankets if the blanket must be labeled as to the exact percentage of cotton contained therein.

As you probably know, substitutes for cotton are being used all over the world and are being continuously developed.

I believe that this country consumed over 325,000,000 pounds of rayon during the year 1938, and there isn't very much doubt but that the two bills before mentioned will increase the use of rayon as against cotton in mixed fibers.

In attempting to increase the sale of wool it is quite evident that it will undoubtedly be at the expense of cotton and the cotton surplus presents a far more serious condition than any wool surplus, and, in addition, contrary to the belief of the wool growers, this legislation, if enacted, will in our opinion not increase the use of virgin wool.

Our opposition to this bill is not based on any desire to misrepresent products to the consumer. Make no mistake about that. It is based primarily on the premise that the enactment of these bills will simply open the door to further misrepresentation, to a sanctification of virgin-wool products without regard to the quality of such products, and will generally impede business at a time when no legislation should be enacted which would have this tendency.

Importations of woolen goods, according to the Department of Commerce, have increased tremendously since the effective date of the reciprocal tariffs. It will be exceedingly difficult to enforce this law against such imports, and even if it could be enforced foreign exporters would have a further price advantage over American manufacturers, since this law would undoubtedly increase prices.

Competition in the retail field assures consumers of the best possible value which is obtainable at the price the consumers desire to pay, and, of course, the Federal Trade Commission has ample and complete authority to eliminate misrepresentation.

This law would without question tend to largely nullify all the combined efforts of the Department of Agriculture and members of industry to promote the increased use of cotton.

Very truly yours,

HAROLD R. YOUNG,
Washington Representative, National Retail Dry Goods Association.

Mr. THOMAS of Oklahoma. I shall read the last paragraph of the letter. It is signed by Harold R. Young, Washington representative, National Retail Dry Goods Association. The last paragraph is as follows:

This law would without question tend to largely nullify all the combined efforts of the Department of Agriculture and members of industry to promote the increased use of cotton.

Then, Mr. President, after I had failed to get information from the hearings, I sent inquiries to the Department of Agriculture. I addressed a communication to Mr. Harry L. Brown, the Assistant Secretary; I addressed a communication to Mr. Milo Perkins, an expert in that organization; I addressed a letter to Dr. Mordecai Ezekiel, the economic adviser to the Agricultural Department; and I addressed a similar letter to Dr. Boyd, an economist in that organization. When my letters reached the Department of Agriculture, these gentlemen got together and formulated a reply. I have the reply; and I now ask permission to insert in the RECORD at this point the reply, signed by Mr. Harry L. Brown, Assistant Secretary of the Department of Agriculture.

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

The letter is as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE UNDER SECRETARY,
Washington, D. C., July 27, 1939.

Hon. ELMER THOMAS,
United States Senate.

DEAR SENATOR THOMAS: This will reply to your letters of July 26 concerning certain aspects of the truth-in-fabrics bill, S. 162, addressed to several individuals in this Department, including Dr. Ezekiel, Dr. Boyd, Milo Perkins, and myself.

You ask whether the provision of this bill requiring labeling of the manufactured goods to show the amounts of reclaimed wool fibers and other fibers which are intended to "discredit the demand for reclaimed or shoddy wool" will have the same effect on the demand for cotton for combining with virgin wool in spinning wool-cotton yarn. Broadly speaking, this Department takes the view that all information helpful to consumers in making intelligent purchases is desirable. Aside from this consideration, however, we believe that there are other important points to be mentioned in regard to enactment of the bill referred to.

If passage of this bill should result in increased consumption of virgin wool, we do not see how this increase could fail to be at the expense of reclaimed wool and other fibers, among them cotton, now used in the wool and woolen industries. What the extent of this effect on cotton might be it is impossible accurately to estimate, but that there would be some decrease in the use of cotton seems probable.

Bureau of the Census data indicate that the wool and woolen industry used in 1935 about 20,300,000 pounds of cotton and cotton waste, which is equivalent to about 42,000 bales of cotton. In addition, this group of industries uses considerable quantities of cotton and part cotton yarns purchased from other industries. There are also considerable quantities of cotton-and-wool-mixed fabrics produced in mills primarily engaged in the manufacture of cotton goods. The total quantity of cotton consumed in worsted and woolen goods is probably in excess of 50,000,000 pounds, or the equivalent of about 105,000 bales of cotton.

It should be pointed out that the quantity of cotton consumed in the worsted- and woolen-goods industries referred to in the preceding paragraph is relatively small in percentage compared to the total amount of cotton consumed in this country. Also, we wish to make it clear that we do not infer that the use of cotton would be completely eliminated in the manufacture of worsted and woolen goods by enactment of this type of legislation.

Due to the urgency of your request, this letter cannot be cleared through the Budget Bureau, as is customary on all formal reports on legislation issued by this Department.

Sincerely yours,

HARRY L. BROWN,
Assistant Secretary.

Mr. THOMAS of Oklahoma. I now desire to call attention to one or two sentences from the letter of the Department of Agriculture.

The sentences to which I call attention are as follows:

If passage of this bill should result in increased consumption of virgin wool, we do not see how this increase could fail to be at the expense of reclaimed wool and other fibers, among them cotton, now used in the wool and woolen industries.

The second sentence to which I desire to call especial attention is as follows:

The total quantity of cotton consumed in worsted and woolen goods is probably in excess of 50,000,000 pounds, or the equivalent of about 105,000 bales of cotton.

Mr. President, here is an official letter from the Department of Agriculture which makes the positive statement that this bill will have the effect of decreasing the demand for cotton, and it might decrease the demand for cotton to the

extent of the present amount being consumed, which is estimated to be 105,000 bales per annum.

Mr. President, in order that I might have further information, I sent a telegram to Mr. Fred K. Nixon, manager of the Riverside & Dan River Cotton Mills, 40 Worth Street, New York City. I ask permission to have this telegram inserted in the RECORD at this point.

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

The telegram is as follows:

JULY 26, 1939.

FRED K. NIXON,
Manager, Riverside and Dan River Cotton Mills,
40 Worth Street, New York City:

Schwartz bill pending before Congress proposes to force manufacturers to label contents of cloth, especially wool. Am advised much cloth contains both wool and cotton. This fact will force manufacturers to label cloth, giving percentage of contents of both wool and cotton. Respectfully request your opinion as to how provisions of Schwartz bill will affect cotton industry. Theory of Schwartz bill is to magnify and increase importance of virgin or nonreclamed wool and to discredit wool that has been once woven into cloth and thereafter reprocessed and reclaimed. If such bill has effect wanted by promoters, reclaimed wool will be discredited, and I fear that cotton, when used with wool, will likewise be discredited; hence, if my interpretation is correct, Schwartz bill will place premium on virgin or unreclaimed wool and will likewise discredit cotton, placing cotton on same status as reclaimed or so-called shoddy wool. Representing a large cotton-producing State, I do not wish to have Congress enact legislation which may have the effect of discrediting the demand for cotton. I shall appreciate any facts or opinion you will give me relative to effect of Schwartz bill upon cotton industry.

ELMER THOMAS.

Mr. THOMAS of Oklahoma. I am promised a reply to this telegram between now and tomorrow noon. At that time, if the reply is available, I shall submit same to the Senate.

Mr. CHAVEZ. Mr. President, I have listened with a great deal of interest to the statement of the Senator from Oklahoma pertaining to Senate bill 162. It appears that the objection of the Senator from Oklahoma to Senate bill 162 is based upon the fact that it may interfere with the use of cotton.

I happen to come from a wool-producing State. I also happen to come from a cotton-growing State. I cannot see one thing, nor did I see one thing, in Senate bill 162 which would in any way interfere with cotton. From what I was able to ascertain concerning that particular bill, the only thing that the sponsor of the bill had in mind, or those who would vote for the bill had in mind, was to try to keep honest those who deal in wool.

There is nothing whatsoever in Senate bill 162 which would prohibit a single soul in the entire country from using New Mexico or Oklahoma cotton; but we do insist that when a fabric is made of cotton, it should be so stated. All we ask in the particular bill is that when they say a fabric is wool, the housewife or anyone who makes a purchase of a particular commodity that is supposed to be wool shall get a commodity that is wool.

There is nothing deceptive about Senate bill 162. There is nothing which would in any way interfere with cotton. While we may not raise as much cotton as some of the other States raise, we still raise cotton in my State; but we do not want anyone in New England or elsewhere when he is selling New Mexico cotton combined with wool to say that it is wool. If they buy wool from Oklahoma, or wool from New Mexico, or wool from Wyoming, all we ask for in Senate bill 162 is that they be honest about it and tell us that it is wool, not with the idea of interfering in any way whatever with cotton, or prohibiting the marketing of cotton in any way at all.

I hope that when the motion to reconsider the vote by which the Senate passed Senate bill 162, the bill of the Senator from Wyoming [Mr. SCHWARTZ], comes up, Senators will have in mind the fact that there is nothing at all in that bill that will prohibit in any way whatever buying 1 pound of cotton anywhere. It is designed only to keep wool honest, even if we cannot keep any other commodity honest.

Mr. SMITH. Mr. President, unfortunately I have been absent from the Chamber. The truth-in-fabric bill has come up from time to time. I merely want to remark that if the use of cotton in the manufacture of woolen fabric lessened the value and comfort of the wool, I would not open my mouth about this bill; but, in fact, it improves the quality of the garment because of the peculiar character and tensile strength of the cotton.

When a man buys a woolen suit there is a certain amount of cotton in it. It does not detract one particle from the woolen effect. The fact is that with the modern loose weave and aniline dyes, it takes an expert to tell the difference between a woolen garment and a cotton garment. The dyes make the color fast. The comfort of the garment is just as great, and there is no kind of moth or insect that has ever been known to attack a cotton garment.

I am not here to try to discredit the use of wool, but I am here to state that if this bill passes and the use of cotton, which lessens the price of the woolen garment, is made impossible, and the use of absolutely virgin wool is enforced, the sale of woolen garments will be as disastrously affected as the Senator from Oklahoma is afraid that cotton will be disastrously affected.

Mr. President, that is one feature, the commercial feature. The other feature is the attempt to promote the industry of one section at the expense of the products of another section. I have only to refer to the oleomargarine tax. The product called oleomargarine was being extracted from cottonseed, and, of course, it entered into competition with butter. So there was a rush to Congress, and the butter interests had a bill introduced putting a prohibitive tax on oleomargarine. After awhile the Senate got a little more common sense—a rare thing in this body—and modified the bill. They said, "You may sell that product as oleomargarine, and color it"—as they did butter—"but you must label it 'colored oleomargarine,' so as to inform the public what it is."

All this grew out of simple competition. There was no question as to the nutritive value of this edible fat, its wholesomeness, its palatableness, but it was a competitor, and therefore must be taxed out of existence. That was all there was to it. One section was devoted to the production of butter, another devoted to producing a substitute. Dr. Wiley, appearing before a subcommittee in 1911, of which Senator Lodge, the grandfather of the present Senator from Massachusetts, and I were members, testified that oleomargarine was just as palatable, just as wholesome, and just as nutritious as butter, and stated that when colored with the extract of carrot it was just as pleasing in its yellow appearance.

A Senator who was devoted to the butter industry asked me, "Do you pretend to say that this miserable vegetable stuff taken from cottonseed is as good as good Elgin butter?"

"Well," I said, "I do not know. I take my cow and feed her on cottonseed alone, and I milk from her the product of the cottonseed, as changed by the chemistry of her anatomy, and churn it into butter—pure cottonseed butter run through a cow." Science runs cottonseed through a machine and extracts butter. I believe I would just about as soon have the machine product, because it is not as subject to animal disease as it is when run through the cow. [Laughter.]

All sorts of unpatriotic measures are resorted to in an attempt to get a little advantage of another section. This truth-in-fabric bill should be labeled a bill to protect the wool growers of America, not the manufacturers; they are not the ones who are asking for the bill. It is the sheepmen who want to eliminate any use of cotton.

Mr. President, I deplore this kind of legislation, not because it would affect cotton, since 150,000 bales of cotton in a fifteen or sixteen million bale crop does not spell much, but the use of the cotton does help the poor to get woolen clothes, which are, in a way, more desirable under certain conditions than the cotton-fabric goods.

This bill is not worthy of the United States Senate or of the Congress. No one has suffered; no one has complained except the wool grower. No one has been denied a comfortable suit, no one has been denied any of the comforts of clothes, but the wool growers want a monopoly, and they are welcome to it, so far as I am concerned. I do not believe, however, that this

kind of legislation adds anything to the American spirit or to the spirit of fair play.

Mr. BARKLEY. Mr. President, may we not get back to the bill under consideration and have a vote on the pending amendment?

Mr. SCHWARTZ. Mr. President, I merely desire to observe at this time that I am not going to reply to what has been said, because I do not desire to delay the vote on the pending bill, but I hope to demonstrate to the Senate tomorrow that I know something about cotton, and I know what is driving cotton out of woolen textiles, and I will demonstrate that it is not new wool.

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. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. MALONEY].

Mr. LA FOLLETTE. Mr. President, the Senator from Connecticut asked for the yeas and nays.

Mr. BARKLEY. I am willing that he shall have the yeas and nays.

The yeas and nays were ordered; and the legislative clerk proceeded to call the roll.

Mr. MILLER (when his name was called). I have a special pair with the senior Senator from West Virginia [Mr. NEELY]. I am advised that if present he would vote "yea," and if I were permitted to vote I should vote "nay."

The roll call was concluded.

Mr. AUSTIN. I announce the following general pairs: The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Virginia [Mr. GLASS]; the Senator from New Hampshire [Mr. BRIDGES] with the Senator from Louisiana [Mr. OVERTON]; and the Senator from Oregon [Mr. MCNARY] with the Senator from Mississippi [Mr. HARRISON].

These Senators are necessarily absent.

Mr. DAVIS (after having voted in the affirmative). I have a pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withdraw my vote.

Mr. GREEN. I have a pair with the junior Senator from Wisconsin [Mr. WILEY]. That pair has been transferred to the junior Senator from Illinois [Mr. SLATTERY], and I am at liberty to vote. I vote "nay."

Mr. HILL. I announce that the Senator from North Carolina [Mr. REYNOLDS] is detained from the Senate because of illness in his family.

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

The Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Mississippi [Mr. HARRISON], the Senator from Utah [Mr. KING], the Senator from Oklahoma [Mr. LEE], the Senator from Kentucky [Mr. LOGAN], the Senator from West Virginia [Mr. NEELY], the Senator from Louisiana [Mr. OVERTON], the Senator from Nevada [Mr. PITTMAN], the Senator from New York [Mr. WAGNER], the Senator from Montana [Mr. WHEELER], the Senator from North Carolina [Mr. BAILEY], the Senator from Washington [Mr. BONE], the Senator from Indiana [Mr. MINTON], and the Senator from Iowa [Mr. HERRING] are unavoidably detained.

I announce the following pairs: The Senator from Indiana [Mr. MINTON] with the Senator from Iowa [Mr. HERRING]; the Senator from Washington [Mr. BONE] with the Senator from Utah [Mr. KING]; and the Senator from Montana [Mr. WHEELER] with the Senator from North Carolina [Mr. BAILEY]. I am advised that if present and voting, the Senator from Indiana, the Senator from Washington, and the Senator from Montana would vote "yea." The Senator from Iowa, the Senator from Utah, and the Senator from North Carolina, if present and voting, would vote "nay."

The result was announced—yeas 27, nays 44, as follows:

YEAS—27

Ashurst	Frazier	Lundeen	Russell
Barbour	Guffey	McCarran	Schwartz
Chavez	Hayden	Maloney	Schwellenbach
Clark, Idaho	Johnson, Calif.	Mead	Thomas, Okla.
Danaher	Johnson, Colo.	Murray	Thomas, Utah
Downey	La Follette	Nye	Truman
Ellender	Lodge	O'Mahoney	

NAYS—44

Adams	Capper	Hill	Smathers
Andrews	Clark, Mo.	Holman	Smith
Austin	Connally	Holt	Stewart
Bankhead	George	Hughes	Taft
Barkley	Gerry	Lucas	Tobey
Bilbo	Gibson	McKellar	Townsend
Brown	Gillette	Norris	Tydings
Bulow	Green	Pepper	Vandenberg
Burke	Gurney	Radcliffe	Van Vuys
Byrd	Hale	Reed	Walsh
Byrnes	Hatch	Sheppard	White

NOT VOTING—25

Bailey	Glass	Miller	Slattery
Bone	Harrison	Minton	Wagner
Borah	Herring	Neely	Wheeler
Bridges	King	Overton	Wiley
Caraway	Lee	Pittman	
Davis	Logan	Reynolds	
Donahey	McNary	Shipstead	

So Mr. MALONEY's amendment was rejected.

Mr. NORRIS. Mr. President, yesterday the Senator from Ohio [Mr. TAFT] made certain remarks in regard to a rural-route project in the State of Ohio. Much to the discredit of that particular project he read from a brief filed by the attorneys in some tax proceeding in Ohio, by which they undertook to reduce the taxation of that particular project. That was one of the first projects started by the R. E. A. when the law was enacted. I wish to say before I refer more particularly to the project itself, that no one, neither friend nor foe of the Rural Electrification Administration, expected that it would work altogether without mistake. It covered the entire United States. It undertook to bring electricity to the farm homes of America.

It was an experiment in that kind of legislation, especially in this country. I have no doubt the Rural Electrification Administration made many mistakes and will make many more in an undertaking of this kind, which is Nation-wide in its scope, and I think I can say without any fear of contradiction that the Rural Electrification Administration has improved very greatly and is doing a better job now than it did when it began.

The particular project referred to by the Senator from Ohio, one of the first started, was in his own State. It was started in 1936. The Senator referred to the income and the expenses of that particular project up to the end of the year 1937. It had been in operation only 1 full year and part of 1936. The financial statement shows that there was a deficit of $717.76 in 1936, and that the net revenue for 1937—I speak of the net revenue—was $849.06.

Of course, if that kind of a financial showing had extended during the life of the project it would have been a failure. There would not have been sufficient money to pay the interest and to make payments on amortization of the principal. The Senator from Ohio made much of that, and he stopped at the end of the year 1937. If he had gone just 1 year more he would have found that the net revenue in 1938, the next year, was $24,805.27.

That brings us up to the present year. The Senator would have found, had he gone into the present year, that in the first 5 months of this year there was a net revenue of $16,692.12.

I do not know whether the Senator, when he made his remarks, was informed of anything beyond the 2 years of failure, the 2 experimental years, the 2 beginning years.

I have a table here prepared by the R. E. A.. I presume it is correct and taken from the records. It sets forth that the gross revenue has shown a constant and satisfactory increase, as indicated by the following statement of monthly receipts taken at 6 months' intervals since the project was energized. The first figure is for October 1936, $2,193.12; in April 1937, $5,880; October 1937, $8,794.35; April 1938,

$9,341.08; October 1938, $10,986.59; April 1939, $11,225.97; in June, that is the last month, 1939, $11,548.20.

The operating profit has shown a steady and satisfactory increase, as indicated by the following statement.

Mr. President, I ask that the entire statement be printed at the conclusion of my remarks and as part of my remarks.

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

(See exhibit A.)

Mr. NORRIS. Mr. President, I will not read all of that statement. But in October 1936 the operating deficit was $33.57. In April 1937 the profit was $539.75. And so on, until April 1939, when there was a profit of $3,403.37. In June, last month, 1939, there was a profit of $3,775.84.

The average consumption per customer is now running nearly 20 percent ahead of 1938. The interest which has fallen due has been paid. For interest, $26,992.56, or practically $27,000, has been paid, and as yet no principal payments are due.

Mr. President, this was one of the earliest R. E. A. projects, and was constructed at a time when costs were running about 20 percent higher than present costs. It was a pioneer project, not only in name but in fact, and was very much lower in construction and in load building than the present experience of R. E. A. projects.

In view of these facts the favorable upward trend indicated by the statement, is particularly significant.

It is notable that the operating figures for the calendar year 1937, which was the only period involved in the tax case, constituted no criterion whatever concerning the future of this project as illustrated by the fact that the net revenue for the calendar year 1938 was nearly 300 percent higher than the net revenue for the year 1937.

Mr. TAFT. Mr. President, those figures cannot be right. The net revenues?

Mr. NORRIS. Yes.

Mr. TAFT. What does the Senator include in "net" revenue? Does he include depreciation, the replacing of poles and lines, and so forth?

Mr. NORRIS. I am reading the statement issued by the R. E. A.

Mr. TAFT. The Senator does not know how they calculate their net revenue?

Mr. NORRIS. I suppose they are intelligent, probably as intelligent as is the Senator from Ohio, and probably much more intelligent than I am, and that they know how to do that business. I assume that they do it honestly.

Why did the Senator from Ohio stop with 1937? Why did he quit just when that project commenced to grow and become useful and self-supporting?

Mr. TAFT. Because the statement I was reading from was a Government brief, a brief filed with the Tax Commission of Ohio by the R. E. A., the Government, and which covered that full year. I might say that I did not cover the year 1938, but this brief shows that they did have the figures for 8 months of 1938; and whereas in 1937 they told the tax commission they had an average monthly deficit of $6,394, they told them that in the first 6 months of 1938 they had an average monthly deficit of $6,194. In other words, the figures for 1938——

Mr. NORRIS. Now the Senator is quoting from a brief by the attorneys——

Mr. TAFT. For the Rural Electrification Administration.

Mr. NORRIS. I understand. They are Government attorneys.

Mr. TAFT. Yes.

Mr. NORRIS. But does the Senator expect attorneys in trying a lawsuit and trying to get, as they think, a reduction in taxation—does the Senator believe they used anything unfavorable to their view? So while I do not know whether they were telling the truth or not—I assume they were—the fact remains that the Senator was quoting from something that he knew was absolutely adverse to this project.

Mr. TAFT. If the Senator will yield—that is absolutely untrue. I am quoting from the figures filed, which are true figures. They are far more true than the figures presented to the Senator, because here are included reserve for maintenance and for depreciation. Does not the Senator suppose they have to replace their poles after 20 years?

Mr. NORRIS. Why did the Senator stop with 1938?

Mr. TAFT. Because that is practically the same as 1937.

Mr. NORRIS. It is not the same.

Mr. TAFT. There is a $200 difference.

Mr. NORRIS. There is increase of net revenue there of nearly 3,000 percent.

Mr. CONNALLY. Mr. President, a point of order.

Mr. NORRIS. The Senator was presenting the situation in just as unfavorable a light as he could. If he wanted to be fair with the project in his own State why did he not give the facts as they are given now? Why did he not give both sides?

Mr. CONNALLY. Mr. President——

Mr. TAFT. I asked the Rural Electrification——

Mr. CONNALLY. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. The Senator from Ohio is interrupting the Senator from Nebraska without securing the permission of the Senator or addressing the Chair. The Senate has rules, and the Senator knows what they are.

The PRESIDING OFFICER. The point of order is well taken. The Senator from Ohio will address the Chair.

Mr. TAFT. Mr. President——

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

Mr. NORRIS. I yield.

Mr. TAFT. The figure which the Senator has shown of net revenue left out the item of interest. It also left out depreciation. The figures which I presented show there was an operating revenue in 1937 of about $88,000.

The Government attorneys estimate that the real deficit in 1937 was $76,000. The Senator is correct that in the first 8 months of 1938 the revenue, leaving out interest and depreciation, was apparently $10,000; but they show that the net deficit for 8 months was $50,000 in 1938, substantially the same deficit which existed in 1937. I do not object to the Senator presenting figures, but I object to his charging me with unfairness when all I have done is to read from the briefs of Government attorneys and from the figures of the balance sheet and the statement of operating expenses and operating receipts filed by the R. E. A. itself with the Tax Commission of Ohio and sworn to by its attorneys and supporters.

Mr. NORRIS. Mr. President, I do not think I have made any charge against the Senator from Ohio for which I have to apologize or which needs any defense. The Senator from Ohio in his speech was trying to throw as much dust as he could against the success of the Rural Electrification Administration. If anyone doubts that statement, let him read the speech.

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

Mr. NORRIS. No; I will not yield at this time. Wait until I answer the first question.

At the same time, in almost every paragraph he was saying, "Oh, I am a friend of the Rural Electrification Administration." God knows, if we had many such friends we should not have any rural electrification! That is what I thought from reading his speech. I challenge anyone to read it for himself and see if he can draw any other conclusion.

The figures he gave he quoted from an attorney's brief. Of course, the attorney wanted to win his case. I do not mean to say that the attorney misstated anything; but he made the statement as unfavorable to the R. E. A. project as he possibly could. The presentation was of only one side. The attorney had the right to present that side. The Senator from Ohio had a perfect right to read from the brief and put it all in the RECORD if he desired; but when I read his speech, which I did not hear, it struck me that he was as one-sided as any attorney ever is in trying a lawsuit, and that he had put only one side in the evidence.

He had not put in anything as of the time when the project commenced to improve. It has been improving and

increasing in net revenue every year from the time it began. To start with it had a deficit. Many others have had deficits. No private company ever put in an electric distribution system, either rural or urban, in a territory where none was in existence before, without having to build up the load. Nine times out of ten there is a deficit, sometimes for 8 or 10 years.

As I understand the experts—of course, I do not understand them as well as does the Senator from Ohio; perhaps he knows more than I know about the subject—they do not commence to charge depreciation the first year. They recognize that they will have a deficit. They recognize that these projects, like any other projects, have to be built up.

From the day the project was put in there has been a constant increase, as the statement shows. I have not figured it out, but as the statement shows, there is an increase in net revenue in this particular project of more than 3,000 percent since it has been in existence. It has paid every debt it owed up to this hour. It does not owe a dollar to the Government or to anyone else, and it is still climbing up.

We cannot expect any project to be a success the first year, if we are to charge depreciation. If we are to charge up ordinary expenses, we will find a deficit to start with, either in private or public projects. There is no difference between them in that respect. They are all alike.

I do not think it is fair to the Senate for a Senator to give the results while the project was a failure and not give any of the results while it was a success.

It is not fair to the country. It is not fair to his own State. It is not fair to the farmers who are now making a success of the project which the Senator wanted the country and the Senate to believe was an abject failure.

EXHIBIT A

JULY 27, 1939.

STATEMENT RE PIONEER RURAL ELECTRIC COOPERATIVE LOCATED IN THE STATE OF OHIO

The tax case referred to in the testimony related solely to the operations of this project for the calendar year 1937, which was the tax period at issue. This was the first full year of operation of this project, and the operating figures for that year, although of controlling importance in connection with this particular tax case, had no significance as an index of future income during the 20-year period of the Government loan.

The steady upward trend of net revenue available for debt service during the past 2½ years evidences the economic soundness and self-liquidating character of this project. The operating figures for the calendar year 1937, which was the only period involved in the tax case, constitute no criterion whatever concerning the future of this project, as illustrated by the fact that the net revenue for the calendar year 1938 was nearly 3,000 percent higher than the net revenue for the year 1937. The following statement is a record of the net revenue available for the debt service:

Five months, 1936	[1] $717.76
Full year, 1937	849.06
Full year, 1938	24,805.27
First 5 months, 1939	16,692.12

[1] Deficit.

The gross revenue has shown a constant and satisfactory increase as indicated by the following statement of monthly receipts taken at 6 months' intervals since the project was energized.

October 1936	$2,193.12
April 1937	5,880.30
October 1937	8,794.35
April 1938	9,341.08
October 1938	10,986.59
April 1939	11,225.97
June 1939	11,548.20

The operating profit has shown a similar steady and satisfactory increase as indicated by the following statement:

Operating deficit:	
October 1936	$33.57
Operating profit:	
April 1937	539.75
October 1937	1,395.09
April 1938	1,126.97
August 1938	1,567.97
September 1938	3,090.72
October 1938	3,329.80
April 1939	3,403.37
June 1939	3,775.84

The average kilowatt-hour consumption per consumer is now running nearly 20 percent ahead of the year 1938. All interest that has fallen due totaling $26,992.56 has been paid and as yet no principal repayments are due.

This was one of the earliest R. E. A. projects and was constructed at a time when costs were running about 20 percent higher than present costs. It was a "pioneer" project not only in name but in fact, and was very much slower in construction and in load building than the present experience of R. E. A. projects. In view of these facts the favorable upward trend indicated above is particularly significant.

Mr. TAFT. Mr. President——

The PRESIDING OFFICER. The Senator from Ohio.

Mr. NORRIS. I now yield to the Senator if he wants to ask me something.

Mr. TAFT. I think I was recognized in my own right, Mr. President.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. TAFT. The Senator from Nebraska has charged me with unfairness because I happened to present the only figures I could obtain. The figures are official figures, sworn to by the Rural Electrification Administration. They are correct. They must be correct. There is no alternative. So far as I know, the Senator has not presented a complete statement of operation in 1938. He merely presented the conclusion of some R. E. A. administrator, instead of the statements of attorneys. He draws conclusions.

The Senator does not even know whether or not depreciation and interest are included in his figures. As a matter of fact, we asked the officials of R. E. A. to present to us the operating figures of some of the cooperatives. They said they would do so, but they have not yet done so. Incidentally, it is their duty to present the figures to the committee if they have them, and not to the Senator from Nebraska, because we asked for them, and we have not been furnished with them.

In the second place, I did not really notice yesterday the figures for 1938; but if I had, they prove only what the figures for 1937 prove. The difference is almost negligible. All I had was the figures for 8 months of 1938, when the brief was filed.

The average deficit for the year 1937 was $6,394 per month; and the average deficit for 1938 was $6,194 per month for the months reported. In other words, in 1937 the cooperative had a gross deficit of $75,000; and apparently from the figures its gross deficit would be something like $65,000 or $66,000. In other words, the figures for 1938 were not substantially different.

Furthermore, the brief says:

It is apparent that some deficit will continue for a period of years. Although there has been a slight improvement the trend is very slow. Three thousand two hundred and thirty-one customers have been connected, including almost all the profitable business.

The Senator emphasizes the increase in gross business. He does not say anything about expenses. Apparently there is some increase in business. The year before the project made only $80 more than actual expenses. In 1938 it made a few thousand dollars, but not sufficient to begin to pay depreciation; not sufficient to pay any interest whatever; and, so far as I know, not sufficient to pay any amortization on the debt to the Government.

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

Mr. TAFT. Incidentally, the Senator said I was reflecting on the Rural Electrification Administration.

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

Mr. TAFT. No; I will not yield to the Senator from Nebraska.

The Senator is mistaken in that statement. My whole effort yesterday was to prove that the R. E. A. was a spending and not a lending organization; that the debts are not good debts; that the debts cannot be paid back and will not be paid back beyond a certain percentage. I suggested that 50 percent of the total amount put into the R. E. A. might be paid back.

We asked the Rural Electrification Administration to present all the figures from 600 cooperatives. It has not

done so; and I venture to say that if the figures were furnished it would be found that operating expenses have exhausted every cent of operating receipts and that today nothing is left to pay interest or amortization, to say nothing of depreciation on the equipment.

I did not criticize the Rural Electrification Administration. In fact, the Administration explained why it cannot pay the charges. I agree with the explanation. The lack of earning power is said to be due wholly to the thin character of the rural business. The property has been efficiently managed. The gross earnings are as large, and the operating expenses are as low, as is reasonably possible.

The Senator states that this project is one of the R. E. A. mistakes. I did not say it was one of the R. E. A. mistakes. So far as I know, it is as good a cooperative as there is in the United States. So far as I know it is well administered. I read this statement to the Senate last night:

> 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 territories.

It is reasonable to assume that higher rates would result in restricting the development. To have avoided a deficit for the year 1937 would have required gross revenue 87 percent greater than that actually received. It is obvious that no such result could be obtained.

Those are the figures. They seem to me to prove completely what I said yesterday, that the bill is a spending and not a lending proposal; that if we want to appropriate more money for the R. E. A. we ought to appropriate it out of the regular Budget, as we have done for the past 3 or 4 years. It ought not to be assumed to be loaned money, on the theory that in some way it is going to be paid back.

My whole objection to the Government going into business is illustrated by the Senator from Nebraska. He does not know what depreciation is. He has no idea of the figures from Government enterprises, or of the way in which any private enterprise has to figure. He has never figured correctly as to the T. V. A.; and if the Government goes into business men like the Senator from Nebraska and men of his point of view will run those businesses. That is why Government businesses are bound to fail. That is why we ought to stay out of private business.

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

Mr. TAFT. I shall be through in half a minute.

The Government ought to stay out of business. The Government ought to be engaged in governmental business. It ought to be interested in assisting the people; but when governments go into actual business my contention is that they always lose money, and are likely to lose money, and cannot be blamed for losing money. Therefore, it seems to me very clear that a bill which puts the Government into the lending business and which, through the lending business, goes into the control of all the companies to which money is loaned, as set forth by Mr. Berle before the Temporary National Economic Committee, is a bill which ought to be rejected unless we are prepared to go to the point of Government regimentation and regulation of all business, and finally actual operation of all business.

Mr. NORRIS. Mr. President, the Senator from Ohio in his speech, if one reads it through, was trying to do just what he is now attempting to do—that is, to show that this is a spending bill, and that we are going to lose on it. To demonstrate his point he used this particular illustration in his own State. He was trying to show, if one went no further than he did, that the project was an absolute failure; that the Government would have to take over all of the R. E. A. before it got through, and that it was going to fail.

The Senator has a perfect right to believe as he does. I do not find any fault with a man who so argues. I know that some men honestly believe such a thing, as probably the Senator from Ohio does. That does not do away with the fact that when he comes to prove his proposition he uses an illustration and tells only half the story. I previously stated, and I now repeat, that that is not a fair way to present any case in the Senate. That is the way an attorney presents his case to a jury, but it seems to me it is not the way the Senator ought to have presented the case to the Senate if he wanted to be fair. He should have told both sides.

The Senator from Ohio charges me with much ignorance, to which I plead guilty. I do not claim to be a wise man. I do not claim to have the knowledge of the Senator from Ohio. With his superior knowledge he tells us what ought to be done.

No private corporation in the country ever started a project, either rural or urban, without having a loss at the beginning of the operation of the project. I am referring to a project which is started new, as the R. E. A. had to do in the case of this particular project.

That is probably true of every R. E. A. that is put into force. You have to build up a load. It takes time. You cannot charge depreciation, you cannot charge amortization, for the first year or two; and this project is going on now, at this moment, entirely out of debt. It does not owe a dollar for interest. It may not be able to meet the principal when it comes due. I do not know what may happen. A private company would not try to meet the principal. It would go in debt, and stay in debt, and get in debt further and deeper all the time; but this rural electrification statute provides for amortization for the payment of these debts, so that when the cooperatives get through they will not owe anything, but they will own the property, and will have only the operating expenses and depreciation to look out for.

Mr. President, I ask unanimous consent to have inserted in the RECORD, in connection with my remarks, extracts from a brief of the Rural Electrification Administration in the case of the Pioneer Rural Electric Cooperative, Inc.

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

The matter referred to is as follows:

[The Tax Commission of Ohio. In the matter of the Pioneer Rural Electric Cooperative, Inc., taxpayer. Application to obtain a reduction in the tentative assessed valuation of its property for the year 1938. Memorandum submitted by the taxpayer and by the Rural Electrification Administration on behalf of the United States of America, a creditor of the taxpayer]

PRELIMINARY STATEMENT

It is respectfully submitted that the tentative valuation of the taxpayer's property for the year 1938 in the sum of $887,080 should be very greatly reduced. This memorandum presents the reasons of fact and of law in support of the application for reduction.

STATEMENT OF THE INTEREST OF THE RURAL ELECTRIFICATION ADMINISTRATION

The properties of the taxpayer were wholly financed by the United States, acting through the Rural Electrification Administration. The taxpayer is now indebted to the United States in the total sum of $1,184,272, evidenced by 20-year notes, bearing interest at 3 percent, and secured by a first mortgage upon all the property here involved. The notes are to be repaid in equal monthly installments, adjusted to retire the total principal amount, with interest, by December 1, 1956.

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 taxpayable property into being is the net revenues after payment of all operating expenses. The United States, therefore, is vitually interested in the maintenance of the taxpayer's property as a going concern. It is not only interested as a creditor, but it shares with the rural population of Champaign, Miami, and Shelby Counties an interest in the successful maintenance of this electric service. The enterprise of the taxpayer represents much more to the people of Ohio than an addition to the taxable property in these counties. It represents the fulfillment of many years' desire on the part of this large rural area for a service that has become an essential commonplace in urban life. The increasing gap between urban and rural standards of life has become a great public problem in the solution of which the Federal rural-electrification program plays an important part.

The successful development of this enterprise is now jeopardized by the prospect of continuing deficits. This jeopardy may be relieved by an adjustment of the tax load to a level that reflects the true earning power and the true value of the property. The Rural Electrification Administration, therefore, for the reasons set forth above, joins in this memorandum.

RELEVANT FACTS CONCERNING THE BUSINESS AND PROPERTY OF THE TAXPAYER

The Pioneer Rural Electric Cooperative, Inc., is an organization of rural electric consumers, formed by a merger of three similar

cooperative associations. It operates wholly in rural areas, where, for many years, the farmers had tried in vain to obtain service from existing utility companies. Service was consistently denied on the sole ground that the business would be unprofitable. The business of the taxpayer in this proceeding became possible only through the program of the Rural Electrification Administration. It was only because of the willingness of these farmers and the Federal Government to take financial risks which private capital would not take that this taxable property came into being. Those concerned in the enterprise have faith that it will become self-sustaining, but this will be possible only by an adjustment of all items of operating expense, including taxes, to the business facts of the enterprise in its early years.

The fact which is chiefly relevant to this proceeding is the present earning power of the property. In the year 1937 the gross operating revenues were $88,111.83. The operating expenses, including taxes, but exclusive of interest and exclusive of any reserves for depreciation and future maintenance, were $88,084.35. Interest was $26,190.89. Reserves for depreciation and maintenance, computed at 5 percent of the book value of fixed assets, amounted to $50,567. It appears, therefore, that the first full year of operation showed a deficit of $76,731.32, equal to 87 percent of its gross revenues. These facts as to the earning power of the property are set forth in the report heretofore filed by the taxpayer. The report, however, did not include any reserves for depreciation and maintenance which proper accounting practice and the decisions of the courts require. A summary of the profit and loss statement is shown in exhibit "A," attached hereto.

It is apparent that some deficit will continue for a period of years. Although there has been a slight improvement, the trend is very slow. Three thousand two hundred and thirty-one customers have been connected, including almost all of the profitable business. In exhibit "B," hereto attached, is a profit-and-loss statement for the period from January 1937 to August 1938, inclusive. The average monthly deficit for the 2 years is as follows:

Year 1937, average monthly deficit:	
Before depreciation	$2,180
After depreciation	6,394
Year 1938, average monthly deficit:	
Before depreciation	1,702
After depreciation	6,194

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.

It is equally obvious that the deficit is not the result of abnormally high operating expenses. Exactly the opposite is true. The break-down of operating expenses set forth in the taxpayer's report and in exhibit A indicates an unusually low ratio of operating expenses to the book value of the property. It is apparent that every item of expense has been cut to the bone. Such items as salaries, wages, rent, and office expense are very much lower than similar items in the current practice of electric companies. It must be assumed that the usual type of utility company, privately financed and operated for profit, would show a greater deficit in the operation of this property in this area.

Respectfully submitted.

———,
On behalf of Pioneer Rural Electric Cooperative, Inc., Taxpayer.

VINCENT D. NICHOLSON,
General Counsel,
On behalf of the Rural Electrification Administration.

EXHIBIT A

Profit and loss statement, Pioneer Rural Electric Cooperative, Inc., Jan. 1, 1937, to Dec. 31, 1937

Operating revenue		$88,111.83
Operating expenses:		
Production expense: Power purchases		26,072.56
Distribution expense:		
Distribution labor	$6,381.75	
Supplies and expense	3,206.82	
Repairs to overhead lines	13,348.19	
		22,936.76
Undistributed expense		416.34
Deferred upkeep:		
General expense:		
Salaries and expense of administrative offices	$3,495.44	
Salaries and expense of office employees	1,919.70	
Rent	439.05	
Deferred upkeep—Continued.		
General expense—Continued.		
Supplies and expense	3,908.41	
Miscellaneous	4,325.60	
Meter readings, salaries and expense	686.04	
Collections, salaries and expense	2,595.10	
Consumers accounting, salaries and expense	780.00	
Advertising	63.48	
Insurance	1,939.12	
Uncollected accounts	71.28	
		$20,223.22
Taxes		18,038.34
Interest on funded debt		26,190.89
Total operating expense		114,275.24
Reserves for maintenance and depreciation (5 percent of book value of fixed assets)		50,567.91
Total operating expense and reserves		164,843.15
Net income (deficit)		76,731.32

These figures do not include a net nonoperating revenue of $456.95.

EXHIBIT B

Profit and loss statement, Pioneer Rural Electric Cooperating, Inc., Jan. 1, 1918, to Aug. 31, 1938

Operating revenue		$77,925.23
Operating expenses:		
Production expense; power purchases		22,695.03
Distribution expense:		
Labor	$4,987.28	
Supplies and expense	1,186.49	
Mileage	355.79	
		6,529.56
Maintenance expenses:		
Labor	7,567.60	
Supplies	2,421.77	
Mileage	392.84	
		10,381.91
Consumers billing and collecting expense:		
Salaries	824.00	
Miscellaneous	188.52	
		1,012.52
General expense:		
Salaries	4,822.65	
Miscellaneous	5,620.40	
		10,443.05
Insurance		1,084.63
Transportation expense		1,422.14
Taxes		13,584.60
Interest on funded debt		24,390.62
Total operating expenses		91,544.11
Reserves for maintenance and depreciation (5 percent per annum of book value of fixed assets. Adjusted for 8-month period)		35,937.00
Total operating expenses and reserves		127,481.11
Net income (deficit)		49,555.88

These figures do not include nonoperating revenue of $940.66.

EXHIBIT C

Rates for sale of electric energy by Pioneer Rural Electric Cooperative, Inc.

	Cents
First 30 kilowatt-hours	7.5
Next 30 kilowatt-hours	5
Next 140 kilowatt-hours	3
Over 200 kilowatt-hours	1.75

Rates of other power and light companies in rural areas of Ohio

OHIO ELECTRIC POWER CO.

	Cents
First 40 kilowatt-hours	8
Next 20 kilowatt-hours	5
Over 60 kilowatt-hours	3

OHIO ELECTRIC POWER CO. (SPRINGFIELD DIVISION)

	Cents
First 30 kilowatt-hours	6
Next 40 kilowatt-hours	5
Next 130 kilowatt-hours	3
Over 200 kilowatt-hours	2

DAYTON POWER & LIGHT CO.

	Cents
First 30 kilowatt-hours	8
Next 50 kilowatt-hours	6
Over 80 kilowatt-hours	3.5

BROOKVILLE & LEWISBURG LIGHTING CO., BRADFORD & GETTYSBURG ELECTRIC LIGHT & POWER CO., GREENVILLE ELECTRIC LIGHT & POWER CO., EATON LIGHTING CO.

	Cents
First 40 kilowatt-hours	7
Next 40 kilowatt-hours	6
Over 80 kilowatt-hours	3
Comparison of rates	
Cost of 50 kilowatt-hours:	
Pioneer Cooperative	$3.25
Average of other companies	3.35
Cost of 100 kilowatt-hours:	
Pioneer Cooperative	4.95
Average of other companies	5.50

NOTE.—The average monthly bill for the customers of Pioneer Cooperative was less than $3 and at this level its rates compare almost exactly with other companies. For higher consumptions its rates are about 10 percent lower than other companies. This is good management as an inducement to greater use in developing a strictly rural business where consumer buying power is relatively low.

Mr. LUCAS obtained the floor.

Mr. BONE. Mr. President, will the Senator yield to me?

Mr. LUCAS. I yield to the Senator from Washington.

Mr. BONE. I think it were well for all of us to recall, in the light of the discussion which has been going on here for the past few minutes about the defects, if any, of the R. E. A. program, that before this administration came into power there was in existence in this country the most ruthless, cold-blooded business machine ever built in America—the American Power Trust. It had received no check at the hands of Congress. It dominated that particular field as wholly and completely as it was possible for any business organization in America to dominate a field. Is there any doubt of that in the mind of anyone? If it wanted anything, it got it. It got it from State legislatures, from municipal organizations, from every public body in America. It was handed power on a silver platter in plentitude, the like of which this country has never witnessed.

Now, what happened? There arose in this country a veritable stench in business. The Power Trust rooked and robbed everybody who was foolish enough, in good faith, to invest possibly his last nickel in its stock. Friends of mine out West lost every penny they had in the world in buying the stock of scandalous, thieving outfits like the Insull combine in Illinois, and there was scarcely a murmur of protest from people in public life about that. In the city of Portland, Oreg., a peculiar stock manipulation went on which almost cost their whole investment to those who had invested their money.

I am not going to attempt to recall to your minds the investigation of the Federal Trade Commission, which revealed some things which actually stank to high heaven.

There has not been a private power utility company in this country that ever pioneered anywhere. Show me where a private company ever really pioneered? When they built a power line, they knew they had their hooks into the consumers in such a way that they were enabled to get back every cent of their money. They made the consumers sign 3-year contracts, tying on electric ranges. They fortified themselves against loss; and even in spite of that iron control, that cold-blooded, monopolistic control of that business, with all that graft sanctified by State regulatory devices, even then they could not make that rotten business make money for some of the people who were in it. One after another these monstrous financial frauds went down, down and out, and they took the savings of millions of people with them. This smelly mess we know as the Insull outfit is typical of such operations. So when we are talking about sacred private business in this country, let us recall that the monstrous abuses of the private power combines show what flattened America. We allowed such burglars to run loose in this country, and they cleaned America. Who challenged them before 1932? Let someone rise and tell me one effective challenge laid at the door of that gang. They got every law they wanted on the statute books. They got it up in my State, and in every sovereign State of the Union. You good lawyers rise and tell me where there was a real check, except a very brief one here and there.

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

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. LUCAS. I have the floor. I want to get this amendment along.

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

Mr. BONE. I am going to conclude in a moment.

Mr. REED. With the permission of the Senator from Illinois, I want to offer Professor Ripley, of the Harvard staff, as exhibit A. He began, back in 1924, to point out the evils of holding companies in this country. The public-utility companies stopped advertising with my newspapers, in part.

Mr. BONE. They know how to put the heat on, all right.

Mr. REED. I came to Washington in 1926 three times, at my own expense, to help Senator WALSH get his resolution in shape. The charts that he hung up in this Chamber were made in my office at Kansas City. I am offering as exhibit A a man who started 10 years before this administration started to point out the evil of the holding companies, if you please.

Mr. BONE. I want to say to the Senator from Kansas that I admire him very much as a Member of this body. I am glad that he contributed to Professor Ripley, and I hope he helped to write the chapter in Ripley's book headed "More light and power, too."

Mr. REED. Professor Ripley wrote his book, Main Street and Wall Street, and at that time the professor and I had some correspondence on the subject. The only thing I wanted to bring out was that Professor Ripley and I were early in this game. We had no monopoly upon purity or wisdom. We thought we did know something about the abuses. The only thing I object to, now and then, is the assumption on the part of this administration that it was the first to discover the evil, and that nobody else ever had any part in trying to stop it.

Mr. BONE. The Lord knows I would not arrogate to myself or this administration any assumption of virtue, or assert that this is the first time anything had ever been done; but this is the first time that I recall when any money was appropriated by the Federal Government in a practical effort to get at and correct some of these abuses. Any man who has had a bit of experience in utility regulation knows how this all adds up. I recall one outfit out west which collected from its consumers $800,000 for depreciation and paid it out in dividends to the stockholders, and none of its officials went to jail. By that act they were violating every recognized canon of business decency. There was not a lawyer in public life who did not know precisely what it implied. That was an act for which they ought to have been challenged; but under this beautiful thing that we call State regulation they were not even rebuked. Public morals in the private power field were at a low ebb before 1932.

Mr. REED. The Senator means in Washington, not in Kansas?

Mr. BONE. Kansas is still Kansas, and not only has virtue in her outward parts but is clean inside.

I thank the Senator from Illinois and my friend from Kansas for his contribution.

Mr. LUCAS. Mr. President, I offer an amendment. I move to strike out paragraph (2) on page 4, and insert in lieu thereof the amendment which I send to the desk.

The PRESIDING OFFICER. Does the Senator desire to have the amendment stated?

Mr. LUCAS. I desire to have the amendment stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 4, it is proposed to strike out paragraph (2), and in lieu thereof to insert the following:

(a) In order to increase employment by providing for useful non-Federal public works projects of the kind and character which the Federal Emergency Administrator of Public Works has heretofore financed or aided in financing, pursuant to title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the Emergency Relief Appropriation Act of 1936, the Public Works Administration Extension Act of 1937, or the Public Works Administration Appropriation Act of 1938, there

is hereby authorized to be appropriated to the Public Works Administration (herein called the "Administration") in the Federal Works Agency, out of any money in the Treasury not otherwise appropriated, the sum of $250,000,000, together with the balance of the appropriation made under section 201 of such act of 1938, not reserved for administrative expenses of the Administration and not now or hereafter expended pursuant to allotments heretofore made, which amounts shall be available until June 30, 1941, and may be expended by the Commissioner of Public Works (hereinafter referred to as the "Commissioner") for (1) the making of loans or grants, or both, to States, Territories, possessions, political subdivisions, or other public bodies (herein called "public agencies"); or (2) the construction and leasing of projects, with or without the privilege of purchase, to any such public agencies.

(b) No amount available under this title shall be allotted for any project which, in the determination of the Commissioner, cannot be commenced prior to March 1, 1940, or the completion of which cannot be substantially accomplished prior to July 1, 1941: *Provided*, That this limitation upon time shall not apply to any project involved in litigation in any Federal or State court.

(c) Under the funds available in this title, no grant shall be made in excess of 45 percent of the cost of any project, and no project shall be constructed for lease to any public agency unless the Commissioner shall determine that the nonrecoverable portion of the cost of such project shall not exceed 45 percent of the cost thereof.

(d) No moneys for a non-Federal project shall be paid from the funds made available by this title to any public agency unless and until adequate provision has been made, or in the opinion of the Commissioner is assured, for financing such part of the entire cost thereof as is not to be supplied from Federal funds.

(e) Not more than $7,000,000 of the amount available under this title may be used for administrative expenses of the Administration during the fiscal year ending June 30, 1940, in connection with this title; such amount shall be available for administrative expenses thereof during such fiscal year for the purposes set forth for such administration in the Independent Offices Appropriation Act, 1940. The Commissioner shall reserve from the amount available under this title an adequate sum for administrative expenses of the Administration in connection with this title for the fiscal year ending June 30, 1941, subject to authorization hereafter by annual appropriation acts for the utilization thereof.

(f) The rates of pay for persons engaged upon projects under the appropriations in this act shall be not less than the prevailing rates of pay for work of a similar nature in the same locality as determined by the Commissioner: *Provided*, That if minimum rates of pay for persons employed by private employers in any occupation are established by or pursuant to the authority conferred by the Fair Labor Standards Act of 1938, not less than the minimum rates of pay so established shall be paid to persons in similar occupations in the same locality employed on projects under the appropriation in this title.

(g) No funds made available under this act, whether administered by the Federal Government or by the States or local governmental agencies from funds contributed in whole or in part by the Federal Government, shall be used by any Federal, State, or other agency to purchase, establish, relocate, or expand mills, factories, or plants, which would manufacture or produce for sale articles, commodities, or products in competition with existing industries.

SEC. 202. Moneys realized from the sale of securities acquired by the Federal Emergency Administration of Public Works or the Public Works Administration, or the proceeds of such securities, may be used by the Commissioner for the making of loans in connection with projects under this title, notwithstanding any previous limitations on the total amount of such securities or proceeds thereof that may be used for loan purposes.

SEC. 203. The Public Works Administration is hereby continued to the close of the fiscal year ending June 30, 1942, and is hereby authorized to continue to perform all functions which it is authorized to perform on July 1, 1939. All laws, Executive orders, and other documents referring to the Federal Emergency Administration of Public Works shall be deemed to refer to the Public Works Administration and all laws, Executive orders, and other documents referring to the Federal Emergency Administrator of Public Works shall be deemed to refer to the Commissioner of Public Works.

SEC. 204. (a) Section 206 of the Public Works Administration Extension Act of 1937, as amended by the Public Works Administration Appropriation Act of 1938, is hereby amended to read as follows:

"SEC. 206. No new applications for loans or grants for non-Federal projects shall be received by the administration after September 30, 1939: *Provided*, That this section shall not apply to applications amendatory of applications for projects received prior to October 1, 1939, and such amendatory applications shall be confined to projects which, in the determination of the Commissioner, can be started and completed within the time limits specified in section 201 (b) of the Public Works Administration Appropriation Act of 1939."

(b) That portion of section 201 (f) of the Public Works Administration Appropriation Act of 1938 which reads "for the completion (except liquidation) of the activities of such administration," is hereby repealed.

SEC. 205. No Federal construction project, except flood control and water conservation or utilization projects now under actual construction, shall be undertaken or prosecuted with funds made available by this section unless and until moneys sufficient for the completion thereof shall have been irrevocably allocated or appropriated therefor.

SEC. 206. This title may be cited as the "Public Works Administration Appropriation Act of 1939."

Mr. LUCAS. Mr. President, a parliamentary inquiry. I should like to ask whether the clerk read the original paragraph (f) on pages 3, 4, and 5 of the so-called Maloney amendment.

The PRESIDING OFFICER. The clerk did not read the paragraph to which the Senator refers. The Chair understands it is stricken out.

Mr. LUCAS. Mr. President, sometime ago the Congress of the United States considered a relief measure and when that bill came from the House of Representatives $125,000,000 had been earmarked for the use of the Public Works Administration. From reading the CONGRESSIONAL RECORD in connection with the debates which were held on this bill, it was easy to understand why the House included and earmarked a hundred and twenty-five million dollars for Public Works Administration projects. Various Members took an unusual interest in debating that bill when it was up before the House for consideration.

Mr. President, I dare say that there is not a Member of the House who has not some project in his district at this time which has been given encouragement by the agents of the Public Works Administration, to the point where many of the communities have voted bonds, or have raised the money in one way or another to meet the conditions of the law as laid down in the present act.

In Illinois we have a number of such projects, and all this amendment seeks to do is to appropriate $250,000,000 to care for the projects in the various communities throughout the Nation which have been approved by the P. W. A. agency here in Washington.

It strikes me that it is filled with wisdom and a great deal of merit, because, as I see section 2 of the pending bill, and as I attempt to look into the future and visualize what is going to happen in the event the $350,000,000 is appropriated for loans and for projects of the character outlined in that paragraph, I am compelled to say that in my humble judgment, even though there is a small rate of interest charged on the loans, we are going to find a tremendous amount of difficulty at this particular time in getting a municipality interested in any self-liquidating project, as contemplated under said section.

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

Mr. LUCAS. I yield.

Mr. HAYDEN. I should like to understand the proposal. The way I do understand it is that the Senator prefers to give away $250,000,000 rather than to lend $350,000,000.

Mr. LUCAS. I will answer the Senator in this way: There is no one in the Senate more interested in the question of economy than the Senator from Illinois; however, this is not a question of giving any money away. This is not a question of economy. This, I am constrained to advise the Senator from Arizona and other Members of the Senate, is a question of a moral obligation to take care of those communities which relied upon the statements made by the representatives of the Public Works Administration. These Government officials met with the engineers, the architects, the boards of school directors, or the mayors of the cities. They approved and advised the holding of elections, employment of attorneys and architects. With such P. W. A. approval these communities voted and sold bonds in many cases, and now have the money deposited in the local banks, but can do nothing with it because it was voted for a specific, definite purpose, upon the recommendation and advice of the agents of the Administration here in Washington.

That is why I said to the Senator that I am interested in living up to what I contend is, if not a legal obligation, certainly a moral obligation on the part of the Government.

Mr. HAYDEN. I would have no quarrel with the Senator if he put his proposal on another ground, and urged it in addition to what is in the bill, but in making this suggestion

he proposes to destroy the opportunity for the Government to make loans which, if they are made according to the provisions of the bill, will be good loans, and the Government will get the money back.

Mr. LUCAS. My theory about section 2 is, as I stated before, that in my humble opinion all of the cream of the Federal projects, insofar as the Public Works Administration is concerned, has been taken up now under the system of public grants.

Mr. HAYDEN. The Senator may be right; and if he is right, then the authorization for the lending of $350,000,000 will not be utilized, and no money will go out of the Treasury under that provision, and no money will be borrowed under it. But I do not see the object of destroying that opportunity.

Mr. LUCAS. I have offered my amendment, and I have made my position as clear as I can. Of course the amendment will have to stand on its merit, notwithstanding the opposition of the Senator from Arizona.

Mr. President, in order to complete the case and demonstrate to the Senate just what went on prior to January 1, 1939, when, under the law, these communities had a right to bargain with the Public Works Administration insofar as these projects were concerned, I wish to read into the RECORD some evidence to show just what happened in my own State; and I submit what has happened there is typical of what has occurred in every State of the Union.

For instance, I pick up exhibit 1, and on the caption of this letter appears "Board of Education, Mendota Grade Schools, Mendota, Ill." The letter is dated July 18, 1939, and reads:

Senator SCOTT LUCAS,
Havana, Ill.

DEAR SIR: Somewhat over a year ago our grade school board, district 289, made application for a Public Works Administration loan for improving, remodeling, and equipping Blackstone School. This was listed under docket number Illinois 2193.

We were then informed by the Public Works Administration regional office that our request would be looked upon with more favor if we applied for more money and built an entirely new building. This procedure was followed. On September 7, 1938, a special election was held on bonding the district for $30,000. This project carried 218 to 31.

Mind you, Senators, in the example I have cited the Federal Public Works Administration was not satisfied with condition No. 1 as it was promulgated by the school board, but they came along, through their representative, and said, "If you change your plan and your specifications, and if you will lay this out under a different theory and scheme, and provide a little more money, we will see that you get the necessary grant from the Government."

Upon that representation they called an election, upon that representation the school board and those who were friends to this type of project went out into the highways and byways and corraled votes, and the result of the election shows that the project was carried 218 to 31.

These people, today as of yesterday, are vitally concerned about this project. Does not that vote convince the Senate that this community at Mendota, Ill., emphatically wants this project? Were they sufficiently encouraged to believe that the Federal Government would give them the 45-percent grant? Most certainly they were.

The letter continues:

The entire cost of the building together with P. W. A. grant was to be $52,000.

Nothing has ever come of this proposition. We are told that the money has all been allocated and no more is available. This Blackstone Building must be repaired before we can use it this fall. This will take considerable money, which we can ill afford to spend at the present. When the regional office told us that a request for a grant on an entirely new building would be looked upon more favorably than a grant to rebuild the old one, we felt that we would have no trouble in getting our grant.

You can appreciate our position; repairs that must be made, if we must continue to use the building, on money that we should use in our current budget.

Mr. President, this presents one of the reasons why I voted against the Maloney amendment a little while ago. Here is a school district which could not comply with the provisions of that amendment. They were expecting a 45-percent grant from the Federal Government, and they are entitled to it by every rule of the game. The Senate will be doing an injustice to every community in this country which has relied upon these representations if the amendment of the Senator from Illinois is not adopted.

The letter continues:

May we expect any assistance from P. W. A. in the near future? We would greatly appreciate any assistance you might be able to give us in this matter.

E. J. FEIK, *President.*

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

Mr. LUCAS. I yield.

Mr. LUNDEEN. Is the Senator proposing to vote larger funds for public works; that is, are we to have more money for public works under his amendment than is proposed in the bill?

Mr. LUCAS. No. Under the bill $350,000,000 is to be loaned. Of course, under the theory of the bill, the loans are presumed to be self-liquidating. Under the amendment to section 2, which I propose, $250,000,000 would be appropriated to take care of communities just like the ones I have been discussing.

Mr. LUNDEEN. The Senator would iron out those differences?

Mr. LUCAS. That is correct. Now I turn to exhibit No. 2. The caption is:

MURRAYVILLE PUBLIC SCHOOLS.

Mr. SCOTT W. LUCAS,
Washington, D. C.

DEAR SIR: In view of the recent relief legislation in Washington, we feel that our grant for $14,000 from P. W. A. funds for a gymnasium and annex to our school building, costing $30,000, should be allowed.

In other words, they were depending upon the Senate to confirm what the House did with respect to P. W. A., which we denied at the time it came before us.

The letter continues:

The election to construct the building and sell bonds has already been held and passed, but we are unable to proceed, as P. W. A. funds had been exhausted.

We are writing you urging you to use whatever means are at your disposal to secure such grant for us. No P. W. A. money has ever been expended in this vicinity, and we believe that our project merits favorable consideration. This construction is badly needed in Murrayville.

Our standards of recognition and accrediting for our school will be jeopardized unless our school plant is enlarged. The high-school visitor from the university severely criticized our plant in his last inspection. He especially called attention to our crude, "barnlike" gymnasium, our basement rooms, our crowded assembly, and our small classrooms. He said, "Your present building situation makes it impossible to offer a modern program of studies."

Our district has a low assessed valuation and has voted the maximum bonding capacity allowed, which is $16,000. We need much more than this, but can construct a very desirable addition with P. W. A. support. We feel like now is the opportune time for Federal support.

The amount of our request ($14,000) is a relatively small amount, and we feel certain that you can secure it for a grateful community.

That $14,000 is just as important to the individuals residing in that little community having children going to that school as many problems we consider in the United States Senate, because, after all, these communities are the real builders of American life. Unless we assist these school districts and communities, which have gone the limit in bonding their districts in order to get what they believe is sufficient for them to keep in step with progress in education, and all that goes along with it, then I say we are not keeping faith. They needed $14,000, they are bonded to the limit, and, Mr. President, why? Because of the representations of the agents of the Public Works Administration.

Exhibit 3 is under the caption:

County superintendent of schools, Rock Island County.

Rock Island, Davenport, and Moline, the tri-cities, have a population of some 100,000. Rock Island is a city of 50,000 people.

Mr. SCHWARTZ. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senator from Wyoming and the Senator from Illinois are justified in the complaint they make. There is too much confusion in the Chamber.

I trust Senators will give the Senator from Illinois the respectful attention to which he is entitled.

Mr. LUCAS. Following is the letter I received from the superintendent of schools of Rock Island County, Ill.:

COUNTY SUPERINTENDENT OF SCHOOLS,
ROCK ISLAND COUNTY,
Rock Island, Ill., January 17, 1939.

Hon. SCOTT W. LUCAS,
United States Senate, Washington, D. C.

DEAR MR. LUCAS: I am writing you at this time in behalf of the Milan grade-school district, which is located immediately adjacent to the city of Rock Island. Milan is a village of approximately 800 inhabitants, and we have a very fine grade school located there. During the past 5 or 6 years our enrollment has increased from 80 to 154 pupils.

On July 18, 1938, the school directors held an election for the purpose of selling bonds to the extent of $17,500, with the expectation of receiving approximately $17,000. With the cash on hand and future revenue, it would allow us to enlarge our building to meet present and future needs. At the time of the election the Federal grant looked very promising, but, try as we did, little action was secured. In the meantime the city of Rock Island has received a great deal of money for various projects.

I have written to Mr. Kennicott, regional director of the P. W. A., located in Chicago, and today I have received a letter stating that our application was approved as of July 28, 1938, and forwarded to the central office in Washington, D. C.

I realize that the Chicago subway allocation used a great deal of our Illinois allotment, but if the Senate and the House see fit to apportion more funds for P. W. A., the people of this district, including the teachers and myself, will greatly appreciate your looking into this matter for us. There might be a possibility, since this project is not so large, that enough funds are still available which would allow us to start remedial measures, which are needed so badly, for the development of this school district.

In one of our schoolrooms we have 54 pupils, and I believe you realize, as well as I, the unfairness to the children in this room.

The board of education is powerless to use the money voted already for bonds, since the proposition was submitted to the people that the project would be carried out providing the grant from our Federal Government was forthcoming. As one Democrat to another, I would appreciate anything that you could do for us in regard to this matter.

[Laughter.]

Senators now know why I am interested in that fellow.

I sincerely hope your new work is enjoyable, and may I call your attention to the standing invitation you have to visit Rock Island County.

Very truly yours,

FLOYD A. SHETTER,
County Superintendent of Schools.

The next letter is from the city of Oglesby, as follows:

CITY OF OGLESBY,
La Salle County, Ill., June 27, 1939.

Hon. SCOTT W. LUCAS,
United States Senator from Illinois,
Senate Office Building, Washington, D. C.

In re P. W. A. Illinois Docket 2212.

DEAR SIR: The city of Oglesby has had pending before the Public Works Administration since August of 1938 an application for a 45 percent grant to aid in financing the construction of a system of intercepting sewers and a sewage-treatment plant.

On October 15, 1938, since the local financing was to be done by general obligation bonds, a referendum was held at which the voters overwhelmingly approved the issuance of approximately $60,000 in bonds to defray the local portion of this cost.

All engineering details including final plans have been prepared and are before the State sanitary board for approval by that agency. We have a commitment with H. C. Speer & Sons Co., of Chicago, by the terms of which they have agreed to purchase the city's bond issue for this improvement.

In company with most other industrial cities, however small, Oglesby has both a chronic and acute unemployment problem. We here know of no finer way to lessen the evil of unemployment, and at the same time secure for the local community a modern sewage-treatment plant, which is badly needed, than by favorable action on the part of P. W. A. at this time.

Our engineers inform us that within 3 weeks of favorable action by P. W. A. a contract for this improvement could be let. So far as we know all preliminaries have been cared for.

Very truly yours,

FOR THE CITY OF OGLESBY,
City Clerk.

So they go on, Mr. President, one after another. I have one more letter I wish to read. I have many others. No doubt every Senator has some such letters in his file. Here is one from Smith & McCollum, lawyers in Flora, Ill.:

FLORA, ILL., *July 25, 1939.*

Hon. SCOTT F. LUCAS,
United States Senator, Washington, D. C.

DEAR SIR: We represent the board of education of the Noble community high-school district, of Noble, Richland County, Ill.

This school district in 1938 made application to the Public Works Administration for a grant to assist in the construction of a new school building. This district voted and sold bonds to the amount of $100,000 and received bids for the construction of the new building prior to January 1, 1939, all in accordance with advice from the P. W. A. officials, who indicated that a grant would be made by the P. W. A. to make possible the financing of the proposed building.

This project is on the approved P. W. A. list, the building site has been secured and paid for, and the district has cash in the bank to the amount of about $100,000.

The district has cash in the bank to the amount of $100,000, and what are they going to do with it? It has been voted upon the theory that the Federal Government would provide a grant-in-aid, as was represented by the agents of the Public Works Administration. Is the Senate of the United States going to stop at this point and refuse this relief? Are we going to keep faith with the individuals living in those districts? Are we to repudiate the pledges that have been made by individuals representing the Government? I regret the executive branch of the Government feels that these obligations should be forgotten, but we should not forget. It is with the utmost sincerity that I contend there is a moral reason, if not a legal one, for the Congress to make good this obligation and others which have been contracted throughout the country.

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

Mr. LUCAS. I yield.

Mr. VANDENBERG. And section 2 of the pending bill is no answer to the communications which the Senator presents.

Mr. LUCAS. Section 2 has absolutely nothing to do with the proposition that I am submitting here in behalf of these school districts which are in such peculiar financial straits.

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

Mr. LUCAS. I yield to the Senator from Connecticut.

Mr. DANAHER. I ask the Senator from Illinois if he knows that Mr. Ickes, who has been in charge of Public Works Administration throughout its entire experience, was never asked to testify before this committee.

Mr. LUCAS. I am not advised, I will say to the Senator from Connecticut, as to what happened before the committee. All I can say is that I did make some inquiries about the amount that was earmarked, that came from the House of Representatives, and got very little information from the Appropriations Committee which was handling the bill at that time as to just why the $125,000,000 was stricken.

Mr. DANAHER. Is it not a fact, I will ask the very able Senator, if he will yield to me for another question——

Mr. LUCAS. I will yield to the Senator from Connecticut.

Mr. DANAHER. That Mr. Ickes did recommend a program of P. W. A. loans and grants to Congress in the amount of $500,000,000?

Mr. LUCAS. I think the evidence may disclose what the Senator from Connecticut says.

I read further from the letter written me by the lawyers in Flora, Ill.:

It now appears that the probability of a P. W. A. grant is very unlikely unless legislation is passed to take care of this sort of situation. The board of education of this school district is receiving much criticism for getting the district $100,000 in debt and being unable to proceed with the building program.

Why, of course, they would receive criticism, but they should not receive criticism. They were acting in good faith upon the advice and the representation of an agency of government. Right or wrong, these men were put in the field, meeting with this board of school directors, this engineer, that architect, telling them to go ahead, to push forward, that "the Government is behind you." Shall we let them down under such circumstances?

The letter continues:

The amount of money which the district now has on hand is only about half enough to erect a building sufficient to take care of the needs of the district, and unless a P. W. A. grant can be secured, this district will be left with only about half enough money to erect a building and no means of securing the balance. Inasmuch as the actions of the board has been in good faith and in reliance upon P. W. A. help, we feel that every effort should be made by the Federal Government to help them out in this situation. The Honorable LAWRENCE ARNOLD, Representative from this district, and Senator SLATTERY have interested themselves in

this matter, and we sincerely hope that you will do everything possible to the end that a Federal grant shall be made available in connection with this project, which bears the docket number Ill. 2530.

Very truly yours,

SMITH & MCCOLLUM,
FRED MCCOLLUM, Jr.

Those are examples of what has been going on in the State of Illinois. Whether they are the result of representations or misrepresentations does not alter the picture.

In conclusion, Mr. President, I hope the amendment will pass. I believe it is a meritorious amendment. I believe the people in my community and in your community who have acted in good faith upon these projects are entitled to this grant from the Federal Government. And I make bold to say that unless we act in the affirmative upon this amendment, a flagrant violation of good faith will result. Whether the executive branch of the Government wants to discontinue making these grants is beside the question. There is a moral if not a legal obligation involved in this premise that a grateful Government should not abandon with a wave of the hand.

I submit the legislative branch of the Government should take the initiative and supply the remedy for the wrongs committed by those represnting the Public Works Administration.

Mr. BYRNES. Mr. President, I sympathize with the Senator from Illinois in the statements made by him with reference to the complaints from local officials as to projects which they hoped to secure but did not secure. But I cannot agree with him that there would be any breach of trust on the part of the Government of the United States or the Congress of the United States should we fail at this time to appropriate $250,000,000 for the purpose urged by him.

The Senate is familiar with the fact that when in 1938 we provided for Public Works Administration appropriations, we provided that an application should be filed by October 1, and that actual work upon the projects must be commenced by January 1, 1939.

Pursuant to the provisions of that act applications were filed, not only in the State of Illinois, but throughout the Union. Those applications came here to Washington; they were considered, approved, and funds were allotted to the extent that the available appropriations made possible.

What happened? From the letters read by the Senator from Illinois it is evident that employees of Public Works Administration went into some communities and encouraged local officials to believe that they would receive an appropriation or allotment for projects in which they were interested.

I know in my own city that even after January 1, when there was not any chance on earth for a community to secure an allotment for a project, a representative of the P. W. A. encouraged officials to go to the legislature to secure enabling legislation to put up the sponsors' contribution toward a project. In Washington I read in my daily newspaper that some representative assured them that the application for a hospital had been approved by P. W. A., and that if the legislature would make available the necessary funds for the local contribution, the project was on the preferential list, and relying upon it, the legislature acted.

Right there I part company with my friend from Illinois. No employee of P. W. A. had the right to bind the Congress of the United States. No employee acting in the manner I have described, acting in order that he may induce Congress to make another appropriation, could ever bind me to appropriate more money of the people to carry out a promise by him.

Mr. President, we are confronted with a problem of this kind for the second time. Back in 1937 there was no program for P. W. A.; but when the relief measure was reported to the House, Representatives of districts cited instances such as those cited by the Senator from Illinois [Mr. LUCAS], the Congress believed there was a moral obligation to carry out pledges made by some employees, and $250,000,000 were appropriated for that purpose.

This year, employees of P. W. A. knew from experience the possibilities; and as late as March or April I received a letter from the regional headquarters of the district in which my State is located telling me that at a meeting of 23 field representatives it was agreed that they should go out into the field advocating the enactment of the Starnes bill then pending in the House of Representatives.

I do not think Congress can permit 23 men or 230 men who are on the pay roll of the Government, in order to make permanent their employment, to go out into communities and encourage local officials to believe that because their applications have been approved, if they will bring pressure to bear on us we shall have to respond and appropriate $250,000,000 tonight because some school officials in Illinois or in South Carolina think that as a result their projects will be allotted funds.

How many applications are pending? Down in P. W. A. tonight there are approved applications to the extent of $1,500,000,000. What would we do with the $250,000,000? How would it be divided? We would divide the $250,000,000 among the $1,500,000,000 of approved applications; and on January 1 other communities would come in and say, "You divided it. Some communities received allocations and some did not. We now want $1,250,000,000, which we should have gotten, in order to provide an allotment for every application which was approved."

Mr. BARKLEY and Mr. LUCAS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from South Carolina yields; and if so, to whom?

Mr. BYRNES. I yield first to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, would there not always be a considerable hangover of approved applications at the end of any period, no matter how often Congress extended it, and no matter how much money was appropriated under the plan theretofore in force to carry out the proposal under this amendment?

Mr. BYRNES. There is no doubt about it.

I wish to say, in fairness to the Secretary of the Interior, that when the action of the employees to whom I have referred was called to my attention, I called it to the attention of the Secretary of the Interior; and within 48 hours a statement was sent to every regional headquarters forbidding such action, and an announcement was carried by the press associations criticizing the employees of the Public Works Administration for their conduct. However, even without that action by the field representatives, whenever we pass a bill and give to every community the right to file an application by October 1, when those applications are investigated inevitably we shall have $1,000,000,000 or $1,500,000,000 approved, because it is not known how many of them will be withdrawn before the time fixed for the actual commencement of operations upon the projects.

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

Mr. BYRNES. We should then have to go back and provide all the money for every application that was approved by P. W. A. No employee of P. W. A. has power to pledge the Congress to discharge that responsibility, either as a legal or a moral responsibility.

I now yield to the Senator from Illinois.

Mr. LUCAS. The distinguished Senator from South Carolina is continually discussing $1,200,000,000 of approved projects down in the office of the Secretary of the Interior at the present time. I am sure the Senator does not want the Senate to understand that $1,200,000,000 of bonds have been voted by the various communities.

Mr. BYRNES. No; I have not said so, and I would not.

Mr. LUCAS. The $250,000,000 which the Senator from Illinois is seeking to obtain through this amendment will take care of all the cases in which bond issues have been voted and floated on the representations referred to.

Mr. BYRNES. If the Senator has investigated the figures, I accept his statement; but what about the city of Spartanburg? It has not issued bonds, but its representatives have gone to the legislature and fought out quite a controversial

question as to whether or not money should be made available. The State has not been issuing bonds, but through its legislature it has made available the necessary funds. In other ways, in other States, funds have also been made available. There is a difference only in the degree of trouble to which local officials have gone in order to make funds available; but the situation is not changed. If the Congress takes the position, whenever we have a public-works program, that when applications are investigated and approved the Congress thereafter must appropriate every dollar, we never shall get through with appropriations for the Public Works Administration.

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

Mr. BYRNES. One moment.

I am astonished to hear Senators on the other side of the aisle, including the Senator from Michigan [Mr. VANDENBERG], asking whether or not section 2 would be taken care of. The Senator from Michigan may vote against this bill. I think he will, as will the Senator from Connecticut. They are opposed to lending a community money with assurances that it will be returned to the Treasury; but, in the name of economy, they would favor a proposal to give 45 percent to the communities of the country without any opportunity to get it back.

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

Mr. BYRNES. I yield.

Mr. LUNDEEN. I understood the Senator to say that we would never get through voting funds to meet these situations. Why not meet these situations? As long as we have 12,000,000 unemployed we should have public works and more public works, until we take up the unemployed. If private industry does not meet the situation the Government must meet it, or we will face serious trouble in America.

Mr. BYRNES. Mr. President, I have no argument with the Senator from Minnesota. He believes that so long as there are 12,000,000 unemployed we must appropriate billions; and it is immaterial to him whether it is on the 70-30 basis of the Senator from Connecticut or the 45-55 basis of the Senator from Illinois. As a matter of fact, a 95-5 basis would be satisfactory to the Senator from Minnesota.

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

Mr. BYRNES. I know the Senator and I could not agree on the question.

Mr. LUNDEEN. Mr. President——

Mr. BYRNES. I understand the Senator's position.

Mr. LUNDEEN. I wish to say to the Senator that I demand jobs for our unemployed.

Mr. BYRNES. Yes.

Mr. LUNDEEN. Let private industry furnish these jobs, and if private industry is unable to meet the situation it is the duty of the Government of the United States to see that every man has a job. It is the divine right of every able-bodied American citizen to have a job.

Mr. BYRNES. Mr. President, I said that I knew I would have no quarrel with the Senator. If there is a divine right, he is receiving information from on high; and I cannot argue with the Senator.

Mr. LUNDEEN. I think the Senator must receive his information from the other place.

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

Mr. BYRNES. I yield.

Mr. ADAMS. The amendment of the Senator from Illinois not only deals with spending applications, but it opens the way for new applications until September 30 of this year; so it would renew the problem.

Mr. BYRNES. If the way is open to new applications, and we now have $1,500,000,000, that would be true. I must say to the Senator from Colorado that I understood from the Senator from Illinois that he wanted to confine his amendment to cases in which bonds have been issued. However, if the way is open until September 30, there is an invitation to a community to issue bonds hereafter. If a community should issue bonds hereafter, it would have an advantage over all the other communities.

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

Mr. BYRNES. I yield.

Mr. CHAVEZ. So far as the repayment of anything that is presumed to be paid back under this bill is concerned, nothing like that will happen; so why not be honest about it, and give the communities 45 percent, and let them pay back 55 percent?

Mr. BYRNES. The Senator believes that when the securities of a State are presented nothing will be paid back. If that be true, there is no use in stopping at 45 percent. We might as well give them 100 percent. However, I do not agree with the Senator.

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

Mr. BYRNES. I yield.

Mr. BARKLEY. Would the bonds issued for the 55 percent be any better than the bonds proposed to be issued for the loans covered by the bill?

Mr. BYRNES. No.

Mr. BARKLEY. If one type of bonds would be no good, how could the other type be collected?

Mr. BYRNES. I do not think my good friend the Senator from New Mexico is serious. As a matter of fact, we know that the securities of the State, county, and municipal governments which have come to P. W. A. under the P. W. A. appropriations have been negotiated in the markets, and in many instances at a profit to the United States Government. Instead of losing money, the Government has made money on the allotments covered by the securities of local governments.

I think the time has come to stop causing local governments to believe that if they pave streets or build waterworks the people of the United States outside the particular cities will pay 45 percent of the cost of constructing improvements within the cities. Many people who live without the city limits cannot participate and are entitled to some consideration at the hands of the Congress. Inasmuch as the Congress heretofore has voted upon this question, I do not think it should now be opened up, or that we should give away 45 percent instead of asking that the amounts loaned under the provisions of the bill be repaid.

Mr. DANAHER. Mr. President, I rise to speak in support of the amendment of the Senator from Illinois. I should like to have the attention of the Senator from South Carolina [Mr. BYRNES], if I may have it.

When the Senator from South Carolina argues against the amendment of the Senator from Illinois on the ground that the people of the United States are to contribute 45 percent to local grants, I call his attention to the fact that when we had the highway amendment before us only a few minutes ago the Senator from Arizona [Mr. HAYDEN] pointed out that the city of Phoenix, Ariz., could not build an underpass unless the United States of America bought all the land for the right-of-way to permit the underpass to be built. Under the very theory the Senator talks about, the trunk-line system of highways would be loaded on the taxpayers of the United States to the extent of 100 percent of the cost, and not 45 percent or any such amount. Moreover, there would be an appropriation rather than a spurious loan program such as we have before us; and that is the beneficent side of it.

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

Mr. DANAHER. I yield.

Mr. HAYDEN. The Senator certainly has misquoted me. I made no proposal at any time today for a 100-percent grant in connection with the bill.

Mr. DANAHER. No. Did I not say that the Senator advanced the argument that the town of Phoenix, Ariz., could not buy the right-of-way for an underpass under the junction of the Southern Pacific and the Santa Fe Railroads?

Mr. HAYDEN. I said that the city of Phoenix, Ariz., had difficulty in financing the project, and that I wanted the city to have an opportunity to borrow the money.

Mr. DANAHER. Yes.

Mr. HAYDEN. Not a grant.

Mr. DANAHER. Did not the Senator say that the city of Phoenix, Ariz., was bonded to its limit, and could not put a dollar into the project?

Mr. HAYDEN. I said that the only way the city could do it, and actually has done it, was to levy a tax out of 1 year's revenue, and that if the city had had an opportunity to spread the tax over 10 years, there would have been no difficulty about it. However, I made no proposal at any time that the city should receive the money for nothing.

Mr. DANAHER. Without going into the question of whether or not the Senator said it, the proposal of the Senator definitely was that the funds of the United States should be used to acquire the entire right-of-way for the highway system.

Mr. HAYDEN. And that every dollar used in that way would be repaid by the city.

Mr. DANAHER. The Senator hopes it would be.

Mr. HAYDEN. I know it would be.

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

Mr. DANAHER. I yield to the Senator from Minnesota.

Mr. LUNDEEN. Mr. President, a statement was made concerning 100-percent contributions where a community was practically bankrupt, as I understood it.

Mr. DANAHER. That is correct.

Mr. LUNDEEN. So far as I am concerned, I can see nothing wrong with that; and I am not engaging in any controversy with the able Senator. I should merely like to say that I can see nothing wrong about a 100-percent contribution to a community that is bankrupt, where American citizens are jobless. We shall have to face the guns on this proposition, legislatively speaking, one of these days with something besides speeches that are as clear as mud, so far as solving the unemployment problem facing us today [laughter], and I am certainly not now referring to the able Senator from Connecticut.

Mr. DANAHER. I thank the Senator for excluding me.

Mr. BARKLEY. The Senator certainly did not mean——

Mr. LUNDEEN. Oh, I am not referring to the distinguished Senator from Kentucky.

Mr. DANAHER. Mr. President, I yielded for a question.

Mr. BARKLEY. I hope the Senator from Minnesota does not mean that the speech of the Senator from Connecticut is not as clear as mud.

Mr. LUNDEEN. I wish to say that I was not referring to the speech of any Senator, but to some speeches that occasionally come to the attention of the Senate.

Mr. DANAHER. If I may just add my bit to that, I hope my speech is not so opaque that the Senator from Kentucky will not understand it. [Laughter.]

Mr. President, I want to call one thing to the attention of Senators. That is, when the Banking and Currency Committee met, and I asked the Senator from Illinois a question or two on the point, Secretary Ickes did not appear and testify. The one man who has had all the experience in Public Works development in this country was not called to speak, and why was he not called to speak, Mr. President?

Tonight one of Washington's most capable news commentators, a man with long experience in the field of journalism, broadcasting over the Mutual network from coast to coast, gave us the answer. I sent for and received a copy of the script. This is the reason why Mr. Ickes was not called:

> I have talked with several individuals—
>
> Says Mr. Fulton Lewis, Jr.—
>
> in the last few days, gentlemen who are absolutely reliable, who positively verified, without any qualifications, that Secretary Ickes did send a memorandum to the President. These gentlemen told me they saw the actual text of that memorandum, and they saw it with their own eyes. They said they read it, and that in the memorandum Mr. Ickes told the President he was vigorously opposed to the lending program. He said the bill should not go through, and he gave extensive reasons why he considers the program to be unjustified.

That, I may say to the Senator from Illinois, is the reason why I wanted to lay, through him, the foundation for the questions I asked him, and thus to tell the Senate why it was that the Administrator of the Public Works Administration, who has spent millions and millions under this administration's program in the past, was not called to comment upon the lending provisions of section 2 of this bill.

Mr. LUCAS. Mr. President——

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

Mr. LUCAS. Under the program as administered by Mr. Ickes there was never, during the years of his experience in that office, a word of scandal in connection with all the millions that he spent. I think those on this side of the aisle as well as on the other will agree that he has done a No. 1 job in connection with the projects.

Mr. DANAHER. I have not the slightest question that every word the Senator says is absolutely accurate. The fact of the matter is that when we stop and think back of those who did appear before the Banking and Currency Committee in favor of a bill which later was entirely superseded by the one we now have, we had a group there who were not in favor of the program of Mr. Ickes. They were in favor of this siphon arrangement of short circuiting the Congress of the United States; and I may add, by way of conclusion, that they did it on the theory that Mr. Ernest Lindley told us about in the Sunday Post, when he said:

> Roosevelt is the leader of a movement of which the Democratic Party is only a part.

Mr. BARKLEY. Mr. President, no importance whatever may be attached to the fact that Secretary Ickes did not appear as a witness before the Banking and Currency Committee. While it is true that in the past Mr. Ickes has administered the Public Works Administration, he is not now the Administrator and would have had no duties under this bill; but Mr. Carmody, who is the new Administrator of the Public Works Administration, did come before the committee, because he is to be charged with responsibility for administering the $350,000,000 that is provided in the bill for loans. In his testimony before the committee he said that, in his opinion, every dollar of the $350,000,000 would be absorbed in the loans provided for in the bill at the low rates of interest which we are providing.

The amendment of the Senator from Illinois strikes out this $350,000,000; it strikes out the loans at the low rate of interest which we are providing and substitutes an appropriation out of the Treasury of $250,000,000 for 45-percent grants, which changes the entire theory of the Public Works Administration.

We might as well under this bill say that we will change the rural-electrification provisions for loans and, instead of providing for 100-percent loans, such as they are making now, grant 45-percent, and permit them to have rural electrification on the basis of 55-percent loans and 45-percent grants. We might as well say to the farmers of the United States who are tenants, who are to borrow money under the bill, "We will not loan you 100 percent, as we are now doing, but we will give you 45 percent."

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

Mr. BARKLEY. Yes.

Mr. DANAHER. Is it not a fact, therefore, that we had Mr. Carmody before us testifying with reference to a bill as to which we had assurances of a program which has been completely operated upon, as compared to the bill we now have?

Mr. BARKLEY. Oh, no!

Mr. DANAHER. And he was predicting on the basis of experience that he had not even had?

Mr. BARKLEY. That is not accurate?

Mr. DANAHER. What is not?

Mr. BARKLEY. What is what? [Laughter.]

Mr. DANAHER. What is accurate?

Mr. BARKLEY. What I am saying is accurate. [Laughter.]

Mr. DANAHER. I thank the Senator. I fail to recognize the pontifical status. [Laughter.]

Mr. BARKLEY. I am not responsible for the failure of the Senator to understand. His understanding is too keen,

however, to convince me that he cannot understand even a pontifical statement. But, Mr. President, the cities of our country have no moral right now to expect any more in the way of grants or gifts than we are providing for anybody else in the United States. More than $4,000,000,000 has been expended under a provision and a program of grants of 45 percent and loans of 55 percent.

Of course nobody could tell how many of these applications would finally be approved and be carried out. Everybody knew, when we provided this program, that there would be more applications than could ever be approved and completed. No matter how many times we may extend the time for making applications and extend the time for the completion of these projects, no matter how many times we may increase the appropriations for P. W. A. on a loan-and-grant basis, there will always be a time at the end of that period when there will be a billion or a billion and a half dollars of applications which cannot be carried out; and if we are to adopt this program, we never would finish. We might as well adopt it in perpetuity. The theory of this legislation is that we have gone as far as we ought to go in giving to communities money that the Government of the United States can never get back.

Mr. LUNDEEN and Mr. LUCAS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Kentucky yield; and if so, to whom?

Mr. BARKLEY. I yield first to the Senator from Minnesota.

Mr. LUNDEEN. But we did have $100,000,000 a ship or thereabouts for building meddling battleships and dreadnaughts, now being dispatched by the administration, it seems, to get us into trouble all over the earth. We had plenty of money for that—nearly $2,000,000,000 in all.

Mr. BARKLEY. No; we did not.

Mr. LUNDEEN. We had the money for that, but we have not enough money to take care of the unemployed of America.

Mr. BARKLEY. Oh, no, Mr. President; we did not have $100,000,000 or any other amount to build "meddling" battleships to go around all over the world. We did have $100,000,000, and we will have $500,000,000 if necessary, to build enough battleships to protect the United States and our interests and our people from attack by any power in the world. There is no relationship between the expenditure of money for defense purposes and giving money to every city and town in the United States to enable them to build non-Federal public buildings.

Mr. LUNDEEN. Will the Senator yield at that point?

Mr. BARKLEY. I yield.

Mr. LUNDEEN. Then let us bring the battleships home from foreign waters and Chinese rivers. Bring them home from Europe and Asia and Africa. Let us bring them home to protect the coasts of the United States, which they were built to protect. They belong here, not over there.

Mr. BARKLEY. All right; bring them home. I commission the Senator from Minnesota to go and get them. [Laughter.]

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

Mr. BARKLEY. I yield; yes.

Mr. LUNDEEN. On that question you will get a commission from the people of the United States that the Democratic Party will understand.

Mr. BARKLEY. All right.

I now yield to the Senator from Illinois.

Mr. LUCAS. Mr. President, I want to say to the very able majority leader of our party——

Mr. BARKLEY. Thanks for the compliment.

Mr. LUCAS. That I do not disagree with the philosophy of the Senator. I will say to him that if these very peculiar cases did not exist, I would not be here offering this amendment; but I do not think the Senator from Kentucky or any other Senator can overlook the fact that these communities have voted bonds, sold them, and placed the money in the bank, and the only thing they can use the money for under the referendum is one particular purpose.

Mr. BARKLEY. I appreciate the Senator's position. I have the same situation in my own State. There is nothing peculiar about it in Illinois. The same condition may exist in other States; but I think the time has come when we have to take into consideration the fact that we have already gone a long way in the expenditure of $4,000,000,000 to enable cities and towns in this country to build public improvements.

I agree with the Senator from South Carolina [Mr. BYRNES]. It may be that some subordinate away down in some county in Illinois or in Kentucky went out and encouraged the local authorities to issue bonds; but in his testimony before the committee the Secretary of the Interior, Mr. Ickes, emphatically stated that he had neither entered into any legal nor any moral obligation to carry out any such program as that, because he knew, as we all knew, that there would be a number of these projects approved that could never be carried out, and that the time would come when there would be hang-overs; and there always will be hang-overs. We never can cut it off like sawing off the butt end of a log, and say we are through.

Mr. LUCAS. Mr. President, irrespective of what the distinguished Senator may have understood, the Senator from Illinois cannot be made to believe that the Secretary of the Interior did not know, or at least the assistants in that office did not know, that back in August and September of 1938 the communities were voting these bond issues in my part of the country.

Mr. BARKLEY. I had a community in my State say that the promise had been held out to them that if they would vote bonds or make some arrangement for 55 percent, the grant would be made. I took up that individual case with Secretary Ickes and with Mr. Gray, his subordinate, who was the active head of the P. W. A., and they emphatically stated that nobody had any right to bind them either legally or morally.

Mr. LUCAS. I never heard of any one being discharged as a result of misrepresentations on this particular issue.

Mr. BARKLEY. I never did, either. I do not suppose anybody was discharged; but, Mr. President, the adoption of this amendment will uproot the entire theory and philosophy of this bill. It will deny communities the right to borrow money at low rates of interest, all of which will be absorbed and repaid to the Government of the United States, and substitute gifts.

I should like to try out this method and see if it will not work. The man who is going to administer it says it will work, in view of his experience as an administrator in this country.

For that reason I hope the amendment of the Senator from Illinois will be rejected.

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

Mr. VANDENBERG and other Senators called for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote if present, I withdraw my vote.

Mr. GREEN. I have a general pair with the junior Senator from Wisconsin [Mr. WILEY], which I transfer to the Senator from Arkansas [Mrs. CARAWAY], and vote "nay." I am not advised how the Senator from Wisconsin or the Senator from Arkansas would vote if present.

Mr. AUSTIN. I announce the following general pairs: The Senator from Oregon [Mr. MCNARY] with the Senator from Mississippi [Mr. HARRISON]; the Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Virginia [Mr. GLASS]; and the Senator from New Hampshire [Mr. BRIDGES] with the Senator from Louisiana [Mr. OVERTON]. These Senators are necessarily absent.

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

The Senator from Arizona [Mr. ASHURST], the Senator from North Carolina [Mr. BAILEY], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Mississippi [Mr. HARRISON], the Senator from Oklahoma [Mr. LEE], the Senator from Kentucky [Mr. LOGAN], the Senator from Louisiana [Mr. OVERTON], and the Senator from Montana [Mr. WHEELER] are unavoidably detained.

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

The Senator from North Carolina [Mr. BAILEY] has a general pair with the Senator from Montana [Mr. WHEELER].

The result was announced—yeas 35, nays 43, as follows:

YEAS—35

Austin	Hale	McCarran	Russell
Barbour	Holman	Maloney	Schwartz
Capper	Holt	Mead	Schwellenbach
Chavez	Johnson, Calif.	Neely	Thomas, Okla.
Danaher	Johnson, Colo.	Norris	Thomas, Utah
Downey	La Follette	Nye	Townsend
Ellender	Lodge	O'Mahoney	Vandenberg
Frazier	Lucas	Pittman	White
Gibson	Lundeen	Reed	

NAYS—43

Adams	Clark, Idaho	Herring	Smathers
Andrews	Clark, Mo.	Hill	Smith
Bankhead	Connally	Hughes	Stewart
Barkley	George	King	Taft
Bilbo	Gerry	McKellar	Tobey
Bone	Gillette	Miller	Truman
Brown	Green	Minton	Tydings
Bulow	Guffey	Murray	Van Nuys
Burke	Gurney	Pepper	Wagner
Byrd	Hatch	Radcliffe	Walsh
Byrnes	Hayden	Sheppard	

NOT VOTING—18

Ashurst	Davis	Logan	Slattery
Bailey	Donahey	McNary	Wheeler
Borah	Glass	Overton	Wiley
Bridges	Harrison	Reynolds	
Caraway	Lee	Shipstead	

So the amendment of Mr. LUCAS was rejected.

Mr. McCARRAN obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield so that I may offer a technical clerical amendment?

Mr. McCARRAN. I yield.

Mr. BARKLEY. I offer an amendment which I send to the desk.

The PRESIDENT pro tempore. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 5, line 1, it is proposed to strike out the words "as provided in said act" and to insert the words "and pursuant to and subject to the provisions of said act."

The amendment was agreed to.

Mr. McCARRAN. Mr. President, I send an amendment to the desk and ask that it be reported. I think the Senator in charge of the bill will accept it.

The PRESIDENT pro tempore. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed, on page 10, line 21, before the period, to insert a colon and the following:

Provided further, That no project involving the taking of waters out of any lake situated in two or more States shall be undertaken with moneys made available under this act unless and until the consent of all such States shall have first been obtained.

Mr. BARKLEY. Mr. President, the amendment is offered to the reclamation provision in the bill, and while I do not think any such project would be attempted even without the language, I am glad to accept the amendment and let it go into the bill.

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

The amendment was agreed to.

Mr. WAGNER. Mr. President, I offer an amendment which is purely technical.

The PRESIDENT pro tempore. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed on page 18, line 5, after the word "determined", to insert the words "or adopted (subsequent to a determination under applicable State or local law)."

Mr. BARKLEY. The amendment is entirely acceptable.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. The Senator from Nebraska.

Mr. McCARRAN. A point of order.

The PRESIDENT pro tempore. The Senator will state it.

Mr. McCARRAN. Who has the floor?

The PRESIDENT pro tempore. The Senator from Nevada really has the floor.

Mr. NORRIS. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. NORRIS. Can a Senator get the floor and retain it while we are voting and adopting amendments and still have the floor? I understood I was recognized by the Chair.

The PRESIDENT pro tempore. The Senator from Nevada by unanimous consent yielded to two Senators to offer perfecting amendments.

Mr. NORRIS. I did not understand that.

Mr. BARKLEY. The Senator from Nevada obtained the floor and offered an amendment, which was agreed to and the Senator from New York was recognized to offer an amendment. But I will say to the Senator from Nevada and to all other Senators that it is my purpose to move a recess now. I had hoped we might finish the bill tonight, but apparently that will not be possible.

Mr. NORRIS. Mr. President, before the Senator moves a recess I desire to offer an amendment, which I think will not be objected to and will not take any time.

Mr. BARKLEY. Very well.

Mr. NORRIS. I send the amendment to the desk.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. On page 5, line 1, it is proposed to strike out the words "as provided in said act", and to insert the words "and pursuant to and subject to the provisions of said act."

Mr. BARKLEY. Mr. President, I offered that amendment a moment ago and it was agreed to.

Mr. NORRIS. Very well.

VARIABLE PAYMENT OF CONSTRUCTION CHARGES ON RECLAMATION PROJECTS—CONFERENCE REPORT

Mr. O'MAHONEY submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6984) to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, and 5, and agree to the same.

ALVA B. ADAMS,
JOSEPH C. O'MAHONEY,
CHAN GURNEY,
Managers on the part of the Senate.

COMPTON I. WHITE,
KNUTE HILL,
Managers on the part of the House.

The report was agreed to.

SETTLEMENT OF DISPUTES WITH THE UNITED STATES

Mr. MINTON. Mr. President, there has been a great deal of interest in Senate bill 915, to provide for the more expeditious settlement of disputes with the United States, and owing to that great interest throughout the country the supply of the bill has become exhausted. I therefore ask unanimous consent that Senate bill 915 as voted upon in the Senate be reprinted.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

VALUE OF FLOOD-HEIGHT REDUCTION FROM T. V. A. RESERVOIRS TO ALLUVIAL VALLEY OF LOWER MISSISSIPPI RIVER (H. DOC. NO. 455)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on Agriculture and Forestry:

To the Congress of the United States:

I transmit herewith for the information of the Congress a letter from the Chairman of the Board of Directors of the Tennessee Valley Authority, submitting a report entitled, "Value of Flood Height Reduction From Tennessee Valley Authority Reservoirs to the Alluvial Valley of the Lower Mississippi River."

The Tennessee Valley Authority believes that this report is a contribution to the theory of valuation of the benefits of flood control, and as such will be useful to the legislative and executive branches of the Federal Government in considering flood-control problems in general.

The attention of the Congress is invited to the suggestion of the Board that the report be printed as a Senate or House document.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 27, 1939.*

[NOTE.—Report accompanied similar message to the House of Representatives.]

ADDITIONAL REPORTS OF COMMITTEES

Mr. WHEELER (for himself and Mr. TRUMAN), from the Committee on Interstate Commerce, to which was referred the bill (S. 2903) to amend the Interstate Commerce Act, and for other purposes, reported it without amendment and submitted a report (No. 1005) thereon.

Mr. BILBO, from the Committee on the District of Columbia, to which was referred the bill (S. 2745) to authorize the Commissioners of the District of Columbia to make regulations to prevent and control the spread of communicable and preventable diseases, reported it without amendment and submitted a report (No. 1006) thereon.

Mr. McCARRAN, from the Committee on the District of Columbia, to which was referred the joint resolution (H. J. Res. 340) providing that the farmers' market in blocks 354 and 355 in the District of Columbia shall not be used for other purposes, reported it without amendment and submitted a report (No. 1007) thereon.

Mr. AUSTIN, from the Committee on the District of Columbia, to which was referred the bill (S. 2778) to amend an act entitled "An act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes," approved April 23, 1924, reported it without amendment and submitted a report (No. 1008) thereon.

Mr. HOLMAN, from the Committee on the District of Columbia, to which was referred the bill (H. R. 5516) for the relief of Charlotte E. Hunter, reported it without amendment and submitted a report (No. 1009) thereon.

Mr. CAPPER, from the Committee on the District of Columbia, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 4732. An act to provide for the issuance of a license to practice chiropractic in the District of Columbia to George M. Corriveau (Rept. No. 1010); and

H. R. 4733. An act to provide for the issuance of a license to practice chiropractic in the District of Columbia to Laura T. Corriveau (Rept. No. 1011).

Mr. TYDINGS, from the Committee on the District of Columbia, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 6266. An act providing for the incorporation of certain persons as Group Hospitalization, Inc. (Rept. No. 1012); and

H. R. 6405. An act authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes (Rept. No. 1013).

Mr. KING, from the Committee on the District of Columbia, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 7086. An act to provide for insanity proceedings in the District of Columbia (Rept. No. 1014); and

H. R. 7320. An act to amend the District of Columbia Revenue Act of 1939, and for other purposes (Rept. No. 1015).

Mr. HUGHES, from the Committee on the District of Columbia, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2779. A bill to amend an act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia," known as the "Healing Arts Practice Act, District of Columbia, 1928," approved February 27, 1929 (Rept. No. 1016); and

H. R. 4434. A bill to provide for the abatement of personal taxes from insolvent building associations in the District of Columbia (Rept. No. 1017).

Mr. MURRAY, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 1214) to provide for a more permanent tenure for persons carrying the mail on star routes, reported it with an amendment and submitted a report (No. 1018) thereon.

ADDITIONAL BILLS INTRODUCED

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

By Mr. MEAD:

S. 2909. A bill for the relief of Dexter and Elizabeth Shiomi; to the Committee on Immigration.

By Mr. WALSH:

S. 2910. A bill to authorize the construction of new buildings for the Navy Department in the District of Columbia; to the Committee on Public Buildings and Grounds.

PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES—ADDITIONAL AMENDMENT

Mr. LA FOLLETTE (for himself and Mr. WHEELER) submitted an amendment 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 was ordered to lie on the table and to be printed.

DISCHARGE OF RELIEF WORKERS IN WEST VIRGINIA

[Mr. HOLT asked and obtained leave to have printed in the RECORD a copy of a letter written by him concerning the discharge of relief workers on W. P. A. projects in West Virginia, which appears in the Appendix.]

PREVENTION OF PERNICIOUS POLITICAL ACTIVITIES

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an editorial from the Fort Worth Star-Telegram of July 25, 1939, entitled "Hatch Bill Motive," which appears in the Appendix.]

[Mr. HATCH asked and obtained leave to have printed in the RECORD, immediately following the editorial submitted by Mr. GUFFEY, editorials from the Atlanta Constitution and the Washington Daily News, and an article from the Washington Daily News on the same subject, which appear in the Appendix.]

OUR PRESENT ECONOMIC STATUS—STATEMENT BY ROBERT M. HARRISS

[Mr. THOMAS of Oklahoma asked and obtained leave to have printed in the RECORD a statement on the subject Our Present Economic Status, by Robert M. Harriss, of New York City, which appears in the Appendix.]

THE DU PONT CO.—EDITORIAL FROM PHILADELPHIA RECORD

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an editorial from the Philadelphia Record entitled "E. I. du Pont and the Government," which appears in the Appendix.]

THE SPENDING PROGRAM

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD an editorial from the Journal-Every Evening of Wilmington, Del., on July 26, 1939, on the subject of the ineffectiveness of the administration's spending program, which appears in the Appendix.]

BLOCK BOOKING AND BLIND SELLING IN MOTION PICTURES

[Mr. NEELY asked and obtained leave to have printed in the RECORD an editorial printed in the Seattle Star of July 21, 1939, entitled "Antidote for Box Office Poison," 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 PRESIDENT pro tempore 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. HARRISON, from the Committee on Finance, reported favorably the nomination of Henry J. Willingham, of Florence, Ala., to be collector of internal revenue for the district of Alabama in place of Harwell G. Davis, resigned.

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

He also, from the same committee, reported favorably the nomination of Chief Boatswain (L) Charles R. Peele to be a district commander, with the rank of lieutenant, in the Coast Guard.

Mr. ASHURST (for Mr. LOGAN), from the Committee on the Judiciary, reported favorably the nomination of Howard L. Doyle, of Illinois, to be United States attorney for the southern district of Illinois.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of Francis M. Shea, of New Hampshire, to be Assistant Attorney General in charge of the Claims Division of the Department of Justice, vice Sam E. Whitaker, resigned.

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

He also, from the same committee, reported favorably the nominations of sundry officers for promotion in the Marine Corps, and also the nominations of sundry citizens to be second lieutenants in the Marine Corps.

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 following nominations, with the recommendation that they be rejected:

James Walter Morrow to be postmaster at Iberia, Mo., in place of Walter Morrow; and

Amy Foster to be postmaster at Warrensburg, Mo., in place of A. T. King, removed.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, reported favorably the nomination of Francis Bowes Sayre, of Massachusetts, to be United States High Commissioner to the Philippine Islands, vice Paul V. McNutt, resigned.

The PRESIDENT pro tempore. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state nominations on the calendar.

INTERSTATE COMMERCE COMMISSION

The legislative clerk read the nomination of William J. Patterson, of North Dakota, to be Interstate Commerce Commissioner.

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

Mr. BARKLEY. I ask unanimous consent that the President be notified of the confirmation.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the President will be notified.

POSTMASTER—NOMINATION PASSED OVER

The legislative clerk read the nomination of Charles A. O'Donnell to be postmaster at Frackville, Pa., which had been adversely reported from the Committee on Post Offices and Post Roads.

Mr. DAVIS. Mr. President, I ask unanimous consent that the nomination of Charles A. O'Donnell to be postmaster at Frackville go over.

The PRESIDENT pro tempore. Without objection, the nomination will be passed over.

POSTMASTERS—NOMINATIONS CONFIRMED

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters, with the exception of the one which has been passed over, be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations of postmasters, with the exception noted, are confirmed en bloc.

Mr. AUSTIN. Mr. President, during the day the Senator from New York [Mr. WAGNER] reported certain nominations. I do not see them on the calendar, and I wish to ask what the nominations were.

The PRESIDENT pro tempore. The Chair is informed that they were nominations to the Federal Deposit Insurance Corporation.

Mr. AUSTIN. Under the rules, would they appear on today's calendar, or on the calendar for tomorrow?

The PRESIDENT pro tempore. They have to lie over, and they will be on the printed calendar tomorrow.

That concludes the nominations.

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 26 minutes p. m.) the Senate took a recess until tomorrow, Friday, July 28, 1939, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate July 27 (legislative day of July 25), 1939

FEDERAL COMMUNICATIONS COMMISSION

James Lawrence Fly, of Tennessee, to be a member of the Federal Communications Commission for the unexpired portion of the term of 7 years from July 1, 1935, vice Frank R. McNinch, resigned.

UNITED STATES DISTRICT JUDGE

Campbell E. Beaumont, of California, to be United States district judge for the southern district of California, to fill a position created by the act of Congress of May 31, 1938.

APPOINTMENT TO TEMPORARY RANK IN THE AIR CORPS IN THE REGULAR ARMY

Capt. Ernest Starkey Moon, Air Corps, to be major, from July 26, 1939.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO AIR CORPS, EFFECTIVE AUGUST 25, 1939

First Lt. William Denton Cairnes, Field Artillery, with rank from June 12, 1939.

First Lt. Robert Thomas Crowder, Infantry, with rank from June 12, 1939.

First Lt. Nicholas Tate Perkins, Coast Artillery Corps, with rank from June 12, 1939.

Second Lt. Glenn Preston Anderson, Jr., Coast Artillery Corps, with rank from June 14, 1938.

Second Lt. Harvey Pettibone Barnard, Jr., Coast Artillery Corps, with rank from June 14, 1938.

Second Lt. Merrick Bayer, Cavalry, with rank from June 14, 1938.

Second Lt. William Hugh Blanchard, Field Artillery, with rank from June 14, 1938.

Second Lt. George Arthur Bosch, Signal Corps, with rank from June 14, 1938.

Second Lt. Joe Reese Brabson, Jr., Infantry, with rank from June 14, 1938.

Second Lt. Robert Allen Breitweiser, Corps of Engineers, with rank from June 14, 1938.

Second Lt. William Peek Brett, Cavalry, with rank from June 14, 1938.

Second Lt. Robert John Bruton, Infantry, with rank from June 14, 1938.

Second Lt. Sherwood Ernest Buckland, Coast Artillery Corps, with rank from June 14, 1938.

Second Lt. Nicholas Horace Chavasse, Cavalry, with rank from June 14, 1938.

Second Lt. Louis Edward Coira, Jr., Field Artillery, with rank from June 14, 1938.

Second Lt. John Boddie Coleman, Infantry, with rank from June 14, 1938.

Second Lt. Castex Paul Conner, Infantry, with rank from June 14, 1938.

Second Lt. Fred Murray Dean, Infantry, with rank from June 14, 1938.

Second Lt. Edward George DeHart, Infantry, with rank from June 14, 1938.

Second Lt. Carter Eugene Duncan, Coast Artillery Corps, with rank from June 14, 1938.

Second Lt. Wallace Stafford Ford, Infantry, with rank from June 14, 1938.

Second Lt. William Henry Frederick, Jr., Infantry, with rank from June 14, 1938.

Second Lt. Felix Moses Hardison, Infantry, with rank from July 1, 1938.

Second Lt. Bertram Cowgill Harrison, Infantry, with rank from June 14, 1938.

Second Lt. Philip Robert Hawes, Coast Artillery Corps, with rank from June 14, 1938.

Second Lt. John Bennet Herboth, Jr., Coast Artillery Corps, with rank from June 14, 1938.

Second Lt. Gregory Hoisington, Jr., Infantry, with rank from June 14, 1938.

Second Lt. John Robert Hopson, Field Artillery, with rank from June 14, 1938.

Second Lt. Henry Charles Huglin, Field Artillery, with rank from June 14, 1938.

Second Lt. James Horace Isbell, Infantry, with rank from June 14, 1938.

Second Lt. Lloyd Earl Johnson, Jr., Coast Artillery Corps, with rank from June 14, 1938.

Second Lt. Howard Doan Kenzie, Infantry, with rank from June 14, 1938.

Second Lt. William Brett Kieffer, Corps of Engineers, with rank from June 14, 1938.

Second Lt. William Keith Kincaid, Cavalry, with rank from June 14, 1938.

Second Lt. Omar Ellsworth Knox, Cavalry, with rank from June 14, 1938.

Second Lt. Leland Oscar Krug, Field Artillery, with rank from June 14, 1938.

Second Lt. Maurice Raymond Lemon, Cavalry, with rank from June 14, 1938.

Second Lt. Milton Edward Lipps, Infantry, with rank from June 14, 1938.

Second Lt. Ralph Brown Lister, Infantry, with rank from June 14, 1938.

Second Lt. James Rhea Luper, Infantry, with rank from June 14, 1938.

Second Lt. Clifford Field Macomber, Infantry, with rank from June 14, 1938.

Second Lt. Robert Carleton McBride, Field Artillery, with rank from June 14, 1938.

Second Lt. Vincent Morgan Miles, Jr., Infantry, with rank from June 14, 1938.

Second Lt. John Dean Moorman, Field Artillery, with rank from June 14, 1938.

Second Lt. Harry Cornelius Morrison, Coast Artillery Corps, with rank from June 14, 1938.

Second Lt. William Folwell Neff, Infantry, with rank from June 14, 1938.

Second Lt. Ashley Burdett Packard, Cavalry, with rank from June 14, 1938.

Second Lt. Shelby Young Palmer, Jr., Infantry, with rank from June 14, 1938.

Second Lt. Littleton James Pardue, Infantry, with rank from June 14, 1938.

Second Lt. Alexander Bruce Pendleton, Infantry, with rank from June 14, 1938.

Second Lt. Douglas Clinton Polhamus, Field Artillery, with rank from June 14, 1938.

Second Lt. Paul Theodore Preuss, Corps of Engineers, with rank from June 14, 1938.

Second Lt. Joseph Claude Reddoch, Jr., Infantry, with rank from June 14, 1938.

Second Lt. James Willis Rhymes, Infantry, with rank from June 14, 1938.

Second Lt. Harris Edward Rogner, Infantry, with rank from June 14, 1938.

Second Lt. Robert William Rulkoetter, Cavalry, with rank from June 14, 1938.

Second Lt. Gabriel Caldwell Russell, Infantry, with rank from June 14, 1938.

Second Lt. John Dale Ryan, Field Artillery, with rank from June 14, 1938.

Second Lt. Donald Ward Saunders, Field Artillery, with rank from June 14, 1938.

Second Lt. Charles Winfield Sherburne, Cavalry, with rank from June 14, 1938.

Second Lt. Albert Peterson Sights, Jr., Signal Corps, with rank from June 14, 1938.

Second Lt. Gibson Emerson Sisco, Jr., Infantry, with rank from June 14, 1938.

Second Lt. William Kenneth Skaer, Field Artillery, with rank from June 14, 1938.

Second Lt. Robert Lee Snider, Signal Corps, with rank from June 14, 1938.

Second Lt. John Herbert Spangler, Coast Artillery Corps, with rank from June 14, 1938.

Second Lt. Prescott Miner Spicer, Coast Artillery Corps, with rank from June 14, 1938.

Second Lt. Frank Pleasants Sturdivant, Field Artillery, with rank from June 14, 1938.

Second Lt. Morris Frederick Taber, Field Artillery, with rank from June 14, 1938.

Second Lt. Benjamin Marcus Tarver, Jr., Signal Corps, with rank from June 14, 1938.

Second Lt. Hugh Douglas Wallace, Infantry, with rank from June 14, 1938.

Second Lt. Joseph Breece Wells, Infantry, with rank from June 14, 1938.

Second Lt. Laurence Edward Wernberg, Field Artillery, with rank from June 14, 1938.

Second Lt. Edward Joseph York, Infantry, with rank from June 14, 1938.

Second Lt. Charles Mathis Young, Infantry, with rank from June 14, 1938.

Second Lt. Robert Alan Zaiser, Field Artillery, with rank from June 14, 1938.

Second Lt. Virgil Lee Zoller, Coast Artillery Corps, with rank from June 14, 1938.

QUARTERMASTER CORPS

Maj. Rohland Andrew Isker, Cavalry, with rank from August 1, 1935.

First Lt. Carleton Merritt Clifford, Infantry, with rank from August 1, 1935.

PROMOTION IN THE REGULAR ARMY

Capt. Leonidas Lee Koontz, Air Corps (temporary major, Air Corps), to be major, from July 21, 1939.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

Capt. Arthur L. Bristol, Jr., to be a rear admiral in the Navy, to rank from the 1st day of August 1939.

The following-named commanders to be captains in the Navy, to rank from the 1st day of July 1939:

Elliott B. Nixon	Herman E. Fischer
Sherwood Picking	Ellis M. Zacharias
Frederick L. Riefkohl	DeWitt C. Ramsey
Oliver M. Read	Roscoe E. Schuirman

The following-named commanders to be captains in the Navy, to rank from the 1st day of August 1939:

Charles A. Lockwood, Jr.
Aaron S. Merrill

The following-named lieutenant commanders to be commanders in the Navy, to rank from the date stated opposite their names:

John H. Cassady, January 1, 1939.
Walter C. Ansel, February 13, 1939.

The following-named lieutenant commanders to be commanders in the Navy, to rank from the 1st day of July 1939:

Dixie Kiefer	Roscoe F. Good
Spencer H. Warner	Benton W. Decker
Roland G. Mayer	George A. Seitz
Stewart S. Reynolds	James H. Chadwick
William W. Behrens	Lunsford Y. Mason, Jr.

Lt. Murray J. Tichenor to be a lieutenant commander in the Navy, from the 13th day of February 1939.

The following-named lieutenants to be lieutenant commanders in the Navy, from the 1st day of July 1939:

George C. Montgomery	Edwin V. Raines
Charles W. Oexle	James E. Baker
Wallis F. Petersen	Kenneth O. Ekelund
Frank H. Ball	Harry R. Carson, Jr.
Elery A. Zehner	Harry T. Chase
George B. Evans	Richard M. Oliver
Alfred R. Boileau	Charles H. Walker
Arthur D. Murray	Francis L. Robbins
John G. Cross	Robert E. Cofer, Jr.
William A. Lynch	Frederick A. L. Dartsch
Joseph A. Ouellet	Thomas H. Dyer
Herbert H. Taylor	John R. Ruhsenberger
Charles H. K. Miller	Homer B. Wheeler
Edward R. J. Griffin	Hubert M. Hayter
Albert L. Prosser	Solomon F. Oden
Asel B. Kerr	George W. Evans, Jr.
John P. Curtis	Lawrence J. McPeake
Stanley E. Martin	Neill Phillips
Robert C. Warrack	Joseph F. Dahlgren
Melvin H. Bassett	Dewey H. Collins
Raleigh B. Miller	Elliott W. Shanklin
Bailey Connelly	John M. Sweeney
Orville G. Cope, Jr.	Neville L. McDowell
Joseph H. Gowan	James C. Landstreet
George L. Richard	Henry Plander
Thomas O. McCarthy	Paul S. Crandall
Daniel N. Logan	Henry Crommelin
Morgan C. Barrett	Thomas B. McMurtrey
Delamer L. Jones	Martin R. Peterson
Herbert A. Tellman	Robert L. Adams
Edward I. McQuiston	Austin W. Wheelock
Walter S. Keller	George L. Purmort
George F. Watson	John H. Long

The following-named lieutenants to be lieutenant commanders in the Navy, to rank from the 1st day of August 1939:

James A. McNally
John R. van Nagell

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the date stated opposite their names:

James O. Biglow, October 1, 1938.
Elliott M. Brown, January 1, 1939.
Henry A. Renken, January 20, 1939.
James R. Z. Reynolds, March 1, 1939.
Howard J. Abbott, April 1, 1939.

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the 1st day of July 1939:

Edward L. Robertson, Jr.	Russell C. Williams
Claude V. Hawk	Charles B. Brooks, Jr.
Albert D. Gray	Thomas R. Kurtz, Jr.
Schermerhorn Van Mater	Victor H. Soucek
Raymond P. Hunter	William J. Sisko
Bruce L. Carr	

The following-named ensigns to be lieutenants (junior grade) in the Navy, to rank from the 4th day of June 1939:

Alfred W. Brown, Jr.	Gordon Fowler
John M. Oseth	Forrest W. Simoneau
Robert C. Sleight	John W. Hays
Jonathan L. W. Woodville, Jr.	John R. Millett

Passed Asst. Surg. Bruce E. Bradley to be a surgeon in the Navy, with the rank of lieutenant commander, to rank from the 1st day of July 1938.

The following-named passed assistant surgeons to be surgeons in the Navy, with the rank of lieutenant commander, to rank from the 1st day of July 1939:

Irwin L. Norman	Rupert H. Draeger
Robert S. Simpson	Dirk M. te Groen
William E. Carskadon	Jesse G. Wright

Asst. Paymaster Sidney A. Freeburg to be a passed assistant paymaster in the Navy, with the rank of lieutenant, to rank from the 1st day of July 1939.

Chaplain Stanton W. Salisbury to be a chaplain in the Navy, with the rank of commander, to rank from the 1st day of July 1939.

The following-named machinists to be chief machinists in the Navy, to rank with but after ensign, from the 15th day of June 1939:

Neil M. Wilson
Jack M. Sutton

Pay Clerk Gerald C. Anderson to be a chief pay clerk in the Navy, to rank with but after ensign, from the 15th day of June 1939.

MARINE CORPS

First Lt. Theodore C. Turnage, Jr., to be a captain in the Marine Corps from the 1st day of July 1939.

Corp. Harland E. Draper, a meritorious noncommissioned officer, to be a second lieutenant in the Marine Corps from the 30th day of June 1939.

The following-named citizens to be second lieutenants in the Marine Corps from the 1st day of July 1939:

James R. Anderson, a citizen of Oregon.
Royce W. Coln, a citizen of Arkansas.
Robert O. Dirmeyer, a citizen of Indiana.
Harry F. Rice, a citizen of North Dakota.
Randall L. Stallings, a citizen of Arkansas.
John I. Williamson, Jr., a citizen of Montana.

POSTMASTERS

ALABAMA

Alton N. Runyans to be postmaster at Ashville, Ala., in place of A. N. Runyans. Incumbent's commission expires August 27, 1939.

Dewey D. Prater to be postmaster at Millport, Ala., in place of D. D. Prater. Incumbent's commission expired January 22, 1939.

ARIZONA

Linnie N. Smith to be postmaster at McNary, Ariz., in place of L. N. Smith. Incumbent's commission expired May 29, 1939.

CALIFORNIA

Leon L. Allen to be postmaster at Agnew, Calif., in place of Carla Egan, removed.

COLORADO

Rose Richards to be postmaster at Buena Vista, Colo., in place of Rose Richards. Incumbent's commission expired July 22, 1939.

CONNECTICUT

Clifford E. Brooks to be postmaster at Moodus, Conn., in place of E. B. Thomas, removed.

Edward McElwee to be postmaster at Westport, Conn., in place of J. J. Murphy, deceased.

FLORIDA

Hal Hoffman to be postmaster at Apalachicola, Fla., in place of Hal Hoffman. Incumbent's commission expired January 17, 1939.

George H. Stokes to be postmaster at Callahan, Fla., in place of G. H. Stokes. Incumbent's commission expired March 23, 1939.

Vivan L. Roberts to be postmaster at Lynn Haven, Fla., in place of V. L. Roberts. Incumbent's commission expired January 17, 1939.

GEORGIA

Flora G. Hicks to be postmaster at Clarkesville, Ga., in place of G. C. Oliver, removed.

ILLINOIS

Jay R. Cooper to be postmaster at Chapin, Ill., in place of J. R. Cooper. Incumbent's commission expired February 20, 1939.

Lois M. La Tourette to be postmaster at London Mills, Ill., in place of W. R. Cale. Incumbent's commission expired March 22, 1936.

Clem Wiser to be postmaster at Martinsville, Ill., in place of Clem Wiser. Incumbent's commission expired March 8, 1939.

Conrad W. Knuth to be postmaster at Ohio, Ill., in place of J. R. Sheehan, resigned.

William E. Hollerich to be postmaster at Spring Valley, Ill., in place of W. E. Hollerich. Incumbent's commission expired February 7, 1939.

Eric Donoven Stover to be postmaster at Western Springs, Ill., in place of E. D. Stover. Incumbent's commission expired January 16, 1939.

INDIANA

Rena Zehr to be postmaster at Berne, Ind., in place of Rena Zehr. Incumbent's commission expired January 18, 1939.

Lester C. Leman to be postmaster at Bremen, Ind., in place of L. C. Leman. Incumbent's commission expired June 18, 1939.

Beatrice Bales to be postmaster at Dana, Ind., in place of Beatrice Bales. Incumbent's commission expired January 18, 1939.

Alfred E. Pate to be postmaster at Dillsboro, Ind., in place of A. E. Pate. Incumbent's commission expired June 9, 1938.

Ray Dills to be postmaster at Farmersburg, Ind., in place of Ray Dills. Incumbent's commission expired May 2, 1939.

Thomas R. Teegardin to be postmaster at Hamilton, Ind., in place of T. R. Teegardin. Incumbent's commission expired March 15, 1939.

Ralph F. Yeoman to be postmaster at Hanna, Ind., in place of R. F. Yeoman. Incumbent's commission expired February 18, 1939.

Walter R. Meinert to be postmaster at Silver Lake, Ind., in place of W. R. Meinert. Incumbent's commission expired March 23, 1939.

Charles O. Hall to be postmaster at Sullivan, Ind., in place of C. O. Hall. Incumbent's commission expired May 30, 1938.

John E. Robinson to be postmaster at Waynetown, Ind., in place of J. E. Robinson. Incumbent's commission expired June 18, 1939.

Lawrence J. Etnire to be postmaster at Williamsport, Ind., in place of L. J. Etnire. Incumbent's commission expired June 18, 1939.

Charles A. Wall to be postmaster at Winchester, Ind., in place of C. A. Wall. Incumbent's commission expired May 15, 1939.

IOWA

Anna Reardon to be postmaster at Auburn, Iowa, in place of Anna Reardon. Incumbent's commission expired February 9, 1939.

KANSAS

William E. Love to be postmaster at Bronson, Kans., in place of Os. Love, deceased.

Archie D. Spillman to be postmaster at Buffalo, Kans., in place of A. D. Spillman. Incumbent's commission expired July 9, 1939.

James H. Sandifer to be postmaster at El Dorado, Kans., in place of J. H. Sandifer. Incumbent's commission expired June 26, 1939.

Walter C. Reeder to be postmaster at Kinsley, Kans., in place of W. C. Reeder. Incumbent's commission expired May 16, 1939.

Joseph H. Schneider to be postmaster at Nortonville, Kans., in place of J. H. Schneider. Incumbent's commission expired March 23, 1939.

Robert J. Pafford to be postmaster at Salina, Kans., in place of R. J. Pafford. Incumbent's commission expires August 26, 1939.

Elton L. Pounds to be postmaster at Smith Center, Kans., in place of E. L. Pounds. Incumbent's commission expired April 27, 1938.

KENTUCKY

Nannie G. Woodson to be postmaster at Eddyville, Ky., in place of N. G. Woodson. Incumbent's commission expired March 27, 1939.

Darwin N. White to be postmaster at Hazel, Ky., in place of D. N. White. Incumbent's commission expires August 14, 1939.

Peter T. Colgan to be postmaster at Middlesboro, Ky., in place of P. T. Colgan. Incumbent's commission expired January 30, 1938.

William Tyler Smith to be postmaster at Taylorsville, Ky., in place of W. T. Smith. Incumbent's commission expired February 18, 1939.

Coy B. Reynolds to be postmaster at Waynesburg, Ky., in place of C. B. Reynolds. Incumbent's commission expired April 6, 1939.

LOUISIANA

Thomas L. Hardin to be postmaster at Sicily Island, La., in place of T. L. Hardin. Incumbent's commission expired January 9, 1936.

MAINE

Lewis W. Haskell, Jr., to be postmaster at Auburn, Maine, in place of L. W. Haskell, Jr. Incumbent's commission expired May 17, 1939.

Harold C. Collins to be postmaster at Bingham, Maine, in place of H. C. Collins. Incumbent's commission expired January 17, 1939.

Ervin O. Hamilton to be postmaster at Chebeague Island, Maine, in place of E. O. Hamilton. Incumbent's commission expired January 17, 1939.

Ava P. Galusha to be postmaster at Clinton, Maine, in place of A. P. Galusha. Incumbent's commission expired April 30, 1939.

Adelbert L. Mains to be postmaster at Mechanic Falls, Maine, in place of A. L. Mains. Incumbent's commission expired March 27, 1939.

Louis N. Redonnett to be postmaster at Mount Vernon, Maine, in place of L. N. Redonnett. Incumbent's commission expired May 9, 1938.

Velorus T. Shaw to be postmaster at Prouts Neck, Maine, in place of V. T. Shaw. Incumbent's commission expired May 29, 1939.

Aubrey Kelley to be postmaster at Solon, Maine, in place of Aubrey Kelley. Incumbent's commission expired April 30, 1939.

MASSACHUSETTS

Henry L. Pierce to be postmaster at Barre, Mass., in place of H. L. Pierce. Incumbent's commission expired February 8, 1939.

James D. Sullivan to be postmaster at Danvers, Mass., in place of J. D. Sullivan. Incumbent's commission expired July 18, 1939.

John H. Gilboy to be postmaster at East Brookfield, Mass., in place of J. H. Gilboy. Incumbent's commission expired June 26, 1939.

Robert P. Sheehan to be postmaster at Harvard, Mass., in place of R. P. Sheehan. Incumbent's commission expired June 17, 1939.

Edward Thomas Murphy to be postmaster at Hyannis, Mass., in place of E. T. Murphy. Incumbent's commission expires August 12, 1939.

Mary E. O'Toole to be postmaster at Leominster, Mass., in place of M. E. O'Toole. Incumbent's commission expired March 18, 1939.

William F. Goodwin to be postmaster at Plymouth, Mass., in place of W. F. Goodwin. Incumbent's commission expired July 18, 1939.

Timothy W. Fitzgerald to be postmaster at Salem, Mass., in place of T. W. Fitzgerald. Incumbent's commission expired July 22, 1939.

William E. Brennan to be postmaster at Whitman, Mass., in place of W. E. Brennan. Incumbent's commission expired June 26, 1939.

MICHIGAN

Ozro K. Hess to be postmaster at Akron, Mich., in place of O. K. Hess. Incumbent's commission expired April 26, 1939.

Bernie C. McLeish to be postmaster at Bay Port, Mich., in place of B. C. McLeish. Incumbent's commission expired April 26, 1939.

Cornelius Oosta to be postmaster at Caledonia, Mich., in place of Cornelius Oosta. Incumbent's commission expired April 26, 1939.

Kay Rice to be postmaster at Camden, Mich., in place of Kay Rice. Incumbent's commission expired April 26, 1939.

John A. Yagley to be postmaster at Dearborn, Mich., in place of J. A. Yagley. Incumbent's commission expired July 26, 1939.

George B. McIntyre to be postmaster at Fairgrove, Mich., in place of G. B. McIntyre. Incumbent's commission expired April 26, 1939.

Stuart J. Haddrill to be postmaster at Lake Orion, Mich., in place of S. J. Haddrill. Incumbent's commission expired April 26, 1939.

Frank E. Moore to be postmaster at Lakeview, Mich., in place of F. E. Moore. Incumbent's commission expired April 26, 1939.

Emmett E. Scofield to be postmaster at Leslie, Mich., in place of E. E. Scofield. Incumbent's commission expired April 26, 1939.

Clare E. Bishop to be postmaster at Millington, Mich., in place of C. E. Bishop. Incumbent's commission expired April 26, 1939.

James F. Jackson to be postmaster at Mohawk, Mich., in place of J. F. Jackson. Incumbent's commission expired April 26, 1939.

James J. Harrington to be postmaster at Painesdale, Mich., in place of J. J. Harrington. Incumbent's commission expired April 26, 1939.

Glenn Davis to be postmaster at Rockford, Mich., in place of Glenn Davis. Incumbent's commission expired April 26, 1939.

Victoria S. Nye to be postmaster at Rose City, Mich., in place of V. S. Nye. Incumbent's commission expired April 26, 1939.

Hazel A. Graham to be postmaster at Whittemore, Mich., in place of H. A. Graham. Incumbent's commission expired April 26, 1939.

MINNESOTA

Herman J. Ricker to be postmaster at Freeport, Minn., in place of H. J. Ricker. Incumbent's commission expired March 27, 1939.

Lester A. Helweg to be postmaster at Fulda, Minn., in place of L. A. Helweg. Incumbent's commission expired May 29, 1939.

Bertha T. Bot to be postmaster at Ghent, Minn., in place of B. T. Bot. Incumbent's commission expired March 12, 1939.

Charles B. Seipp to be postmaster at Hanley Falls, Minn., in place of C. B. Seipp. Incumbent's commission expired March 12, 1939.

Irene G. Almquist to be postmaster at Harris, Minn., in place of I. G. Almquist. Incumbent's commission expired March 23, 1939.

Michael E. Tompkins to be postmaster at Hector, Minn., in place of M. E. Tompkins. Incumbent's commission expired March 12, 1939.

William V. Kane to be postmaster at International Falls, Minn., in place of W. V. Kane. Incumbent's commission expired March 12, 1939.

Byron B. Maddy to be postmaster at McGregor, Minn., in place of B. B. Maddy. Incumbent's commission expired May 29, 1939.

James V. Sweeney to be postmaster at Mahnomen, Minn., in place of J. V. Sweeney. Incumbent's commission expired March 12, 1939.

Justin I. Brown to be postmaster at Nevis, Minn., in place of J. I. Brown. Incumbent's commission expired March 12, 1939.

Raymond A. Linnihan to be postmaster at Red Lake Falls, Minn., in place of R. A. Linnihan. Incumbent's commission expired March 12, 1939.

Edward M. Swanson to be postmaster at Russell, Minn., in place of E. M. Swanson. Incumbent's commission expired March 12, 1939.

Herman E. Kent to be postmaster at Sanborn, Minn., in place of H. E. Kent. Incumbent's commission expired March 27, 1939.

MISSISSIPPI

William Frank Irving to be postmaster at Ackerman, Miss., in place of W. F. Irving. Incumbent's commission expired July 26, 1939.

John B. Glenn to be postmaster at Brookville, Miss., in place of J. B. Glenn. Incumbent's commission expired June 18, 1939.

Pink H. Morrison to be postmaster at Heidelberg, Miss., in place of P. H. Morrison. Incumbent's commission expired July 11, 1939.

Anice N. Graves to be postmaster at Houlka, Miss., in place of A. N. Graves. Incumbent's commission expired July 18, 1939.

Billie B. Boyd to be postmaster at McCool, Miss., in place of B. B. Boyd. Incumbent's commission expired July 18, 1939.

Samuel P. Carter to be postmaster at Quitman, Miss., in place of S. P. Carter. Incumbent's commission expired May 17, 1939.

Olive Alexander to be postmaster at Rolling Fork, Miss., in place of Olive Alexander. Incumbent's commission expired February 20, 1939.

Erma L. Morris to be postmaster at Seminary, Miss., in place of E. L. Morris. Incumbent's commission expired March 27, 1939.

John L. Owen to be postmaster at Utica, Miss., in place of J. L. Owen. Incumbent's commission expired May 2, 1939.

MISSOURI

William A. Barton to be postmaster at Alton, Mo., in place of W. A. Barton. Incumbent's commission expired March 28, 1939.

Felix P. Wulff to be postmaster at Argyle, Mo., in place of F. P. Wulff. Incumbent's commission expired July 1, 1939.

Ezra W. Mott to be postmaster at Armstrong, Mo., in place of E. W. Mott. Incumbent's commission expired February 20, 1939.

Jesse D. Burwell to be postmaster at Browning, Mo., in place of J. D. Burwell. Incumbent's commission expired June 26, 1939.

George W. Shelton to be postmaster at Dixon, Mo., in place of G. W. Shelton. Incumbent's commission expired February 20, 1939.

Roy M. Burchett to be postmaster at Elsberry, Mo., in place of R. M. Burchett. Incumbent's commission expired May 9, 1939.

Claud W. Boone to be postmaster at Gainesville, Mo., in place of C. W. Boone. Incumbent's commission expired June 18, 1938.

Mary E. Woody to be postmaster at Golden City, Mo., in place of M. E. Woody. Incumbent's commission expired February 20, 1939.

Champ C. Ray to be postmaster at Middletown, Mo., in place of C. C. Ray. Incumbent's commission expired June 25, 1939.

Clyde E. Walker to be postmaster at Mountain View, Mo., in place of C. E. Walker. Incumbent's commission expired May 9, 1939.

Lloyd M. Weaver to be postmaster at New London, Mo., in place of H. F. Yeager, deceased.

Mary G. Kenton to be postmaster at Norborne, Mo., in place of M. G. Kenton. Incumbent's commission expires August 27, 1939.

Helen T. Meagher to be postmaster at Oregon, Mo., in place of H. T. Meagher. Incumbent's commission expired June 25, 1939.

Fred A. Lambert to be postmaster at Princeton, Mo., in place of F. A. Lambert. Incumbent's commission expires August 21, 1939.

Dayton A. Street to be postmaster at Purdin, Mo., in place of D. A. Street. Incumbent's commission expires August 27, 1939.

Charles E. Logan to be postmaster at Spickard, Mo., in place of C. E. Logan. Incumbent's commission expired March 23, 1939.

Thomas W. Withrow to be postmaster at Troy, Mo., in place of T. W. Withrow. Incumbent's commission expired June 5, 1939.

Carl A. Baldwin to be postmaster at Vienna, Mo., in place of C. A. Baldwin. Incumbent's commission expired May 17,

Fay B. Swicegood to be postmaster at Weaubleau, Mo., in place of F. B. Swicegood. Incumbent's commission expired June 26, 1939.

Blanche E. Tucker to be postmaster at Westboro, Mo., in place of B. E. Tucker. Incumbent's commission expired May 17, 1939.

Mabel Smulling to be postmaster at Wyaconda, Mo., in place of Mabel Smulling. Incumbent's commission expired March 19, 1939.

MONTANA

Forrest L. De Rosia to be postmaster at Libby, Mont., in place of M. K. Kedzie. Incumbent's commission expired December 18, 1934.

James J. Price to be postmaster at Three Forks, Mont., in place of J. J. Price. Incumbent's commission expired March 20, 1939.

NEBRASKA

Gladys G. Rockhold to be postmaster at Comstock, Nebr., in place of G. G. Rockhold. Incumbent's commission expired July 24, 1939.

George J. Scott to be postmaster at Crawford, Nebr., in place of G. J. Scott. Incumbent's commission expired March 21, 1939.

John H. Hutchings to be postmaster at Falls City, Nebr., in place of J. H. Hutchings. Incumbent's commission expired May 8, 1939.

James Melvern West to be postmaster at Herman, Nebr., in place of J. M. West. Incumbent's commission expired June 18, 1939.

Herman Stahly to be postmaster at Milford, Nebr., in place of Herman Stahly. Incumbent's commission expired March 21, 1939.

Thomas Glen Roberts to be postmaster at Sterling, Nebr., in place of T. G. Roberts. Incumbent's commission expired February 9, 1939.

NEVADA

Dora E. Kappler to be postmaster at Carlin, Nev., in place of D. E. Kappler. Incumbent's commission expired January 18, 1939.

Mabel L. Andrews to be postmaster at Hawthorne, Nev., in place of M. L. Andrews. Incumbent's commission expired May 31, 1939.

Linwood W. Campbell to be postmaster at Pioche, Nev., in place of L. W. Campbell. Incumbent's commission expired June 18, 1939.

NEW HAMPSHIRE

Gustave A. Lanoix to be postmaster at Gonic, N. H., in place of G. A. Lanoix. Incumbent's commission expired May 31, 1939.

Elizabeth J. Varney to be postmaster at Littleton, N. H., in place of E. J. Varney. Incumbent's commission expired May 31, 1939.

Raymond J. Carr to be postmaster at Lancaster, N. H., in place of R. J. Carr. Incumbent's commission expired June 18, 1939.

NEW JERSEY

Cameron M. McCurdy to be postmaster at Fair Lawn, N. J., in place of C. F. Rooney, removed.

Albert P. Troy to be postmaster at Palisade, N. J., in place of A. P. Troy. Incumbent's commission expired May 2, 1938.

NEW MEXICO

Robert S. Sanchez to be postmaster at Estancia, N. Mex., in place of V. B. Davis. Incumbent's commission expired May 29, 1939.

Thomas N. Lawson to be postmaster at Tucumcari, N. Mex., in place of E. J. Corn. Incumbent's commission expired February 12, 1939.

NEW YORK

Verner Sharp to be postmaster at Altamont, N. Y., in place of Verner Sharp. Incumbent's commission expired June 25, 1939.

Eber T. McDonald to be postmaster at Cayuga, N. Y., in place of E. T. McDonald. Incumbent's commission expired June 25, 1939.

Guy C. Hazelton to be postmaster at Coeymans, N. Y., in place of G. C. Hazelton. Incumbent's commission expired July 9, 1939.

George W. Caldwell to be postmaster at Lake George, N. Y., in place of F. H. Wood, removed.

Earl F. Sebald to be postmaster at Lake Luzerne, N. Y., in place of H. J. Grogan, deceased.

Harry D. Hickey to be postmaster at Lewiston, N. Y., in place of H. D. Hickey. Incumbent's commission expired May 8, 1939.

James T. Crotty to be postmaster at Monroe, N. Y., in place of J. T. Crotty. Incumbent's commission expired January 29, 1939.

Charles S. Donnelley to be postmaster at Utica, N. Y., in place of C. S. Donnelley. Incumbent's commission expired July 24, 1939.

Stewart A. Farrar to be postmaster at Warrensburg, N. Y., in place of S. A. Farrar. Incumbent's commission expired January 22, 1939.

Herbert D. Carlton to be postmaster at West Chazy, N. Y., in place of H. D. Carlton. Incumbent's commission expired January 22, 1939.

NORTH DAKOTA

Coral L. Ware to be postmaster at Amidon, N. Dak., in place of C. I. Ware. Incumbent's commission expired May 13, 1939.

Anna Holkesvik to be postmaster at Carson, N. Dak., in place of Anna Holkesvik. Incumbent's commission expired April 30, 1939.

Harry L. Morrow to be postmaster at Drake, N. Dak., in place of H. L. Morrow. Incumbent's commission expired May 13, 1939.

Agnes S. Reynolds to be postmaster at Edmore, N. Dak., in place of A. S. Reynolds. Incumbent's commission expired March 23, 1939.

Evelyn L. Swank to be postmaster at Egeland, N. Dak., in place of E. L. Swank. Incumbent's commission expired May 13, 1939.

Winfield S. Hooper to be postmaster at Fargo, N. Dak., in place of W. S. Hooper. Incumbent's commission expired May 29, 1939.

Cecil Wigness to be postmaster at Fortuna, N. Dak., in place of Cecil Wigness. Incumbent's commission expired May 13, 1939.

Jeannette A. Siegel to be postmaster at Goldenvalley, N. Dak., in place of J. A. Siegel. Incumbent's commission expired May 13, 1939.

Peter L. Freund to be postmaster at Hope, N. Dak., in place of P. L. Freund. Incumbent's commission expired May 29, 1939.

Hulbert L. Olsen to be postmaster at Van Hook, N. Dak., in place of H. L. Olsen. Incumbent's commission expired May 13, 1939.

John P. Mohr to be postmaster at Wimbledon, N. Dak., in place of G. W. Veach, removed.

OKLAHOMA

Laura A. Plunkett to be postmaster at Gould, Okla., in place of L. A. Plunkett. Incumbent's commission expired June 1, 1939.

Joseph R. Reed to be postmaster at Lawton, Okla., in place of J. R. Reed. Incumbent's commission expires August 27, 1939.

Helen A. Coulter to be postmaster at Wakita, Okla., in place of F. A. Rhoades. Incumbent's commission expired June 13, 1938.

Robert D. Taylor to be postmaster at Webb City, Okla., in place of R. D. Taylor. Incumbent's commission expired May 28, 1939.

OREGON

Burt E. Hawkins to be postmaster at Klamath Falls, Oreg., in place of B. E. Hawkins. Incumbent's commission expired May 13, 1939.

Richard J. Collins to be postmaster at Oceanlake, Oreg. Office became Presidential July 1, 1938.

Harold R. White to be postmaster at Wasco, Oreg., in place of H. R. White. Incumbent's commission expired March 8, 1939.

PENNSYLVANIA

Mabel G. Collins to be postmaster at Austin, Pa., in place of M. G. Collins. Incumbent's commission expired May 28, 1939.

George R. Meek to be postmaster at Bellefonte, Pa., in place of G. R. Meek. Incumbent's commission expired May 28, 1939.

George Ramsey to be postmaster at Cheltenham, Pa., in place of George Ramsey. Incumbent's commission expired June 10, 1939.

James H. Sinclair to be postmaster at Falls Creek, Pa., in place of T. J. McCausland, deceased.

Howard Walter Stough to be postmaster at Grapeville, Pa., in place of H. W. Stough. Incumbent's commission expires August 22, 1939.

George W. Smith to be postmaster at Mauch Chunk, Pa., in place of Emma Zanders. Incumbent's commission expired June 4, 1934.

Kate H. Haydon to be postmaster at Midland, Pa., in place of K. H. Haydon. Incumbent's commission expired March 18, 1939.

Samuel B. Miller to be postmaster at Mifflinburg, Pa., in place of S. B. Miller. Incumbent's commission expires February 21, 1939.

George E. Lay to be postmaster at Monaca, Pa., in place of G. E. Lay. Incumbent's commission expired April 6, 1939.

Edward F. Januszewski to be postmaster at Monessen, Pa., in place of E. F. Januszewski. Incumbent's commission expired April 6, 1939.

Roy Peiffer to be postmaster at Mount Gretna, Pa., in place of C. G. Hauer, resigned.

Sylvester L. Rothenberger to be postmaster at Oley, Pa., in place of S. L. Rothenberger. Incumbent's commission expired January 29, 1939.

Perry A. Tschop to be postmaster at Red Lion, Pa., in place of P. A. Tschop. Incumbent's commission expired June 19, 1939.

Howard O. Boyer to be postmaster at Rural Valley, Pa., in place of H. O. Boyer. Incumbent's commission expired March 22, 1938.

John L. Considine to be postmaster at Sharon, Pa., in place of J. L. Considine. Incumbent's commission expires August 2, 1939.

John A. Maurer to be postmaster at Tremont, Pa., in place of J. A. Maurer. Incumbent's commission expired February 21, 1939.

Maurice J. McGee to be postmaster at Troy, Pa., in place of M. J. McGee. Incumbent's commission expired March 18, 1939.

David C. Chamberlin to be postmaster at Turbotville, Pa., in place of T. M. Shade, removed.

Lincoln G. Nyce to be postmaster at Vernfield, Pa., in place of L. G. Nyce. Incumbent's commission expired May 2, 1939.

John M. Braden to be postmaster at Washington, Pa., in place of J. M. Braden. Incumbent's commission expired February 9, 1939.

John W. Doyle to be postmaster at Waymart, Pa., in place of J. W. Doyle. Incumbent's commission expired May 28, 1939.

Samuel W. Spayd to be postmaster at Womelsdorf, Pa., in place of L. S. Filbert. Incumbent's commission expired January 29, 1939.

Edward L. Middleswarth to be postmaster at Yeagertown, Pa., in place of E. L. Middleswarth. Incumbent's commission expired April 6, 1939.

PUERTO RICO

Alberto Bravo to be postmaster at Mayaguez, P. R., in place of Alberto Bravo. Incumbent's commission expired February 13, 1939.

George P. DePass to be postmaster at San Juan, P. R., in place of G. P. DePass. Incumbent's commission expired June 18, 1939.

TENNESSEE

Rebecca J. Thomas to be postmaster at Alamo, Tenn., in place of R. J. Thomas. Incumbent's commission expired February 9, 1939.

Marvin McKnight to be postmaster at Bemis, Tenn., in place of Marvin McKnight. Incumbent's commission expired January 31, 1938.

Maurice Wilson to be postmaster at Middleton, Tenn., in place of Maurice Wilson. Incumbent's commission expired May 10, 1939.

John W. Simmons to be postmaster at Moscow, Tenn., in place of J. W. Simmons. Incumbent's commission expired June 17, 1939.

William T. Latham to be postmaster at Niota, Tenn., in place of W. T. Latham. Incumbent's commission expired July 1, 1939.

John L. Vann to be postmaster at Watertown, Tenn., in place of J. L. Vann. Incumbent's commission expired January 16, 1939.

Roey D. Shoulders to be postmaster at Westmoreland, Tenn., in place of R. D. Shoulders. Incumbent's commission expired May 29, 1939.

TEXAS

William G. Bryan to be postmaster at Avery, Tex., in place of W. G. Bryan. Incumbent's commission expired July 18, 1939.

Luther G. Porter to be postmaster at Bangs, Tex., in place of L. G. Porter. Incumbent's commission expired March 21, 1939.

Hugh B. Edens to be postmaster at Big Lake, Tex., in place of H. B. Edens. Incumbent's commission expired March 15, 1939.

Lawrence C. Galbraith to be postmaster at Big Sandy, Tex., in place of L. C. Galbraith. Incumbent's commission expired January 25, 1939.

Harvey L. Pettit to be postmaster at Bloomburg, Tex., in place of H. L. Pettit. Incumbent's commission expired July 18, 1939.

Joseph Edward Johnson to be postmaster at Brownwood, Tex., in place of G. W. Kidd, deceased.

Arthur K. Tyson to be postmaster at Calvert, Tex., in place of A. K. Tyson. Incumbent's commission expired May 29, 1939.

Harry McDonald Thomson to be postmaster at Coleman, Tex., in place of H. M. Thomson. Incumbent's commission expired June 26, 1939.

Nadyne McGehee to be postmaster at Collinsville, Tex., in place of Nadyne McGehee. Incumbent's commission expired July 1, 1939.

Clarence H. Nobles to be postmaster at Deport, Tex., in place of C. H. Nobles. Incumbent's commission expired May 13, 1939.

Leland B. Doshier to be postmaster at Edcouch, Tex., in place of L. B. Doshier. Incumbent's commission expired August 26, 1939.

William H. Wheeler to be postmaster at Eustace, Tex., in place of W. H. Wheeler. Incumbent's commission expired July 1, 1939.

James F. Atkinson to be postmaster at Florence, Tex., in place of J. F. Atkinson. Incumbent's commission expired March 12, 1939.

Emmett W. Pack to be postmaster at Garrison, Tex., in place of E. W. Pack. Incumbent's commission expired July 18, 1939.

Spencer Boyd Street to be postmaster at Graham, Tex., in place of S. B. Street. Incumbent's commission expired July 18, 1939.

John Dunlop to be postmaster at Houston, Tex., in place of J. S. Griffith. Incumbent's commission expired February 12, 1939.

Baxter Orr to be postmaster at Idalou, Tex. Office became Presidential July 1, 1938.

Lula J. Moreland to be postmaster at Lindale, Tex., in place of L. J. Moreland. Incumbent's commission expired January 25, 1939.

Ralph W. Ford to be postmaster at Linden, Tex., in place of R. W. Ford. Incumbent's commission expired August 7, 1939.

Sam H. Amsler to be postmaster at McGregor, Tex., in place of S. H. Amsler. Incumbent's commission expired March 12, 1939.

J. William Dyer to be postmaster at Mabank, Tex., in place of J. W. Dyer. Incumbent's commission expired January 25, 1939.

Edward F. Springer to be postmaster at Matador, Tex., in place of E. F. Springer. Incumbent's commission expired May 13, 1939.

Effie Viola Haden to be postmaster at Megargel, Tex., in place of C. C. White. Incumbent's commission expired May 2, 1939.

Benjamin T. Tucker to be postmaster at Mercedes, Tex., in place of B. T. Tucker. Incumbent's commission expired August 27, 1939.

Stephen E. Fitzgerald to be postmaster at Miami, Tex., in place of S. E. Fitzgerald. Incumbent's commission expired July 18, 1939.

Augustus S. Hightower to be postmaster at Millsap, Tex., in place of A. S. Hightower. Incumbent's commission expired July 1, 1939.

Alva O. Dannelley to be postmaster at Mirando City, Tex., in place of A. O. Dannelley. Incumbent's commission expired May 13, 1939.

William E. McClintock to be postmaster at Mount Pleasant, Tex., in place of W. E. McClintock. Incumbent's commission expired July 18, 1939.

Grace M. Barnett to be postmaster at Palacios, Tex., in place of G. M. Barnett. Incumbent's commission expired May 2, 1939.

Mansel R. Coffee to be postmaster at Perryton, Tex., in place of M. R. Coffee. Incumbent's commission expired June 18, 1939.

Walter S. Martin to be postmaster at Port Arthur, Tex., in place of W. S. Martin. Incumbent's commission expires August 27, 1939.

Adlai C. Breustedt to be postmaster at Seguin, Tex., in place of A. C. Breustedt. Incumbent's commission expired March 15, 1939.

Edmund Herder to be postmaster at Shiner, Tex., in place of Edmund Herder. Incumbent's commission expired July 18, 1939.

Grady W. Hodges to be postmaster at Whitesboro, Tex., in place of G. W. Hodges. Incumbent's commission expired July 18, 1939.

Oscar W. Stone to be postmaster at Wolfe City, Tex., in place of O. W. Stone. Incumbent's commission expired July 18, 1939.

UTAH

Jabez W. Dangerfield to be postmaster at Provo, Utah, in place of J. W. Dangerfield. Incumbent's commission expired May 7, 1938.

VERMONT

Berne B. Titus to be postmaster at Fairlee, Vt., in place of B. B. Titus. Incumbent's commission expired February 15, 1939.

George H. St. Pierre to be postmaster at Island Pond, Vt., in place of G. H. St. Pierre. Incumbent's commission expired June 6, 1938.

VIRGINIA

Ruth K. Northington to be postmaster at Lacrosse, Va., in place of R. K. Northington. Incumbent's commission expired January 18, 1939.

John P. Kelly to be postmaster at Pennington Gap, Va., in place of J. P. Kelly. Incumbent's commission expired June 18, 1938.

Pauline H. Duncan to be postmaster at Riverton, Va., in place of P. H. Duncan. Incumbent's commission expired July 1, 1939.

WASHINGTON

Jessie A. Knight to be postmaster at Shelton, Wash., in place of J. A. Knight. Incumbent's commission expired June 25, 1939.

WEST VIRGINIA

Robert Lake Bailey to be postmaster at Bluefield, W. Va., in place of R. L. Bailey. Incumbent's commission expires August 27, 1939.

William R. Kincaid to be postmaster at Cameron, W. Va., in place of W. R. Kincaid. Incumbent's commission expired January 29, 1939.

George J. Carter, Jr., to be postmaster at Fort Gay, W. Va., in place of C. R. Crabtree, resigned.

Glenn A. Fowler to be postmaster at Harrisville, W. Va., in place of G. A. Fowler. Incumbent's commission expires August 16, 1939.

Roscoe Cook to be postmaster at Lorado, W. Va., in place of Roscoe Cook. Incumbent's commission expired May 29, 1939.

WISCONSIN

John J. Steiner to be postmaster at Mauston, Wis., in place of J. J. Steiner. Incumbent's commission expired April 28, 1938.

Clarence G. Schultz to be postmaster at Neenah, Wis., in place of C. G. Schultz. Incumbent's commission expired June 18, 1939.

Mary Hanley to be postmaster at Roberts, Wis., in place of J. W. Hanley, deceased.

Joseph P. Wheir to be postmaster at Wisconsin Rapids, Wis., in place of J. P. Wheir. Incumbent's commission expired January 18, 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 27 (legislative day of July 25), 1939

INTERSTATE COMMERCE COMMISSION

William J. Patterson to be an Interstate Commerce Commissioner.

POSTMASTERS

ARKANSAS

Edward E. Dewey, Decatur.

NEW YORK

Louis Grenier, Faust.

OHIO

Clarence N. Greer, Dayton.
Marion D. Freeders, Fairfield.
Milan E. Croul, Killbuck.
Glenn C. Swartz, Polk.
Clare S. Myers, Roseville.
Grover C. Speckman, Warsaw.
Howard W. McCracken, Zanesville.

OKLAHOMA

Jack H. Kneedler, Kaw.
Ernest J. Winningham, Sentinel.
Robert R. McCarver, Wister.

PENNSYLVANIA

William Glenn Rumbaugh, Avonmore.
Theodore C. Lamborn, Berwyn.
James Robert McClure, Dillsburg.
Stephen R. Stefanik, Elmora.
Herbert H. Park, Gibsonia.
Theodore K. Hagey, Hellertown.
Earl S. Warmkessel, Laureldale.
Leon E. Shepherd, Malvern.
Homer C. Kifer, Manor.
Franklin M. Rorke, Meadowbrook.
Alexander Grafton Sullivan, New Kensington.
Charles L. Wagner, Paperville.
Mary E. Stewart, Petersburg.
John Edgar Schmidt, Ringtown.
Bertha M. Kintzer, Robesonia.
Irvin F. Mayberry, Schwenkville.
Joseph E. Staniszewski, Shamokin.
Wilson C. Reider, Shickshinny.
John N. Zimmerman, Sunbury.
Bessie S. Ferrell, Westtown.

HOUSE OF REPRESENTATIVES

THURSDAY, JULY 27, 1939

The House met at 12 o'clock noon.

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

O Thou great Jehovah, our God and our Father, we praise Thee that the essence of life is divine. Blessed Lord, it is an inspiration to see visions, greater to do, but greatest of all to be; therefore let this be our canticle of character; let it go singing along the paths of space:

Lo, I come: in the volume of the book it is written of Me: I delight to do Thy will, O my God: yea, Thy law is within my heart. The Lord bless thee and keep thee; the Lord make His face shine upon thee and be gracious unto thee; the Lord lift up His countenance upon thee and give thee peace.

Both now and ever. In the name of our Saviour who forgot Himself, even in death. Amen.

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

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On July 17, 1939:

H. R. 3576. An act to make effective the provisions of the Officers' Competency Certificates Convention, 1936.

On July 18, 1939:

H. R. 733. An act for the relief of S. A. Rourke;

H. R. 4370. An act authorizing the city of Chester, Ill., to construct, maintain, and operate a toll bridge across the Mississippi River at or near Chester, Ill.;

H. R. 4499. An act authorizing the county of Gallatin, State of Illinois, its successors and assigns, to construct, maintain, and operate a bridge across the Ohio River at or near the city of Shawneetown, Gallatin County, Ill., to a point opposite thereto in the county of Union, State of Kentucky;

H. R. 5288. An act to amend section 691-a of the Code of Law of the District of Columbia, approved March 3, 1901, and of any act or acts amendatory thereof relating to foreign building and loan associations doing business in the District of Columbia; and

H. R. 5479. An act granting annual and sick leave with pay to substitutes in the Postal Service.

On July 19, 1939:

H. R. 1882. An act for the relief of Otis M. Culver, Samuel E. Abbey, Joseph Reger, and August H. Krueger;

H. R. 2296. An act to restore certain benefits to World War veterans suffering with paralysis, paresis, or blindness, or who are helpless or bedridden, and for other purposes;

H. R. 5452. An act to provide certain benefits for World War veterans and their dependents, and for other purposes; and

H. R. 6836. An act to amend the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor," approved February 23, 1931, as amended.

On July 20, 1939:

H. R. 5748. An act to amend the Second Liberty Bond Act, as amended; and

H. J. Res. 329. Joint resolution consenting to an interstate oil compact to conserve oil and gas.

On July 25, 1939:

H. R. 2168. An act to authorize the Secretary of War to make contracts, agreements, or other arrangements for the supplying of water to the Golden Gate Bridge and Highway District;

H. R. 3081. An act for the relief of Margaret B. Nonnenberg;

H. R. 3364. An act to transfer the control and jurisdiction of the Park Field Military Reservation, Shelby County, Tenn., from the War Department to the Department of Agriculture;

H. R. 3614. An act for the relief of Frank M. Croman;

H. R. 4391. An act for the relief of H. W. Hamlin;

H. R. 4617. An act for the relief of Capt. Robert E. Coughlin;

H. R. 5494. An act for the relief of John Marinis, Nicolaos Elias, Ihoanis or Jean Demetre Votsitsanos, and Michael Votsitsanos;

H. R. 5523. An act authorizing the States of Minnesota and Wisconsin to construct, maintain, and operate a free highway bridge across the St. Croix River at or near Osceola, Wis., and Chisago County, Minn.;

H. R. 5785. An act granting the consent of Congress to the State of Mississippi to construct, maintain, and operate a free highway bridge across Pearl River at or near Georgetown, Miss.;

H. R. 5786. An act granting the consent of Congress to the State of Mississippi or Madison County, Miss., to construct, maintain, and operate a free highway bridge across Pearl River at or near Ratliffs Ferry in Madison County, Miss.;

H. R. 5963. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H. R. 5964. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between St. Louis, Mo., and Stites, Ill.;

H. R. 5984. An act granting the consent of Congress to the county of Allegheny, Pa., to construct, maintain, and operate free highway bridges across the Monongahela River, in Allegheny County, State of Pennsylvania;

H. R. 6045. An act to authorize the Secretary of the Navy to accept on behalf of the United States certain land in the

city of Seattle, King County, Wash., with improvements thereon;

H. R. 6065. An act to authorize major overhauls for certain naval vessels, to authorize the acquisition of two motor vessels for the Navy, and for other purposes;

H. R. 6070. An act to amend section 5 of the act of April 3, 1939 (Public, No. 18, 76th Cong.);

H. R. 6079. An act granting the consent of Congress to the Arkansas State Highway Commission to construct, maintain, and operate a free highway bridge across the Black River at or near the town of Black Rock, Ark.;

H. R. 6111. An act to extend the times for commencing and completing the construction of a bridge across the Red River at or near a point suitable to the interests of navigation from a point in Walsh County, N. Dak., at or near the terminus of North Dakota State Highway No. 17;

H. R. 6205. An act to provide for additional clerk hire in the House of Representatives, and for other purposes;

H. R. 6502. An act granting the consent of Congress to the State of Minnesota or the Minnesota Department of Highways to construct, maintain, and operate a free highway bridge across the Mississippi River at or near Little Falls, Minn.;

H. R. 6527. An act granting the consent of Congress to the commissioners of Mahoning County, Ohio, to replace a bridge which has collapsed, across the Mahoning River at Division Street, Youngstown, Mahoning County, Ohio;

H. R. 6578. An act granting the consent of Congress to Northern Natural Gas Co. of Delaware to construct, maintain, and operate a pipe-line bridge across the Missouri River;

H. R. 6672. An act to amend the act entitled "An act to create a new division of the District Court of the United States for the northern district of Texas," approved May 26, 1928 (45 Stat. 747);

H. R. 6748. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Winona, Minn.;

H. R. 6928. An act to extend the times for commencing and completing the construction of a bridge across the Niagara River at or near the city of Niagara Falls, N. Y., and for other purposes; and

H. R. 7052. An act to provide a posthumous advancement in grade for the late Ensign Joseph Hester Patterson, United States Navy.

On July 26, 1939:

H. R. 1883. An act for the relief of Marguerite Kuenzi;

H. R. 2967. An act to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over a certain road about to be constructed in the Presidio of San Francisco Military Reservation;

H. R. 3305. An act for the relief of Charles G. Clement;

H. R. 4155. An act for the relief of Mary A. Brummal;

H. R. 5036. An act authorizing the State highway departments of North Dakota and Minnesota and the counties of Grand Forks of North Dakota and Polk of Minnesota to construct, maintain, and operate a free highway bridge across the Red River near Thompson, N. Dak., and Crookston, Minn.;

H. R. 5064. An act to amend the act approved June 25, 1910, authorizing establishment of the Postal Savings System;

H. R. 5525. An act to extend the times for commencing and completing the construction of a bridge over Lake Sabine at or near Port Arthur, Tex., to amend the act of June 18, 1934 (48 Stat. 1008), and for other purposes;

H. R. 5735. An act to authorize the acquisition of additional land for military purposes;

H. R. 5781. An act to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland, at or near Cedar Point and Dauphin Island, Ala.;

H. R. 6577. An act to provide revenue for the District of Columbia and for other purposes;

H. R. 6876. An act to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States;

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

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

H. J. Res. 342. Joint resolution relating to section 322 of the Agricultural Adjustment Act of 1938, as amended; and

H. J. Res. 343. Joint resolution to amend section 335 (c) of the Agricultural Adjustment Act of 1938, as amended.

PERMISSION TO ADDRESS THE HOUSE

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. LUDLOW]?

There was no objection.

[Mr. LUDLOW addressed the House. His remarks appear in the Appendix.]

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a letter from Mr. McNutt.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. LUDLOW]?

There was no objection.

EXTENSION OF REMARKS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. O'CONNOR].

Mr. RAYBURN. Mr. Speaker, reserving the right to object, it was the understanding that we would not do that. If remarks were extended on a bill under consideration and they were germane to the bill, they could go in the RECORD at this point. We agreed that extension of remarks would not go in the front of the RECORD, Mr. Speaker, but in the Appendix.

Mr. O'CONNOR. Mr. Speaker, I have no objection to that. I ask unanimous consent to extend my own remarks in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. O'CONNOR]?

Mr. RICH. Mr. Speaker, reserving the right to object, may I call the attention of the gentleman to the fact that the daily CONGRESSIONAL RECORD states on the front page each day that it is the proceedings and debates of the Seventy-sixth Congress, first session. I quote from yesterday's RECORD, which contained 175 pages, a large volume, over 30 percent of which consists of requests made by Members of the House to extend their remarks in the RECORD. Mr. Speaker, that is quite a volume and the heading of the RECORD is not exactly what it says it is. It is not the truth. It states that it is the proceedings and debates of the Congress, which is not the case. It contains much other matter than what happens in the House or Senate. We ought to change the heading of the CONGRESSIONAL RECORD or the majority leader should try to get the Senate to make it a record of Congress. That body promised to do that, but it has not fulfilled its promise. I hope the Democratic Party, that is in power and responsible for these large RECORDS, will assume its responsibility.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. O'CONNOR]?

Mr. RAYBURN. Mr. Speaker, reserving the right to object, I may say to the gentleman from Pennsylvania [Mr. RICH] that he gets his remarks in at the beginning of the RECORD usually and is not called upon to extend his remarks. Other Members do not take as many minutes in the beginning of the session as the gentleman does. Furthermore, the gentleman is a member of the Joint Committee on Printing and I keep on calling his attention to that fact.

Mr. RICH. I cannot do a thing with the committee. That is the trouble. They should confine it to the work of Congress or change the title page.

Mr. RAYBURN. I do not know how much power the gentleman has, but he does have some responsibility.

Mr. RICH. That is the reason I am calling upon the gentleman from Texas.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. O'CONNOR]?

There was no objection.

GOVERNMENTAL EXPENDITURES

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, my friend, the gentleman from New York [Mr. TABER], usually accurate and always interesting, states on the floor that the total appropriations for the last session amounted to $13,371,000,000 and that in this session, up to this time, they aggregate $13,836,000,000.

In order to alleviate any trepidations which may have been occasioned by the statement, may I call attention, first to the fact that the actual appropriations for the third session of the Seventy-fifth Congress were $12,182,073,028, a discrepancy of approximately $1,600,000,000.

Mr. TABER. Will the gentleman yield?

Mr. CANNON of Missouri. With pleasure, if the gentleman will permit me to have time to answer him.

Mr. TABER. I will try to get the gentleman an additional minute.

Mr. CANNON of Missouri. Mr. Speaker, the same situation prevails with reference to the statement of appropriations for the current session. Instead of $13,836,000,000, the actual figures compiled up to this time show the amount to be definitely under $13,000,000,000, a difference in the two figures considerably in excess of $2,000,000,000.

[Here the gavel fell.]

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

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

There was no objection.

Mr. TABER. Mr. Speaker, I gave some figures day before yesterday with reference to the actual appropriations of the last session of Congress and of this session. The gentleman from Missouri has given figures today that do not agree with mine. My figures agree with the figures that the clerk of the Committee on Appropriations has over at the committee room. Last year I submitted an itemized statement. This year I shall submit an itemized statement. The reason the gentleman's figures do not agree with mine is that he does not include reappropriations of funds which would expire if they were not reappropriated. I do, because I feel that the money would not come out of the Treasury without the reappropriation.

[Here the gavel fell.]

CIVIL AERONAUTICS AUTHORITY

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

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

There was no objection.

Mr. BENDER. Mr. Speaker, In 1938 over 81,000,000 air-miles were flown for profit by commercial air lines; 1,536,111 passengers were carried. To do this splendid job 13,309 employees were required. Of this number, 4,724 work in air-line offices.

To supervise these operations the Civil Aeronautics Authority uses almost 3,600 persons. Something must be peculiar in an arrangement which requires 3,600 bureaucrats to regulate 4,724 office workers, or even 13,000 employees. [Applause.]

EXTENSION OF REMARKS

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short newspaper article on the spending-lending program.

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

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial concerning the Honorable HAMILTON FISH.

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

There was no objection.

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a brief series of resolutions by the McKeesport Council.

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

There was no objection.

Mr. ELSTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a radio address by Senator TAFT, of Ohio.

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

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article from the Christian Science Monitor with reference to the salmon industry on the Columbia River. I also ask unanimous consent to extend my remarks in the RECORD and include an article appearing in today's Washington Post entitled "Money Goes Begging."

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

There was no objection.

ORDER OF BUSINESS

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

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

There was no objection.

Mr. RAYBURN. Mr. Speaker, next Monday is the fifth Monday of this month. Every other Monday the calling of the Consent Calendar and motions to suspend the rules are in order. So many Members are interested in the Consent Calendar, the Private Calendar, and in motions to suspend the rules with regard to certain measures that I ask unanimous consent that on next Monday it shall be in order for the Speaker to recognize Members to move to suspend the rules, and that it shall also be in order to call the Consent Calendar and the Private Calendar, not for omnibus bills but for individual bills on the Private Calendar.

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

There was no objection.

CONSTRUCTION CHARGES ON UNITED STATES RECLAMATION PROJECTS

Mr. WHITE of Idaho. Mr. Speaker, I call up the conference report on the bill (H. R. 6984) to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

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

Mr. RICH. Reserving the right to object, Mr. Speaker, will the gentleman explain the effect of this conference report?

Mr. WHITE of Idaho. I may state to the gentleman that this is to bring money into the Treasury that is not coming in now. I will state further that the statement of the managers will better explain the conference report, and I think it will be satisfactory to the gentleman.

CALL OF THE HOUSE

Mr. SECCOMBE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. RAYBURN. 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. 146]

Alexander	Crowther	Hartley	Reed, N. Y.
Andresen, A. A.	Cummings	Hennings	Rodgers, Pa.
Bolton	Curley	Holmes	Routzohn
Boren	Dies	Hook	Sasscer
Bradley, Mich.	Dingell	Kennedy, Martin	Secrest
Buckley, N. Y.	Douglas	Landis	Shafer, Mich.
Burdick	Duncan	Lanham	Short
Byron	Eaton, Calif.	McMillan, Thos. S.	Smith, Ill.
Caldwell	Eaton, N. J.	Maciejewski	Smith, Maine
Cannon, Fla.	Fernandez	Magnuson	Stearns N. H.
Cluett	Fish	Massingale	Stefan
Cole, Md.	Fitzpatrick	Mitchell	Sumners, Tex.
Cole, N. Y.	Flannagan	Osmers	Thomas, N. J
Connery	Flannery	Patman	Weaver
Cooley	Ford, Thomas F.	Pierce, N. Y.	Welch
Courtney	Gifford	Rabaut	Woodruff, Mich

The SPEAKER. On this roll call 364 Members have answered to their names, a quorum.

Further proceedings under the call were dispensed with.

CONSTRUCTION CHARGES ON UNITED STATES RECLAMATION PROJECTS

The SPEAKER. The gentleman from Idaho asks unanimous consent that the statement may be read in lieu of the report.

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, I am not going to object to this unanimous-consent request, with the understanding that the gentleman from Idaho will take a little time to explain the Senate amendments when we reach the conference report itself.

Mr. WHITE of Idaho. I will be perfectly willing to do that; and I may say for the information of the gentleman from Massachusetts that the Senate amendments have been gone into in some detail in the statement of the conferees, but I shall be pleased to enlarge upon the statement or explain it further, as the gentleman may desire.

Mr. FADDIS. Reserving the right to object, Mr. Speaker, I would like to inquire of the gentleman from Idaho just what provision will be made with respect to time on this report?

Mr. WHITE of Idaho. It is not expected there will be any controversy over the report. I believe an agreement has been reached with both sides of the House that a brief explanation will be made, and then the previous question will be ordered and we will vote on the matter.

Mr. FADDIS. I think the gentleman is taking quite a good deal for granted in making that statement.

Mr. MARTIN of Massachusetts. I think the gentleman from Idaho is going too far when he states there is no controversy concerning the conference report, and I do believe he should yield a reasonable time to anyone who wants to discuss the conference report.

Mr. WHITE of Idaho. I shall be perfectly willing to do that.

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

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6984) to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, and 5, and agree to the same.

COMPTON I. WHITE,
KNUTE HILL,
Managers on the part of the House.

ALVA B. ADAMS,
JOSEPH C. O'MAHONEY,
CHAN GURNEY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6984) to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment No. 1: This Senate amendment adds clarifying language to explain the purposes of the bill. It does not change any of the objectives of the measure as it passed the House.

On amendment No. 2: This Senate amendment is also clarfying in its effect and makes no substantial change in the effect of the bill as it passed the House.

On amendment No. 3: This Senate amendment reduces the minimum rate of interest on the share of construction cost attributed to power construction which may be considered by the Secretary as a factor in determining the rates at which electric power may be sold.

On amendment No. 4: This Senate amendment grants a preference in the sale of power from reclamation projects to municipalities and other public corporations or agencies; and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 and any amendments thereof. As the bill was originally introduced it contained a clause granting a preference right to "municipalities and other public corporations or agencies and to cooperatives." The Senate amendment limits the preference to such cooperatives and other nonprofit organizations as may be financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 and any amendments thereof.

On amendment No. 5: This Senate amendment was introduced as a saving clause to preserve the rights now held by certain particular projects. It does not change the effect or purpose of the bill.

The House conferees agreed unanimously to recede from amendments 1, 2, 3, and 5.

With respect to amendment No. 4, which reads as follows:

"*Provided further,* That in said sales or leases preferences shall be given to municipalities and other public corporations or agencies; and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 and any amendments thereof,"

the House conferees agreed to recede by a vote of 2 to 1, the negative vote having been cast by Mr. HAWKS.

COMPTON I. WHITE,
KNUTE HILL,
Managers on the part of the House.

The SPEAKER. The gentleman from Idaho is recognized for 1 hour.

Mr. WHITE of Idaho. Mr. Speaker——

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. WHITE of Idaho. I yield.

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry. Is there not a typographical error in this conference report?

Mr. WHITE of Idaho. Yes; and I want to explain that. That mistake is only in the statement and the language of the amendment is correct. The first line of the amendment states "that in said sales or leases preferences shall be given to municipalities." That is the way the language is in the amendment, but there is a typographical error in the statement accompanying the report.

Mr. RANKIN. In the statement the word "no" is used instead of the word "to."

Mr. WHITE of Idaho. Yes.

Mr. MARTIN of Massachusetts. The gentleman realizes when this bill was here before it was passed by unanimous consent and that it was reported out by the committee unanimously because a so-called power amendment was not included. The intent of the House to have this amendment eliminated was quite plain. The other branch of the Congress inserted it. Now, the gentleman, I presume, naturally went into this conference to uphold the position of the House and I want to ask the gentleman if he worked very diligently to bring that about.

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

Mr. WHITE of Idaho. I would like to answer the question of the gentleman from Massachusetts.

Mr. RANKIN. First, I want to correct the gentleman with respect to his question.

Mr. WHITE of Idaho. I have yielded to the gentleman from Massachusetts and I will state for the information of

the gentleman from Massachusetts that this bill, in its present form, is practically in the form in which it was prepared by the Department to effectuate the recommendation of the Repayment Commission. It was considered and amended in the committee and the amended bill was reintroduced. When the new bill came up for approval it was again amended, and, as the gentleman states, when it went to the Senate they restored the provision giving preference to municipalities and cooperatives. This was discussed at length in the conference and finally an agreement was reached with the Senate and the bill is brought back here in its present form.

Mr. MARTIN of Massachusetts. I believe the conferees from the House should uphold the viewpoint of the House, and I would like to know whether the gentleman made any effort in that direction.

Mr. WHITE of Idaho. The managers on the part of the House, naturally, would sustain the position of the House.

Mr. MARTIN of Massachusetts. Yes or no, did you try to have the House viewpoint prevail?

Mr. WHITE of Idaho. We did.

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

Mr. WHITE of Idaho. I yield.

Mr. HILL. I call the attention of the gentleman from Idaho to the fact that this amendment is different from the one that came before the House. The last part of the amendment states, "financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936, and any amendments thereof"; and since that was different from what we acted on in the House, we thought it was only fair to bring it back here for the Members of the House to act on, because this amendment is different from the one rejected by the House.

Mr. MARTIN of Massachusetts. I understand that, but the point I am making is, we passed this measure unanimously in the House and, of course, with that fact in mind, I think the gentleman from Idaho should have made an effort to uphold the viewpoint of the House, and I understand he states he did that.

Mr. HILL. I just wanted to call attention to the fact that this is a different amendment.

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

Mr. WHITE of Idaho. I yield to the gentleman from Mississippi.

Mr. RANKIN. I call the attention of the gentleman from Massachusetts [Mr. MARTIN] to the fact that when this bill was first agreed on by the committee of which the gentleman from Idaho [Mr. WHITE] is chairman, the full committee agreed a bill should be reported out with a similar provision to that now in the bill.

Mr. WHITE of Idaho. That is correct.

Mr. RANKIN. Then when they went back to ratify what the full committee had done, only a few members were present, and that provision was stricken out. When the gentleman from Massachusetts says that the House unanimously agreed to that, I think he should correct his remarks, for this reason. When the bill was brought here, it was brought to the House, under unanimous consent, and passed, because when a bill is taken up under unanimous consent, it is usually agreed that it goes on through without amendment, but when it went to the Senate, the Senate put in this amendment, which in effect is the provision agreed upon by the full Committee on Irrigation and Reclamation.

Mr. WHITE of Idaho. Mr. Speaker, I yielded only for a question. I think I can explain the proceedings of the committee.

Mr. MARTIN of Massachusetts. Mr. Speaker, I think we are all genuinely interested in promoting proper irrigation and reclamation. I believe the West needs a program, and there is no disposition on my part to oppose anything which is reasonable. I would like to inquire if it is the purpose of the amendment to give preference to power over reclamation?

Mr. WHITE of Idaho. It is not. Power is subsidiary to reclamation. It is only available where the storage dam raises the water to a sufficient level. This is a conservation measure that utilizes the power created in connection with the reclamation project. The main thing in this bill is reclamation, and, further than that, it is designed to bring into the Treasury the money that has been expended on these reclamation projects, to insure repayment on some practical plan. It is the most practical plan that could be devised, and I hope the House will agree to it.

Mr. MARTIN of Massachusetts. I am very glad to be reassured upon that point. There is one thing more that I do not understand. Why is it the Senate should insist on the amendment, when in the report it says it does not materially change the present status?

Mr. WHITE of Idaho. If we had deleted the amendment we would still have the existing law. This only qualifies it and extends it. These projects are financed by money appropriated by this Congress.

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

Mr. WHITE of Idaho. I yield to the gentleman from Pennsylvania.

Mr. RICH. The statement of the managers on the part of the House says this of amendment No. 3:

> The Senate amendment reduces the minimum rate of interest on the share of construction cost attributed to power construction which may be considered by the Secretary as a factor in determining the rates at which electric power may be sold.

What reduction was made in the rate of interest?

Mr. WHITE of Idaho. One-half of 1 percent, and the Government still makes a big profit, because it borrows money at a lower rate than the rate fixed in this bill. The Government is making a profit on the interest, and we have extended those benefits to these reclamation projects.

Mr. RICH. What rate of interest are they now bearing?

Mr. WHITE of Idaho. Under the bill it is a minimum of 3 percent. Different amounts are fixed.

Mr. RICH. Who has the authority to say what amount of the construction shall be attributed to power?

Mr. WHITE of Idaho. That is determined by the Bureau of Reclamation and the engineers that make the examination, who set up the plan. Nobody can know in advance of the estimates made by the engineers what part of the cost of a project is chargeable to power development.

Mr. RICH. Has the Reclamation Bureau made any changes in any of these projects for the amount attributed to power and the amount attributed to reclamation?

Mr. WHITE of Idaho. It has not. It proceeds under well-defined rules.

Mr. HAWKS. Mr. Speaker, several members of the committee want some time on this, and I ask the gentleman from Idaho whether he will yield this side 20 minutes.

Mr. WHITE of Idaho. Mr. Speaker, a parliamentary inquiry. How much time have I remaining?

The SPEAKER. The gentleman has consumed 10 minutes.

Mr. WHITE of Idaho. Mr. Speaker, I yield to the gentleman from Wisconsin [Mr. HAWKS] 5 minutes.

Mr. HAWKS. I would like to have 20 minutes for the rest of the committee.

Mr. WHITE of Idaho. I will give the gentleman 20 minutes if he will allocate it on his side.

The SPEAKER. It is contrary to the usual practice for the chairman of a conference to yield time to other Members to be in turn yielded by them. The gentleman may yield such time as he desires to individual Members.

Mr. WHITE of Idaho. Then I withdraw that, Mr. Speaker, and I yield 5 minutes to the gentleman from Wisconsin [Mr. HAWKS].

Mr. HAWKS. Mr. Speaker, in answer to the gentleman from Mississippi [Mr. RANKIN] I would like to make the statement that it was the desire of the chairman of this committee [Mr. WHITE] that this bill, which was designed primarily for the relief of water users, be reported out of the committee unanimously. Naturally the fight in the committee was over the proviso that has been put back into the bill by the Senate amendment. There was no compromise in the committee on the part of those opposed to this particular power clause in this water-relief measure. The

minority and those opposed to this power clause in the bill were determined that they were going to make a minority report on the bill and that they would not sign the report of the committee as being a unanimous statement.

That is contrary to the statement of the gentleman from Mississippi [Mr. RANKIN]. In the matter of the vote that was originally taken that vote was divided 7 to 6, as I recall it, for the bill.

Mr. WHITE of Idaho. Mr. Speaker, will the gentleman yield?

Mr. HAWKS. I yield.

Mr. WHITE of Idaho. Is it not a fact that this question was put in the committee by a majority of the committee, and the amendment was disagreed to, and the provision in the original bill stayed there?

Mr. HAWKS. The original provision?

Mr. WHITE of Idaho. Yes.

Mr. HAWKS. No.

Mr. WHITE of Idaho. It was not in the original bill?

Mr. HAWKS. In the original bill, yes; that is right; but not by unanimous agreement.

Mr. WHITE of Idaho. I did not say by unanimous agreement. I said it was by a vote of the committee.

Mr. HAWKS. That is right. That is exactly what I said.

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

Mr. HAWKS. I yield.

Mr. MAY. I would like to ask the gentleman for some information with respect to the authority to make contracts, under the report as it comes in here, as the legislation will be written. I would like to ask whether or not they can make them even to the extent of 40 years?

Mr. HAWKS. That is right.

Mr. MAY. A 40-year contract?

Mr. HAWKS. As I understand it; yes.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. HAWKS. I will be glad to yield.

Mr. TABER. The result of this amendment is that those who already have been favored by the Federal Government having granted them loans would get more special privileges; is it not?

Mr. HAWKS. That is the design of this legislation.

Mr. TABER. The reason it is opposed is because it hands out special privileges to one group of people rather than to the people generally?

Mr. HAWKS. I would like to remind the gentleman from New York that that has been the philosophy of the New Deal power program throughout. This amendment, which was placed in the bill by the committee of conference, I was not opposed by the two Democratic conferees. I opposed this amendment and refused to sign the report. I do not believe that this bill with the Senate amendment represents the will of the House of Representatives. I believe that by receding and concurring in the Senate amendment we are giving in to the Senate. I had hoped that the two Democratic conferees would make a fight, but they are excusing this on the ground that the Senate amendment does not compare with the original power provision in the bill. However, if you will analyze the amendment as it is put into the bill on page 22, line 11, I think you will agree that there is not a great deal of difference between that language and the language in the original bill.

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

Mr. HAWKS. I yield.

Mr. RICH. Does it grant any particular extension of time for the collection of reclamation rents?

Mr. HAWKS. It only extends it to this extent: They disregard the moratorium period, but go right on with the original 40-year plan.

[Here the gavel fell.]

Mr. WHITE of Idaho. Mr. Speaker, I yield 5 minutes to the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker and Members of the House, the primary purpose of this bill is stated in the conference report:

> The committee find that the proposed legislation is adequate to provide flexibility in the annual construction charges under repayment contracts, so that repayment obligations of the reclamation projects each year will move up or down contemporaneously with increases or decreases in the crop returns realized by the farmers.

In other words, it gives the farmers some chance, in case of a complete loss, so that their rights will not be imperiled or in any wise foreclosed.

Other provisions of the proposed legislation provide for simplifications and economies in administration of the reclamation program and provide a sound basis for undertaking new construction.

Now, with reference to this amendment about which there has been so much talk, it really is not of much importance one way or the other. The bill as originally presented to the committee, which I think a majority of the committee agreed upon, contained substantially the same language that is now the subject of controversy before the House.

The original bill before the Committee on Reclamation provided that in such sales of leases preference shall be given municipalities and other corporate corporations or agencies, and also to cooperatives and other nonprofit organizations, and then it stopped at that. The Senate added these words:

> Financed in whole or in part by loans made pursuant to the Rural Eelctrification Act of 1936 and any amendments thereof.

Mr. Speaker, the purpose of placing that language in the bill was simply to legalize a practice that the Reclamation Bureau has been following for years; in fact, since the basic act was passed. Preferences were given to cooperatives for the purpose of assisting rural electrification. Commissioner Page testified before the Committee on Irrigation and Reclamation that that was the practice generally followed. He said it did not make much difference to him whether it was in the bill or out if the practice of the past was not interfered with. This information came out as the result of a question by the gentleman from Texas [Mr. THOMASON], asking if a court had ever passed upon the right to pursue that policy under the original act. He said the policy had never been questioned, and as long as it was not questioned he was not particular about whether the amendment was in there or not.

So, what I want the House to understand is that this has been a practice of the Reclamation Bureau to give preference to just such organizations as are named in this amendment. It is not anything over which the House should become disturbed; it does not alter anything that has been done in the past nor does it establish any new policy on the part of the Bureau. It does not add any additional burden to the power companies of the country; it does not take anything away from them. So, as I said before, there is no occasion for any disagreement about this.

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

Mr. O'CONNOR. I yield.

Mr. LEAVY. In addition to carrying out what has been the policy of reclamation since the basic act was passed in 1902—that is, of favoring municipalities in the sale of surplus power—this assures that rural electrification projects shall be included in that class, and that is all it does.

Mr. O'CONNOR. That is all it does. I want to thank the gentleman from Washington for his very valuable contribution, because that is the identical thing the Reclamation Department has been doing.

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

Mr. O'CONNOR. I yield.

Mr. MAY. Does the gentleman believe it is a wise policy for the Government to be a party to contracts running as long as 40 years?

Mr. O'CONNOR. That always depends upon the circumstances of the case. For instance, the Boulder River Dam project contracts run for 50 years. So there is nothing to get excited about. We are not taking a thing away from the power companies or giving them anything.

Mr. MAY. I did not have any reference to power companies. I simply asked about the wisdom of these long-term contracts.

Mr. O'CONNOR. What we are trying to do by this bill is to legalize a practice that has been followed since the inception of building up these irrigation projects.

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

Mr. O'CONNOR. I yield.

Mr. HAWKS. Will the gentleman please tell the House just why a similar amendment was taken out of the House bill?

Mr. SHEPPARD rose.

Mr. O'CONNOR. I will tell the gentleman why. First of all, the committee voted the amendment in by a majority vote. I think there were several votes against it, but the majority voted for it. It was taken out upon the theory of legislative expediency in that we did not want to have any trouble with the bill's passing the House. We thought we might secure the passage of the bill easier with the amendment stricken out than if it were retained in the bill, because we anticipated somebody might object to it upon the ground that we might be giving preference to power over reclamation.

I now yield to the gentleman from California.

Mr. SHEPPARD. The only question I was going to ask was in response to the gentleman from Kentucky as to the necessity for the 40-year contracts. It is almost imperative that they be spread over a long period of years to give them a chance to liquidate on a reasonable basis.

Mr. O'CONNOR. I thank the gentleman from his contribution.

As I say, I ask the Members of the House to approve this amendment because as I said before, and it cannot be repeated too often, it simply legalizes a practice that has been indulged in since the basic act was passed.

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

Mr. O'CONNOR. I yield.

Mr. RANKIN. Since we are lending hundreds of millions of dollars for the purpose of building rural power lines is there any reason on earth why we should not at least put rural-electrification projects on a par with the municipalities?

Mr. O'CONNOR. That is it exactly.

Mr. RANKIN. We should let them have this preference.

Mr. O'CONNOR. Exactly, they should have this right.

Mr. RANKIN. I can see no objection to it.

Mr. O'CONNOR. Mr. Speaker, I yield back the balance of my time.

Mr. WHITE of Idaho. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. WINTER].

Mr. WINTER. Mr. Speaker, the controversial questions that have arisen under this bill were threshed out in the Committee on Irrigation and Reclamation, and this particular amendment, although not exactly in the terms in which it is now couched, was stricken from the bill.

I repeat, this particular amendment was stricken from the bill for the reasons stated by the gentleman from Montana [Mr. O'CONNOR]. We discussed this problem and we had a vote on it in the committee. With the proxies that the chairman of that committee had in his pocket, the proposition was defeated by one vote.

Those of us who are opposed to this amendment are not opposed to irrigation and reclamation, but we are opposed to bringing the power question into an irrigation and reclamation project. The primary purpose of irrigation and reclamation, as I understand it, is to bring relief from the water-users' standpoint and reclamation of the lands to the people of the various States who participate in such a program. The purpose of power is a secondary proposition.

We have this power question brought into this bill, and I say to you in all candor and fairness I think the amendment changes the entire power policy of the Irrigation and Reclamation Department of the United States Government.

Mr. WHITE of Idaho. Will the gentleman yield?

Mr. WINTER. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. Is it not a fact that that very language is now in the law?

Mr. WINTER. It is not.

Mr. WHITE of Idaho. If the gentleman will read the Reclamation Act he will find that is true.

Mr. WINTER. Here is what the Reclamation Act says:

> The Secretary of the Interior is authorized to lease for a period not exceeding 10 years, giving preference to municipal purposes.

That is all it says. They could lease it to me for municipal purposes or they could lease it to anyone else.

Mr. WHITE of Idaho. If that is not the spirit of the act, what is it?

Mr. WINTER. The spirit of the amendment is to limit the sale of surplus power to municipalities, public corporations, and to the R. E. A., nothing else.

Mr. HAWKS. Will the gentleman yield?

Mr. WINTER. I yield to the gentleman from Wisconsin.

Mr. HAWKS. The amendment says that "In said sales or leases preference shall be given."

Mr. WINTER. Yes; it says "shall," and as I interpret the meaning of that word, and as it has been interpreted by various courts, "shall" means must.

Mr. O'CONNOR. Will the gentleman yield?

Mr. WINTER. I yield to the gentleman from Montana.

Mr. O'CONNOR. Time is short. Congress will be adjourning shortly. If this conference report is not agreed to, we might imperil the passage of this bill during this session. I know the gentleman and every Member serving on the Reclamation Committee is in favor of this bill so far as reclamation is concerned, and every Member worked diligently to report the bill out. I do not believe the gentleman feels this amendment seriously changes the set-up, in light of the practice of the Reclamation Department since the passage of the basic act. I believe the gentleman ought to take that into consideration in connection with the whole matter today.

Mr. WINTER. I think it does change the whole power policy of the Government. It changes the entire policy of the Irrigation and Reclamation Department. The way this thing is working now is shown by the testimony given by Mr. Page, Commissioner of Reclamation, who stated, in answer to a question by the gentleman from Montana [Mr. THORKELSON]:

> We have many dealings with utilities, and we have never had any difficulties with the utilities.

They are selling that power to the utilities on many of these projects; but under this amendment, if some municipality or one of these R. E. A. corporations or other public corporation wants this power, the law says they shall have preference over a contract that has already been entered into. If you will read this report you will find that Mr. Page stated they draw their contracts in such way that they can withdraw that power from any private corporation that they lease it to in the event that a public corporation may desire it.

Mr. O'CONNOR. If there is any excess power, this amendment simply gives preference to these cooperatives, municipalities, and so forth. And in such cases the excess power may be sold to the utilities just the same as has been the case in the past.

Mr. WINTER. That is true if there is any excess power that those given preference do not want.

[Here the gavel fell.]

Mr. WHITE of Idaho. Mr. Speaker, I yield 3 minutes to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK of Arizona. Mr. Speaker, I want to point out that this conference report in its present form now before us is designed for the protection of the water users throughout the West wherever irrigation prevails, and it is for the protection of the United States Government as well. Many of these great projects are eminently successful, as I could point out, for instance, the Salt River Water Users' Association in my State, but other projects have been less successful and have been granted relief in years past. During the last few years of the depression we have granted them a moratorium—a blanket moratorium whether they needed it or not. What we want to do is to get away from that sort of thing by giving each project which chooses it

a new contract which will enable it to shape its repayments according to the crops, this being changed up or down annually. This is for the protection of the distressed farmers and is also for the protection of the reclamation fund of the Government itself.

May I say in regard to this 40-year contract it is not new in this bill, for under existing law it is now a policy of the Reclamation Service to enter contracts for repayments of construction costs over a period of 40 years. This measure in no way changes that. It is the intent of this measure to spread the cost of construction of new projects over a period of 40 years, without interest charge, and on the most liberal terms consistent with security. It is the spirit of this bill to extend to existing projects which accept it the same liberality of repayment of construction costs without interest.

And now just a word to my friends on the other side of the aisle, some of whom I feel are making a mountain out of a mole hill. I make this statement concerning the power item in all sincerity. You who are the guardians of the utilities object to giving a little preference to the R. E. A. I believe if you will look it up you will find that the practice has been for the R. E. A. to get little more preference out of the Bureau of Reclamation than do the private utilities, although municipalities do. I wish the R. E. A. to have preference. The Bureau has given preference to municipal purposes, which is now in the law. I want to emphasize prevailing practice of the Bureau of Reclamation.

Mr. HAWKS. Will the gentleman yield?

Mr. MURDOCK of Arizona. Briefly.

Mr. HAWKS. The gentleman said we were guardians of the utilities. Has he any proof of that?

Mr. MURDOCK of Arizona. I meant no offense. In a certain sense I am such a guardian, but, of course, I am more of a guardian of miners, stockmen, and farmers, in watching legislation, for such are my constituents. May I say to those who try to make this matter an issue between private power and public power that this bill gives preference to a new agency, the R. E. A., which is one of the saving agencies to the irrigated regions of the West. The United States Government is investing vast sums of money in that agency. I have new R. E. A. projects in Arizona. Right now the farmers in the southern part of the State would be in desperate straits if it were not for this new agency, which has been installed to pump water supplementing what they lack in their reservoirs.

In the conflict between private power and public power throughout the country generally, I am inclined to take middle ground, but although power production is incidental and purely secondary in most reclamation projects, yet it is so vitally important to help pay total costs and to supplement the water supply by pumping, that I want such power produced in the greatest possible quantity and so used as best to develop the whole community. I, too, want the farmer to get the greatest benefit. Today R. E. A. projects are going into certain communities where private utilities would not go for many years to come. Let us remember that this bill is distinctly a reclamation bill and not primarily a power bill, but I am well pleased with the power provision as written into the measure by the Senate amendment. I feel that its importance is second only to the liberal terms given the water users for making their repayments. The preference given to R. E. A. does not take anything from existing private utilities but merely enables the R. E. A. projects to develop areas which have never before been touched with electric power. It is very important to the West that we accept this conference report and concur in the Senate amendments.

[Here the gavel fell.]

Mr. WHITE of Idaho. Mr. Speaker, I yield 3 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Speaker, I take the floor rather reluctantly on this matter. The bill as it was reported to the House was a perfectly proper reclamation bill. I joined others in giving assurances to members that it did not contain this power clause and thereby helped to secure unanimous consent to permit its passage. Let us keep the record straight. No part of this Senate power amendment was in the bill when it passed the House. In its entirety, it was added in the Senate. True, part of it was in the bill as first introduced in the House, but that was eliminated by the committee and came to the House and was passed by the House without containing any part of this amendment under present discussion. The Senate added it, all of it. I say this, because the discussion makes some of you feel that some of us betrayed you when we assured you the power provision was eliminated when we secured your approval for unanimous consent.

Now then, the effect of the Senate amendment is to change the emphasis in this bill from reclamation and water conservation to power promotion. As the gentleman from Kansas [Mr. WINTER] has pointed out, there is a difference between this amendment and the present law, not only in the addition of the language regarding cooperatives financed by the R. E. A., but in the first part of the amendment as well. It has been passed over by most of the speakers. The present law states that the Secretary of the Interior can give preference—

To municipal purposes—

In the sale of this power. The amendment placed in the bill by the Senate states that—

In said sales or leases, preference shall be given to municipalities and other public corporations or agencies—

And so forth. There is all the difference in the world between a clause permitting "preference for the sale of power to municipal purposes" and a mandatory clause requiring "preference to municipalities and other public corporations and agencies and cooperatives" in the sale of that power. The net effect of the amendment is to change the bill from a water-conservation measure to a power-promotion measure.

The point of view taken by many of the speakers has been that the amendment merely added R. E. A. cooperatives to a preferred list of public-power distributors already established by law; that is not the case. Existing law only gives preference to sale for municipal purposes, not to municipalities as distributors of power.

I would not have asked for time except that the record should be kept clear as to what this amendment actually does, and because I do not want any Member to think that we acted in bad faith in asking his agreement to unanimous consent for consideration of the bill when it first passed the House, on the assurance that it contained no part of this proviso on the sale of power. It did not. Consequently, in good faith I felt I should state what this amendment actually does that is different from the assurances earlier given you.

I want to see this bill become law because in other respects it sets up a sensible and very greatly needed system in reclamation repayments, but I do not like to see the farmers, who should be the primary beneficiaries of water conservation, made the goats to promote the use of water for power promotion, when primarily this should be a water-conservation measure.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield for a question?

Mr. CASE of South Dakota. I yield to the gentleman from Montana.

Mr. O'CONNOR. The gentleman has brought out a point that has not been made clear, and I am glad that he has done so. In the discussion before the committee it was a question of interpretation as to what "municipalities" included. Commissioner Page had been acting upon the theory in the past, since the passage of the basic law, that "municipalities" included cooperatives and other public agencies.

Mr. CASE of South Dakota. Yes; but of course, the gentleman knows that is carrying his argument pretty far, because the present law does not state that preference shall be given to municipalities or other public corporations, it merely states that preference shall be given to municipal purposes.

Mr. O'CONNOR. Exactly.

Mr. CASE of South Dakota. There is a vast difference between saying that the power shall be sold for municipal

purposes and saying that it shall be sold to municipalities or other public agencies, because the present law permits the sale of power to the high bidder, and that is to the interest of the people who want the water conserved and the benefits of smaller irrigation costs to accrue to the farmers. [Applause.]

[Here the gavel fell.]

Mr. WHITE of Idaho. Mr. Speaker, I yield 3 minutes to the gentleman from Utah [Mr. ROBINSON].

Mr. ROBINSON of Utah. Mr. Speaker, I believe a great deal of confusion has arisen in the House because of this report. It was my amendment that struck the power question out of the first bill. However, I believe that it is not as serious a matter as the gentleman from South Dakota indicated in his remarks just completed. It does not make any difference as far as the price of the power is concerned with the farmers, because that is a matter that is agreed upon by the Government before these reclamation projects are started. Therefore, it is wholly a Government matter.

I hope the House will vote for this conference report. This is an important question with the farmers of the West. While the power question is indirectly brought into this subject, still there is some reason for the present amendment, which is fundamentally different from the amendment that was stricken from the original bill. This bill gives preference to the Rural Electrification Administration projects, and that is proper and should be done because the Government is furnishing the money for those projects. The bill simply says that any power that is produced on the project shall be first sold or at least offered for sale to agencies in which the Government is now investing its money. It seems to me there is some distinction between that and the original amendment which was stricken from the bill.

This bill is important in every particular to the farmers of the West. Let us not get the power question mixed up with it. We are going right on whether this bill passes or not or regardless of the form in which the bill passes. The Reclamation Bureau is going right on to carry out its present policy as far as the sale of power is concerned. The law of 1902 has been in operation since that date and will continue to be in operation; and Mr. Page in his statement before the committee stated that whether or not we put such an amendment in this bill would make little or no difference because the Reclamation Bureau under the Department of the Interior was going right along to carry out its present policy. Therefore, I hope the House will vote for this conference report. [Applause.]

[Here the gavel fell.]

Mr. WHITE of Idaho. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Speaker, it seems to me that what all this controversy is about is a provision in this conference report that states in effect that where the people's money is expended on a project the benefit from that project in all its forms shall accrue as directly as possible to the people themselves.

I hope we will speed the day when cheap electricity can be got into the farm homes of America. I am not afraid of it. I hope it will come soon. I hope we can speed the day when the factories of America can have their wheels turned by cheap power. I believe that is a good thing and not a bad thing. But we find that even as in certain ages of history people have feared witches and in other ages of history they have feared sea monsters, so today we have a great new fear on the part of some Members of the House, a majority of whom are Republican Members, and this great fear is of electric power.

I do not understand it, I cannot conceive it, and I do not see why people should be afraid that the homes of America are going to be lighted up or that cheap power is going to be made available to the farms and the factories of America.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman.

Mr. CASE of South Dakota. I have voted for rural electrification appropriations and for rural electrification projects, and I object to that kind of interpretation because I am just as much interested in that matter as anybody else, but when we have power from a reclamation project for sale and the purpose of the sale of power is to make the water burden on the farmers as little as it can be, why should not that power be sold to the best market so as to make the burden as light as possible on the farmers?

Mr. VOORHIS of California. There is nothing in the bill to prevent its being sold in a profitable manner.

Mr. CASE of South Dakota. As I read the Senate amendment it provides for sale with preference to public bodies, municipalities, cooperatives, and so forth, regardless of the yield their bid will give to reducing the cost of irrigation.

Mr. VOORHIS of California. The preference should go to those very same farmers wherever it is possible and feasible for it to go there. That is the point I make, and I hope the gentleman did not interpret my remarks as being any reflection on him or on his votes. I have the greatest respect for the gentleman both as to integrity, ability, and devotion to the people whom he represents. I know the gentleman has voted in favor of measures of this kind. All I am speaking of is of the general circumstance that I find it difficult to understand, for it seems to me that the development of this power is a positive and not a negative thing and one that should be forwarded and not feared.

Mr. ROBINSON of Utah. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. ROBINSON of Utah. In explanation of the statement of the gentleman from South Dakota [Mr. CASE], I simply want to say that the farmers do not get this power revenue. That is a direct payment by the Government, and the amount is fixed on these projects, and no matter what it is sold for, that does not go to the farmer. It comes out of the Public Treasury or into the Public Treasury and has nothing to do with the farmer.

Mr. VOORHIS of California. And the provisions of this amendment are merely prudent provisions in order to prevent some intermediary corporation from taking advantage of this publicly developed power and charging an additional amount to the ultimate consumer, and therefore the conference report should be adopted.

[Here the gavel fell.]

Mr. WHITE of Idaho. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. IZAC].

Mr. IZAC. Mr. Speaker, I rise at this time merely to explain how this thing works.

The Federal Government spent nearly $30,000,000 in building the all-American canal. The farmers, as represented by the irrigation districts, cannot pay that money back out of the use of water. It would make the irrigation of those farms down there prohibitive. So the only way we can get the money back is by having the Federal Government, through the R. E. A., make it possible for the irrigation districts to build power lines, develop the power at the drops on the all-American canal, sell it back to the farmers at a reasonable price, and then have that money revert to the Treasury and pay back the $30,000,000. So by simply giving preference to these R. E. A. borrowers, in this case the farmer, as represented by the irrigation district, you are merely making it possible for the Federal Government to get back the money it has spent in such projects as Boulder Dam, for instance, the all-American canal, and the other reclamation projects of the West.

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

Mr. WHITE of Idaho. Mr. Speaker, I yield 3 minutes to the gentleman from Washington [Mr. HILL.]

Mr. HILL. Mr. Speaker, in the first place, let us get a picture of this proposition. In 1937 we passed a law providing for a commission to investigate the different reclamation projects throughout the United States. They made a report, and, based on that report, the original bill was introduced and referred to the Irrigation Committee. That bill

included language far more drastic than the language we have here. It provided "that in said sales or leases preference shall be given to the municipalities and other public corporations or agency and also to cooperatives and other nonprofit organizations," and the measure stopped there.

A controversy arose in the committee which has been explained. This was ironed out; and in order to get the bill out, because we are all interested in the repayment proposition, we agreed to report a bill with that language deleted. I agreed to that, and that was done; and that measure passed the House unanimously. Then we went to conference, and the Senate meanwhile had added to that provision "financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 and any amendments thereof"; and I may say that the reason I voted to report that to this House was to give the House an opportunity to vote on that amendment, which is fundamentally different from the original amendment.

As to the merits of the question, I call the attention of the Members of the House to the fact that this has been the policy—not the law, but has been the policy—of the Reclamation Bureau since 1906. Commissioner Page testified to that effect before the committee. It has not been the law, but it has been the policy. We are merely putting into law the policy of the Reclamation Bureau. It has been the policy under Republican administrations and under Democratic administrations, and we are simply carrying into effect that policy.

It has been said that we injected the power question into this proposition. If you will look at the top of page 22 of the bill you will find this language:

> In the sale of electric power or lease of power privileges, made by the Secretary in connection with the operation of any project or a division of any project, shall be for such period—

And so forth. That shows that we are dealing with power there, and we are not injecting the power question into this matter at all. That is already here.

The SPEAKER pro tempore. The time of the gentleman from Washington has expired.

Mr. HILL. Mr. Speaker, I ask the gentleman to yield me 2 minutes more.

Mr. WHITE of Idaho. Mr. Speaker, I yield the gentleman 1 minute more.

Mr. HILL. As for my friend from South Dakota [Mr. CASE], who says that he has been in favor of rural electrification and for the farmers, may I say that this provision in this bill is for the benefit of the farmers, because preference will be given to those who receive loans from the Rural Electrification Act of 1936 and any amendments thereof. If the gentleman is in favor of the farmers, then he should be in favor of their getting the preference, which has been the policy of the Department since 1906. We are not changing the policy; we are simply putting it into law. That is all we are doing in this bill, and I hope gentlemen will vote for the conference report as it came back to us.

Mr. WHITE of Idaho. Mr. Speaker, I yield 3 minutes to the gentleman from Washington [Mr. LEAVY].

Mr. LEAVY. Mr. Speaker, it is only to clear up one or two misunderstandings that have arisen during the course of the debate that I take the floor at all.

It has been the policy of the Reclamation Service, made so by the act itself, the basic law, that they may give preference to municipalities and public corporations in the purchase of power. This amendment goes one step further and includes cooperatives and rural electrification projects. The gentleman from South Dakota [Mr. CASE]—and there is no better friend of reclamation in this House than he—is under a misapprehension when he says that this law will require that such preference be given irrespective of the bid. That is not the fact. If a private corporation makes a better bid, then, under this law, it will become the duty of the Commissioner of Reclamation to consider that fact, but when the two make bids that are equal, it becomes his duty then to give preference to the public corporation, or cooperative, whether it be a city, town, cooperative, or rural electrification project.

There is one other misapprehension. A question was propounded, I think, by the gentleman from Kentucky [Mr. MAY]. He said these contracts would be 40-year contracts.

Mr. Speaker, the 40-year provision is a part of the reclamation law in reference to the repayment for the water brought to the land but has nothing whatever to do with the contract insofar as it involves the sale of power. Those contracts can be made for such period as the Commissioner and the contracting party see fit to fix, and it is usually for 5 years. That has been the limit usually, because then the changed conditions call for changed rates, but without the possibility of selling power and thus securing revenue, at least a score of the best reclamation projects we have in the United States would be impossible. I have in mind this great Kendrick project in Wyoming. Were it not for the fact that the power could be sold, the project could not be brought into being. The same is true of Boulder Dam and of Grand Coulee in my district. There is nothing here that should cause Members on either side of the House to oppose this conference report.

This legislation, when enacted, will prove the greatest step forward in reclamation history, since the enactment of the basic law over 30 years ago. It insures orderly and necessary development in the West and preserves to the people the greatest single asset the West has; that is its hydroelectric energy. It will make possible an industrial electrical development, undreamed of when the basic reclamation law was first passed. Modern civilization will flourish in the West as nowhere else in the world, and we will set the example for the remainder of the Nation. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Washington has expired.

Mr. WHITE of Idaho. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE of Oregon. Mr. Speaker, it is a well-known fact that for years the power in the reclamation districts was taken over by utilities with very little compensation to the farmers. I think that has ceased. It is now being generally conserved by and for the people who use the land in the irrigation districts and struggle to repay the costs of the project. One project in Oregon, one of the finest irrigation projects in the Union, owed perhaps $6,000,000—a project that has sixty or eighty thousand acres, highly cultivated. The power on the project belonged to the farmers. It was taken from the water users with the consent of the Reclamation Service for a credit of a little over $100,000, some 20 years ago. It was capitalized by Wall Street, one of the Byllesby companies, for $4,000,000. It is probably worth $10,000,000 today. Had the farmers been allowed to use that power in that district, every farm on that irrigation district would be free from debt. When the history of it is written it will be a small Teapot Dome. I mean to write it. This conference report should be adopted. There is nothing wrong in it. Why should not the farmers have preference? The money is put up in their behalf, and they repay it. If there is anything to be saved out of the power, why should it not go to the farmer? Give the private electric companies preference? Of course, then comes manipulation. Give the farmers preference? There is nothing wrong in it. It belongs to them.

I assure my colleagues from South Dakota and from Kansas that there is nothing wrong in this conference report. The farmers will have and should have a preference right to the power that may be generated by irrigation districts.

[Here the gavel fell.]

Mr. WHITE of Idaho. Mr. Speaker, in concluding this debate I want to call the attention of my colleagues on both sides to the main issue here. I do not think there is a man on either side of the House who wants to put a middleman between the Government, which finances these projects, and the farmers, who buy the electric energy, and for that reason the cooperatives delivering electric power to the settlers are entitled to preference.

With that statement, I move the previous question, Mr. Speaker.

The SPEAKER pro tempore. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. SCHAFER of Wisconsin) there were ayes 95 and noes 5.

So the conference report was agreed to.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. St. Claire, one of its clerks, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 18. An act authorizing payment to the San Carlos Apache Indians for the lands ceded by them in the agreement of February 25, 1896, ratified by the act of June 10, 1896, and reopening such lands to mineral entry.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2009) entitled "An act 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," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. WHEELER, Mr. TRUMAN, Mr. DONAHEY, Mr. WHITE, and Mr. REED to be the conferees on the part of the Senate.

EXTENSION OF REMARKS

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. COLE] be allowed to extend his own remarks by printing an address delivered in his district by Mr. HAMILTON.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

NATIONAL STOLEN PROPERTY ACT

Mr. HEALEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1996) to amend the National Stolen Property Act, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 3, strike out "of the value of $5,000 or more."

Page 2, line 4, after "counterfeited", insert "or whoever with unlawful or fraudulent intent shall transport, or cause to be transported in interstate or foreign commerce, any bed piece, bed plate, roll, plate, die, seal, stone, type, or other tool, implement, or thing used or fitted to be used in falsely making, forging, altering, or counterfeiting any security, or any part thereof."

Page 3, lines 4 and 5, strike out "of the value of $5,000 or more."

Page 3, line 7, strike out "of the value of $500 or more."

Page 3, line 10, after "counterfeited", insert "or whoever shall receive in interstate or foreign commerce, or conceal, store, barter, sell, or dispose of, any such bed piece, bed plate, roll, plate, die, seal, stone, type, or other tool, implement, or thing used or intended to be used in falsely making, forging, altering, or counterfeiting any security, or any part thereof, moving as, or which is a part of, or which constitutes interstate or foreign commerce, knowing that the same is fitted to be used, or has been used, in falsely making, forging, altering, or counterfeiting any security, or any part thereof."

Page 4, line 8, strike out all after "greatest", down to and including "counterfeited", in line 12.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. HEALEY]?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

REPORT FROM TENNESSEE VALLEY AUTHORITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 455)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Military Affairs and ordered printed with illustrations:

To the Congress of the United States:

I transmit herewith for the information of the Congress a letter from the Chairman of the Board of Directors of the Tennessee Valley Authority submitting a report entitled "Value of Flood Height Reduction from Tennessee Valley Authority Reservoirs to the Alluvial Valley of the Lower Mississippi River."

The Tennessee Valley Authority believes that this report is a contribution to the theory of valuation of the benefits of flood control and as such will be useful to the legislative and executive branches of the Federal Government in considering flood-control problems in general.

The attention of the Congress is invited to the suggestion of the Board that the report be printed as a Senate or House document.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 27, 1939.*

AMENDING THE BANKRUPTCY ACT

Mr. CHANDLER. Mr. Speaker, I call up the conference report on the bill (H. R. 5407) 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.

The Clerk read the title of the bill.

Mr. CHANDLER. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

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

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5407) 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, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 21 and 39.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 12, 13, 14, 15, 16, 17, 18, 19, 23, 28, 30, 32, 33, 34, 35, 36, and 37, and agree to the same.

Amendments numbered 6, 7, 8, 9, 10 and 11: That the House recede from its disagreement to the amendments of the Senate numbered 6, 7, 8, 9, 10 and 11 and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amendments, strike out all matter in lines 23 to 25 inclusive, on page 3 of the House bill, strike out all matter in lines 1 to 13 inclusive on page 4 of the House bill, and insert in lieu thereof the following:

"(1) Prepared a plan of adjustment and secured assurances satisfactory to the Commission of the acceptance of such plan from creditors holding at least 25 per centum of the aggregate amount of all claims affected by said plan of adjustment (including all such affected claims against said corporation, its parents and subsidiaries), and

"(2) Thereafter obtained an order of the Commission (but not of a division thereof), under section 20a of the Interstate Commerce Act authorizing the issuance or modification of securities as proposed by such plan of adjustment (other than securities held by, or to be issued to Reconstruction Finance Corporation), such order of the Commission to include also specific findings:

"(a) That such corporation is not in need of financial reorganization of the character provided for under section 77 of this Act;

"(b) That such corporation's inability to meet its debts matured or about to mature is reasonably expected to be temporary only; and

"(c) That such plan of adjustment, after due consideration of the probable prospective earnings of the property in the light of its earnings experience and of such changes as may reasonably be expected—

"(i) is in the public interest and in the best interests of each class of creditors and stockholders;

"(ii) is feasible, financially advisable, and not likely to be followed by the insolvency of said corporation, or by need of financial reorganization or adjustment;

"(iii) does not provide for fixed charges (of whatsoever nature including fixed charges on debt, amortization of discount on debt, and rent for leased roads) in an amount in excess of what will be adequately covered by the probable earnings available for the payment thereof;

"(iv) leaves adequate means for such future financing as may be requisite;

"(v) is consistent with adequate maintenance of the property; and

"(vi) is consistent with the proper performance by such railroad corporation of service to the public as a common carrier, will not impair its ability to perform such service:

Provided, That in making the foregoing specific findings the Commission shall scrutinize the facts independently of the extent of

acceptances of such plan and of any lack of opposition thereto: *Provided further*, That an order of the Commission (or of a division thereof) under section 20a of the Interstate Commerce Act, made prior to April 1, 1939, authorizing the issuance or modification of securities as proposed by a plan of adjustment (other than securities held by, or to be issued to, Reconstruction Finance Corporation), shall be effective for the purpose of this subparagraph (2) of the first sentence of section 710, notwithstanding failure to include therein the foregoing specific findings, if such order did include the specific findings that such proposed issuance or modification of securities is compatible with the public interest, is consistent with the proper performance by the railroad corporation of service to the public as a common carrier, and will not impair its ability to perform such service, and"

And the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: "If the court shall propose to modify the plan, then: (a) if such modification substantially alters the basis for the specific findings included in the order made by the Commission under section 20a of the Interstate Commerce Act, the plan as so proposed to be modified shall be resubmitted to the Commission and shall not be finally approved by the court until the Commission (but not a division thereof) has authorized the issuance or modification of securities as proposed by the plan as so modified (other than securities held by, or to be issued to, Reconstruction Finance Corporation) making the findings required by clause (c) of subparagraph (2) of the first sentence of section 710, even in a case where the original order of the Commission under said section 20a was made prior to April 1, 1939; and (b) if such modification substantially or adversely affects the interests of any class or classes of creditors, such plan shall be resubmitted, in such manner as the court may direct, to those creditors so affected by such modification and shall not be finally approved until after (1) a hearing on such modification, to be held within such reasonable time as the court may fix, at which hearing any person in interest may object to such modification, and (2) a reasonable opportunity (within a period to be fixed by the court), following such hearing, within which such affected creditors who have assented to the plan may withdraw or cancel their assents to the plan, and failure by any such creditor to withdraw or cancel an assent within such period shall constitute an acceptance by such assenting creditor of the plan as so modified. After such authorization and finding by the Commission, where required hereby, and after such hearing and opportunity to withdraw or cancel, where required hereby, the court may make the proposed modification, and as provided in section 725 finally approve and confirm the plan as so modified"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by such amendment insert the following: "which does not provide for the payment thereof shall be approved by the court except upon the acceptance of a lesser amount or of a postponement by the Secretary of the Treasury certified to the court: *Provided*, That if the Secretary of the Treasury shall fail to accept or reject such lesser amount or such postponement for more than sixty days after receipt of written notice so to do from the court, accompanied by a certified copy of the plan, the consent of the United States insofar as its claims for taxes or customs duties are concerned shall be conclusively presumed"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by such amendment and insert in line 1 on page 9 of the House bill after the word "or" and before the word "as" the following: ", if modified, then"; and the Senate agree to the same.

Amendments numbered 25, 26, and 27: That the House recede from its disagreement to the amendments of the Senate numbered 25, 26, and 27 and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by such amendments, strike out all matter in lines 6 through 12 inclusive on page 9 of the House bill, and insert in lieu thereof the following:

"(3) That the plan meets the requirements of clause (c), and the petitioner meets the requirements of clauses (a) and (b) of subparagraph (2) of the first sentence of section 710, and that the plan is fair and equitable as an adjustment, affords due recognition to the rights of each class of creditors and stockholders and fair consideration to each class thereof adversely affected, and will conform to the law of the land regarding the participation of the various classes of creditors and stockholders: *Provided*, That in making the findings required by this clause (3), the court shall scrutinize the facts independently of the extent of acceptances of such plan, and of any lack of opposition thereto, and of the fact that the Commission, under section 20a of the Interstate Commerce Act, has authorized the issuance or modification of securities as proposed by such plan, and of the fact that the Commission has made such or similar findings;"

And the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by said amendment, insert the following:

"(6) That, after hearings for the purpose, all amounts or considerations, directly or indirectly paid or to be paid by or for the petitioner for expenses, fees, reimbursement or compensation of any character whatsoever incurred in connection with the proceeding and plan, or preliminary thereto or in aid thereof, together with all the facts and circumstances relating to the incurring thereof, have been fully disclosed to the Court so far as such amounts or considerations can be ascertained at the time of such hearings, that all such amounts or consideration are fair and reasonable, and to the extent that any such amounts or considerations are not then ascertainable, the same are to be so disclosed to the Court when ascertained, and are to be subject to approval by the special court as fair and reasonable, and except with such approval no amounts or considerations covered by this clause (6) shall be paid."

And the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31 and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by such amendment insert the following:

"No plan shall be approved under this chapter unless the special court finds that with respect to the continuation of, or any change in, the voting rights in the petitioner, control of the petitioner, and the identity of, and the power and manner of selection of the persons who are to be directors, officers, or voting trustees, if any, upon the consummation of the plan and their respective successors, the plan makes full disclosure, is adequate, equitable, in the best interests of creditors and stockholders of each class, and consistent with public policy."

And the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by said amendment insert the following:

"ARTICLE VII—INTERSTATE COMMERCE COMMISSION

"SEC. 740. If, in any application filed with the Commission pursuant to section 20a of the Interstate Commerce Act for authority to issue or modify securities, the applicant shall allege that the purpose in making such application is to enable it to file a petition under the provisions of this chapter, the Commission shall take final action on such application as promptly as possible, and in any event within one hundred and twenty days after the filing of such application, unless the Commission finds that a longer time, not exceeding sixty days is needed in the public interest."

And the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40 and agree to the same, with an amendment as follows: In line 11 on page 14 of the House bill, after the word "made" insert the following: "by any person affected by the plan who deems himself aggrieved"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41 and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by said amendment, strike out in line 22 on page 14 of the House bill the words "SAVING CLAUSE", and insert in lieu thereof the following: "IX—FILING RECORD WITH COMMISSION"; and the Senate agree to the same.

Amendments numbered 42 and 43: That the House recede from its disagreement to the amendments of the Senate numbered 42 and 43 and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by such amendments, strike out all matter in lines 23 through 25 inclusive on page 14 of the House bill, strike out all matter in lines 1 and 2 on page 15 of the House bill, and insert in lieu thereof the following:

"SEC. 750. The clerk of the court in which any proceedings under this chapter are pending, shall forthwith transmit to the Interstate Commerce Commission copies of all pleadings, petitions, motions, applications, orders, judgments, decrees and other papers in such proceedings filed with the court or entered therein, including copies of any transcripts of testimony, hearings or other proceedings that may be transcribed and filed in such proceedings together with copies of all exhibits, except to the extent that the court finds that compliance with this section would be impracticable."

And the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by such amendment insert the following:

"ARTICLE X—TERMINATION OF JURISDICTION

"SEC. 755. The jurisdiction conferred upon any court by this chapter shall not be exercised by such court after July 31, 1940, except in respect of any proceeding initiated by filing a petition under section 710 hereof on or before July 31, 1940."

And the Senate agree to the same.

WALTER CHANDLER,
EARL C. MICHENER,
CHARLES F. MCLAUGHLIN,
Managers on the part of the House.
B. K. WHEELER,
WARREN R. AUSTIN,
H. T. BONE,
CHAS. W. TOBEY,
HARRY S. TRUMAN,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5407) 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, submit the following explanation of the effect of the action agreed upon in conference, and recommended in the accompanying conference report:

On amendment No. 1: This Senate amendment excludes from application of the bill corporations in equity receivership. The House recedes.

On amendment No. 2: This Senate amendment excludes from application of the bill corporations in proceedings for reorganization under section 77 of the Bankruptcy Act. The House recedes.

On amendments Nos. 3 and 4: These Senate amendments exclude from application of the bill corporations in equity receivership or in process of reorganization under section 77 of the Bankruptcy Act at the time of filing a petition under the new chapter and which have been in equity receivership or in process of reorganization under said section 77 within 10 years prior to the filing of such a petition. The House recedes.

On amendments Nos. 5, 6, 7, 8, 9, 10, and 11: The House bill permitted filing a petition on the basis of certain action "before or after the effective date of this chapter." These Senate amendments permitted filing a petition only on the basis of certain action taken prior to April 1, 1939. The House recedes on amendment 5 and recedes on amendments 6, 7, 8, 9, 10, and 11 with amendments. The effect of the action agreed upon in conference and recommended in the accompanying conference report with respect to these amendments is as follows: Petitions may be filed on the basis of action taken either before or after April 1, 1939, but the required specific findings to be included in an order of the Interstate Commerce Commission made under section 20a of the Interstate Commerce Act prior to April 1, 1939, are those required under said section 20a in accordance with existing law, while in the case of such orders made prior to April 1, 1939, other findings must be included. Furthermore, the requisite orders if made prior to April 1, 1939, may be by a division of the Commission, but those made after April 1, 1939, must be by the full Commission. These other findings relate to the petitioner's need for financial reorganization of the character provided for under section 77 of the Bankruptcy Act; to the reasonable expectation that the petitioner's financial difficulties are temporary only; and to the plan of adjustment. The findings required with respect to the plan are that after due consideration of the earning power of the property, the plan is in the public interest and in the best interest of each class of creditors and stockholders; is feasible, financially advisable, and not likely to be followed by insolvency or need of financial reorganization or adjustment; does not provide for fixed charges in excess of what will be adequately covered by the probable earnings available for the payment thereof; leaves adequate means for such future financing as may be requisite; is consistent with adequate maintenance of the property; and is consistent with the proper performance by the railroad corporation of service to the public as a common carrier and will not impair its ability to perform such service. The Commission is directed, in making the specific findings, to scrutinize the facts independently of the extent of acceptances of a plan and of any lack of opposition thereto.

On amendment No. 12: This Senate amendment eliminates the provision relating to the court in which a railroad in equity receivership shall file a petition under the new chapter. The House recedes.

On amendments Nos. 13 and 14: These Senate amendments correct erroneous references to "this section" instead of to "this chapter." The House recedes on both amendments.

On amendments Nos. 15, 16, and 17: These Senate amendments entitle all "persons in interest" to notice of a hearing and not merely "creditors affected by the plan"; allow intervention to "persons in interest" and entitle "any person in interest" to be heard and not merely "holders of securities of the petitioner". The House recedes on all three amendments.

On amendments Nos. 18, 19, and 20: These Senate amendments relate to modifications of plans by the court. The House recedes on both amendments 18 and 19 and recedes on amendment 20 with an amendment. The effect of this agreed action is that a proposed modification of a plan which substantially alters the basis for the Commission's findings requires resubmission of the plan as proposed to be modified to the Commission for appropriate findings; and a proposed modification which substantially or adversely affects the interests of any class of creditors requires resubmission to such creditors, plus a hearing and opportunity to withdraw or cancel assents to the plan.

On amendment No. 21: This Senate amendment provides that the interests or claims of the United States shall be deemed to be affected by a plan. The Senate recedes.

On amendment No. 22: This Senate amendment provides that if the United States is a creditor on claims for taxes or customs duties no plan which does not provide for the payment thereof may be approved except upon acceptance of a lesser amount by the Secretary of the Treasury; and that upon failure of the Secretary to accept or reject a lesser amount for more than 60 days after receipt of written notice so to do from the court, accompanied by a certified copy of the plan, the consent of the United States insofar as its claims for taxes or customs duties shall be conclusively presumed. The House recedes with an amendment which puts a "postponement" in the same status as a "lesser amount."

On amendment No. 23: This Senate amendment requires that as to stated matters the court shall make findings and not merely "be satisfied." The House recedes.

On amendment No. 24: This Senate amendment clarifies the provisions that acceptance of a plan "as submitted" is sufficient if the plan be not modified, but that acceptance of a plan "as modified" is requisite if the plan be modified. The House recedes with an amendment which is grammatical.

On amendments Nos. 25, 26, and 27: These Senate amendments relate to the findings by the court required as a condition of approval and confirmation of a plan. These amendments insert the words "as an adjustment" after the words "fair and equitable" in the required finding that the plan is "fair and equitable"; require a finding that the plan "is in the best interests of the creditors and stockholders of each class" and that the plan "is feasible"; and insert the phrase "pertaining to adjustments" in the condition that the plan "conforms to the requirements of the law of the land pertaining to adjustments regarding the participation of the various classes of creditors and stockholders." The House recedes on all three amendments with an amendment, the effect of which is to make the clause affected by these three amendments read as follows: "(3) That the plan meets the requirements of clause (c), and the petitioner meets the requirements of clauses (a) and (b) of subparagraph (2) of the first sentence of section 710, and that the plan is fair and equitable as an adjustment, affords due recognition to the rights of each class of creditors and stockholders and fair consideration to each class thereof adversely affected, and will conform to the law of the land regarding the participation of the various classes of creditors and stockholders: *Provided*, That in making the findings required by this clause (3) the court shall scrutinize the facts independently of the extent of acceptances of such plan, and of any lack of opposition thereto, and of the fact that the Commission, under section 20a of the Interstate Commerce Act, has authorized the issuance or modification of securities as proposed by such plan, and of the fact that the Commission has made such or similar findings;"

On amendment No. 28: This Senate amendment adds a clause conditioning approval of a plan on a finding that the petitioner has not, in connection with the plan or the effectuation thereof, done any act or failed to perform any duty which act or failure would be a bar to the discharge of a bankrupt, and that the plan and the acceptance thereof are in good faith and have not been made or procured by improper means, promises, or acts. The House recedes.

On amendment No. 29: This Senate amendment requires full disclosure of fees and expenses incurred in connection with the proceedings and plan and conditions approval of the plan on a finding that the fees and expenses are fair and reasonable; and provides that to the extent the fees and expenses are not ascertainable at the time of the hearing, they are subject to the approval of the court as fair and reasonable. The House recedes with an amendment, the effect of which is to make the clause added read as follows: "(6) That, after hearings for the purpose, all amounts or considerations, directly or indirectly paid or to be paid by or for the petitioner for expenses, fees, reimbursement, or compensation of any character whatsoever incurred in connection with the proceeding and plan, or preliminary thereto or in aid thereof, together with all the facts and circumstances relating to the incurring thereof, have been fully disclosed to the court so far as such amounts or considerations can be ascertained at the time of such hearings, that all such amounts or consideration are fair and reasonable, and to the extent that any such amounts or considerations are not then ascertainable, the same are to be so disclosed to the court when ascertained, and are to be subject to approval by the special court as fair and reasonable, and except with such approval no amount or considerations covered by this clause (6) shall be paid."

On amendment No. 30: This Senate amendment makes clear that a decree approving and confirming a plan does not dispense with any required authority where required by any law relating to the Reconstruction Finance Corporation. The House recedes.

On amendment No. 31: The House bill contained a paragraph providing that the plan of adjustment may contain appropriate provisions whereby the interests of creditors affected by the plan shall be safeguarded in all matters of the petitioner's financial policy and operations. Senate amendment 31 strikes out this paragraph and substitutes the mandatory requirement that no plan may be approved unless the court finds that with respect to (a) the continuation of, or (b) any change in (1) the voting rights in the petition, (2) control of the petitioner, and (3) the power and manner of selection of the persons who are to be directors, officers, or voting trustees, if any, upon the consummation of the plan and their respective successors, the plan is equitable, compatible with the interests of creditors and stockholders and consistent with public policy. The House recedes with

an amendment amplifying the substituted paragraph, so as to refer also to the identity of the persons who are to be directors, officers, or voting trustees, and also so as to require that the plan make full disclosure, be adequate, and be in the best interests of creditors and stockholders of each class.

On amendment No. 32: This Senate amendment makes clear that the injunction or stay of actions or proceedings may be for a reasonable time only. The House recedes.

On amendment No. 33: This Senate amendment makes clear that, with respect to claims which would be required to be paid if the plan were in effect, the stay shall affect neither proceedings to enforce such claims (such as actions at law for a money judgment) nor proceedings based on such claims (such as equity receiverships or bankruptcy proceedings). The House recedes.

On amendment No. 34: This Senate amendment makes clear that the court may not continue a proceeding beyond 1 year from the date of filing the petition unless it is satisfied that confirmation of a plan is in immediate prospect. The House recedes.

On amendment No. 35: This Senate amendment makes clear that the making of payments during a proceeding as provided in a plan shall not constitute a preference under the Bankruptcy Act and that the acceptance of such payments shall not constitute an acceptance of a plan. The House recedes.

On amendment No. 36: This Senate amendment strikes out the words "and circumstances" so as to eliminate any possible construction that security holders can be required to accept conditions or waive rights in order to receive payments. The House recedes.

On amendment No. 37: This Senate amendment adds a new section so as to facilitate collection of taxes and customs duties, giving the court power to determine the amount and legality of claims of the United States for taxes or customs duties and to order payment thereof, giving the order approving the petition the effect of an adjudication of bankruptcy for the purposes of section 274 of the Internal Revenue Code, and providing that the running of the statute of limitations on the assessment or collection of any internal-revenue tax shall be suspended while a proceeding under the new chapter is pending and until it is finally dismissed. The House recedes.

On amendment No. 38: This Senate amendment, in view of other Senate amendments, struck out as unnecessary article VII consisting of one section, section 740, providing that if in any application filed with the Commission pursuant to section 20a of the Interstate Commerce Act for authority to issue or modify securities, the applicant shall allege that the purpose in making such application is to enable it to file a petition under the new chapter, the Commission shall take final action as promptly as possible, and in any event, within 120 days after the filing of such application. The House recedes, with an amendment whereby the stricken article is restored, amended so as to allow a further period beyond the 120 days, if the Commission finds that a longer time, not exceeding 60 days, is needed in the public interest.

On amendment No. 39: This Senate amendment, in view of other amendments renumbers article VIII as article VII. The Senate recedes.

On amendment No. 40: This Senate amendment extends to 60 days the 30-day limitation on applications for writs of certiorari. The House recedes with an amendment whereby applications for such writs may be made by any person affected by the plan who deems himself aggrieved.

On amendment No. 41: This Senate amendment, in view of other amendments renumbers article IX as article VIII. The House recedes with an amendment whereby the heading affected is made to read "Article IX—Filing Record With Commission."

On amendment No. 42: The House bill contained as section 750 the usual form of separability provision. This Senate amendment provided that the provisions of section 710 and 711, as amended by other Senate amendments, limiting the chapter to petitioners that have complied with subparagraphs (1) and (2) of the first sentence of section 710 before April 1, 1939, be not separable from the rest of the bill. The House recedes with an amendment whereby the entire separability provision is stricken and there is substituted a section requiring the clerk of the court to transmit to the Commission copies of the various papers in the proceeding except to the extent that the court finds that compliance with the section would be impracticable.

On amendment No. 43: This Senate amendment is clerical. The House recedes, with an amendment to conform to action agreed on with respect to other amendments.

On amendment No. 44: This Senate amendment strikes out as unnecessary in view of other Senate amendments, article X, consisting of one section, section 755, which provided that the jurisdiction conferred upon any court by the new chapter shall not be exercised by such court after 5 years from the effective date of the chapter, except in respect of any proceeding initiated by filing a petition under section 710 on or before the termination of such 5-year period. The House recedes with an amendment whereby the stricken article X is restored, but amended so as to fix the date of termination of jurisdiction on July 31, 1940.

WALTER CHANDLER,
CHARLES F. MCLAUGHLIN,
EARL C. MICHENER,
Managers on the part of the House.

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

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

ELBERT R. MILLER—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 454)

The Speaker laid before the House the following veto message from the President of the United States which was read by the Clerk:

To the House of Representatives:

I return herewith, without my approval, H. R. 2687, an act for the relief of Elbert E. Miller.

This bill provides, "That effective on and after the date of enactment of this act, all rights, claims, and benefits forfeited by Elbert R. Miller (C-132757) under the provisions of section 504 of the World War Veterans' Act, 1924, as amended, by the decision of the director, United States Veterans' Bureau, dated October 28, 1929, are hereby restored, but this act shall in nowise be construed as authority to pay any sum, claim, or benefit that may have matured or become due prior to effective date of this act."

Approval of the bill would have the effect of restoring to Elbert R. Miller, a World War veteran, effective on the date of approval, rights which have been forfeited, on account of the veteran having furnished false evidence in support of his claim in violation of the provisions of section 504 of the World War Veterans' Act, 1924, as amended, which provide as follows:

> Any person who shall knowingly make or cause to be made, or conspire, combine, aid, or assist in, agree to, arrange for, or in anywise procure the making or presentation of a false or fraudulent affidavit, declaration, certificate, statement, voucher, or paper, or writing purporting to be such, concerning any claim or the approval of any claim for compensation or maintenance and support allowance, or the payment of any money, for himself or for any other person, under titles II or IV hereof, shall forfeit all rights, claims, and benefits under said titles, and, in addition to any and all other penalties imposed by law, shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than $1,000 or imprisonment for not more than 1 year, or by both such fine and imprisonment, for each such offense.

This case has received sympathetic consideration by the Veterans' Administration and no facts or circumstances have been found which would warrant singling this case out for preferential treatment.

It is with regret, therefore, that I find myself unable to give my approval to this bill.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 27, 1939.*

The SPEAKER. The objections of the President will be spread at large upon the Journal.

Mr. GAVAGAN. Mr. Speaker, I move that the bill, together with the veto message, be referred to the Committee on War Claims and ordered printed.

The motion was agreed to.

AGREEMENTS FOR EXCHANGE OF AGRICULTURAL COMMODITIES FOR STRATEGIC AND CRITICAL MATERIALS PRODUCED ABROAD

Mr. COLMER. Mr. Speaker, I call up House Resolution 273.

The Clerk read as follows:

House Resolution 273

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 2697, an act to facilitate the execution of arrangements for the exchange of surplus agricultural commodities produced in the United States for reserve stocks of strategic and critical materials produced abroad, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. COLMER. Mr. Speaker, I yield 30 minutes to the gentleman from Michigan [Mr. MAPES].

I yield myself 2 minutes.

Mr. Speaker, this resolution, as has been indicated, is the so-called barter bill. I am satisfied the House is familiar with this, from press report, and those who have had an opportunity to study the legislation.

In brief, it provides the machinery to carry out agreements made between the British Government and this Government for the barter of certain strategic war materials. It is necessary to have some legislation upon the subject, and that is what this bill proposes.

I reserve the balance of my time.

Mr. MAPES. Mr. Speaker, I yield 15 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Speaker, the controversy which is involved in this bill, so far as I personally am concerned, hinges on the question of warehouse rates which are being charged by the warehousemen in whose warehouses the cotton is stored which will be used to fill the barter agreement consummated between the Government of England and the Government of the United States on the 23d of June 1939.

The Senate bill 2697 was sent to the Committee on Banking and Currency of the House. The purpose of the bill is to effect the delivery of some 600,000 bales of cotton covered by the barter agreement wherein the United States is trading cotton to the United Kingdom in exchange for rubber. Article I, subsection (b) of that agreement reads:

The cotton will be inspected to determine its classification in accordance with the universal cotton standards for grade and the official standards of the United States for staple, and will be accepted—

Here is a very important part of this agreement—

by experts appointed by the Government of the United Kingdom.

Article II, subsection (b) provides that:

In determining the quality of rubber which shall be exchanged by the United Kingdom to the United States for the cotton, the rubber will be inspected and accepted by experts appointed by the United States Government.

In other words, I would construe that to be a mutual agreement, in that England through her experts can determine the quality and staple and character of the cotton she is to receive, and the experts representing the United States can determine the quality of the rubber which we are to receive.

Throughout the United States, in the cotton sections particularly, we have cotton stored in warehouses, which storage has been created under the provisions of the Agricultural Adjustment Act approved February 16, 1938. Section 383, subsection (b) reads:

Cotton held as security for any loan heretofore or hereafter made or arranged for by the Commodity Credit Corporation shall not hereafter be reconcentrated without the written consent of the producer or borrower.

When, therefore, it comes to filling a barter agreement on cotton it becomes necessary to move cotton from inland warehouses to port warehouses in order to carry out the agreement made with the United Kingdom with reference to the exchange of cotton for rubber, and it is in the movement, or the transfer, or the reconcentration of this cotton from interior warehouses to port warehouses that this controversy arises.

Referring back to the Agricultural Act, subsection (b), which I just read, we find that subsequent to the enactment of that short clause of some three and one-half lines, someone discovered that the cotton-loan agreements and the cotton notes signed by the grower—copies of which I hold here in my hand—carried under section 6 this interesting language:

The undersigned agrees that if any Federal agency or instrumentality shall be the holder of the above-mentioned note, it may before or after maturity move the collateral cotton from one storage point to another and pay freight, may compress the cotton, may store separately, en bloc, or otherwise.

You will notice that the grower signing this note agrees to that interesting clause. Going back to subsection (b) we find:

Cotton held as security for any loan heretofore or hereafter made or arranged for by the Commodity Credit Corporation shall not hereafter be reconcentrated without the written consent of the producer or borrower.

So there was a very definite conflict. What happened?

In June 1938, a short time after that, we find an amendment brought in here which changes that whole situation very materially, and then we also find that when it came around to signing the 1938–39 cotton-loan notes, that section 6 of the loan agreement has been drafted so that it reads thus:

The undersigned agrees that if any Federal agency or instrumentality shall become the holder of the above-mentioned note, it may before or after maturity move the collateral cotton from one storage point to another, subject to the provisions of the act of June 16, 1938 (Public, No. 660, 75th Cong.).

Even a high-school student who wants to sit down and read the record can come to only one conclusion, and that is that subsection (b) of section 383 and Public, 660, of the Seventy-fifth Congress was dictated completely and absolutely by the warehouse ring which brings about this controversy.

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

Mr. CRAWFORD. I yield for just a question because my time is limited and I want to get this case before the House.

Mr. PACE. Does not the gentleman think——

Mr. CRAWFORD. I yield for a question only, Mr. Speaker.

Mr. PACE. I was about to ask the gentleman a question.

Mr. CRAWFORD. Very well, ask the question.

Mr. PACE. Does not the gentleman think that the farmer who produced the cotton on which he secured a loan has some interest in the cotton rather than having it moved 1,000 miles from his warehouse where he is unable to have it resampled and graded when it is offered for sale? And that that is one of the purposes of keeping the cotton from being moved hundreds of miles away from where it was produced or where the farmer lives?

Mr. CRAWFORD. At no time during my presentation shall I suggest that the principle enunciated by the gentleman from Georgia be in any way invalidated; and, indeed, the cotton grower should have this cotton located near him so long as he holds title to the cotton; but for the information of the House, this controversy arose because I offered in the Committee of Banking and Currency a simple proviso which reads in this exact language:

Provided, That nothing herein shall be construed as preventing the reconcentration of the cotton by the United States Government or any of its agencies where a saving in carrying charges can thereby be effected.

This in no way interferes with the right of the borrowing farmer who has his cotton up as collateral under a cotton loan. It does, however, put the Commodity Credit Corporation, a Government agency, in a position to protect the rights of the taxpayers of this country, Government rights, if you please, to the end that no such outrages can be perpetrated by the Government on the taxpayers, which I shall now proceed to demonstrate, as has taken place under these warehouse agreements.

Mr. PACE. Mr. Speaker, if the gentleman will yield further, does not that encourage the Commodity Credit Corporation to foreclose as quickly as possible to close out the farmers so they can move it away from them?

Mr. CRAWFORD. In no way would it do that, and I hope that the gentleman in his time will make the necessary effort to demonstrate how the Commodity Credit Corporation can run contrary to the laws which this Congress enacts.

Let us see what is happening. These are the official records furnished me by the Commodity Credit Corporation. Here we find the schedule of rates to be used in calculating warehouse charges on the 1934–35 12-cent cotton loans. The rates on this schedule were effective August 1, 1938, on 1934–35 12-cent-loan cotton. I shall be glad for any Member of the House who desires to examine them to look over these schedules. We find these rates of the warehouses on this lot of cotton range from about 11¾ cents up to 18 cents per bale per month. That is per bale per month for storing a bale of cotton of approximately 500 pounds.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

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

Mr. AUGUST H. ANDRESEN. It has been suggested in the Committee on Agriculture quite definitely that the cost to the Government for storage of cotton runs around $4 a bale and that the total carrying charges now are around $45,000,000 a year to carry the loan cotton.

Mr. CRAWFORD. I expect to bring that out. I thank the gentleman. Notice that these rates run from about 12 cents to 18 cents per bale per month on this enormous storage of cotton.

What happened on the next crop year? Let us take the 1937–38 loan cotton which is operating under these provisions of the law, which gave protection to the warehouse ring.

In the next year the 1937–38 crop we find these rates are almost without exception 18 cents per bale. Once in a while you will find a rate of 15.6 cents per bale per month. The 18 cents I believe is the highest rate in this schedule which takes care of the 1937–38 loan cotton.

Let us take the next year's loans. This is the 1938–39 cotton. The rates in this schedule were effective August 1, 1938. If you care to look at this schedule of rates I hold in my hand, you will find that in almost every case, with just a few exceptions, the rates have been jumped from a range of about 12 to 18 cents per bale per month, which I gave you in the first case, to where the rates are now 25 cents per bale per month.

It will be argued, of course, that you must charge 25 cents per bale per month the first year the cotton goes into storage. It takes time to cure cotton. Cotton goes through great physical changes following the month in which it is put into bales. When someone tells you that the character of cotton does not change after it is baled, you come to me and I will show you official information on that. It does change. As a spinner, you want character cotton, otherwise you cannot produce character cloth. So when the cotton is in storage the first year there is more or less of a handling charge, they tell me, that must be taken care of, for turning and flopping the cotton and some claim that justifies the 25-cent rate, but with that contention I disagree. I challenge the warehousemen to make a showing of their accounts and to justify such an exhorbitant rate. If it was necessary to pay 25 cents the first year, under what conditions do you get 12, 14, and 15 cents under the previous loans?

I am informed by some of the warehousemen they can make money storing this cotton at 11 cents per bale per month and come out in fine shape financially. I also understand that in some cases the warehousemen are willing to store this cotton for 10 cents per bale per month.

Referring now to the remarks of the gentleman from Minnesota, you have approximately 12,000,000 bales of cotton to deal with here. I have the figures here showing the amount of cotton in storage in port warehouses, and out of the 6,943,011 bales of cotton, title to which will be taken by the Government under this procedure, 1,225,366 bales were stored in port warehouses and 5,717,645 bales were stored in interior warehouses where the highest rates prevail.

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. CRAWFORD. Mr. Speaker, it will be claimed that the port warehouses are owned by the rich fellows; it will be claimed that this is a raid on the interior warehouses, the little fellow, by the big octopus, the economic royalists—the man who wants to destroy the little fellow—but I have information which satisfies me, at least, that a number of the interior warehouses are owned and controlled financially by the big fellows on the coast.

It will also be claimed that the big fellows on the coast, particularly one big operator in the State of Texas, has taken his money and poured it into South America, developing the cotton industry against the interests of the American cotton grower. Since when has it been news that the administration has been promoting policies which induces the shipment of manufactured machinery to other countries in payment of agricultural goods coming into this country? Of course, manufactured machinery in the form of ginning machinery, tractors, and other tools have gone to Brazil and have gone into cotton production and cotton processing. Of course, the smart, sagacious fellows of the South followed that trend to Brazil under our cotton-control movement and under our reciprocal trade-agreements plan. Indeed they did that. Now, then, will you condemn an American for going to foreign lands, particularly to Latin America, when the front pages of your papers are loaded with the proposition of "Southward we must go"? Those who have so faithfully supported the President's reciprocal trade-agreement plan must find themselves in a perfectly ridiculous position for condemning a man for going along and supporting reciprocal-trade agreements, the good-neighbor policy, the Latin America good will policy, and the disastrous cotton-control policy through taking his money to Brazil, investing it there in the production of cotton and cotton goods, where there is no Government interference. I do not condemn the Texan, but I do condemn the administration and those who promoted and supported the policy which makes it so profitable for the Texan to do so. Of course he did it. If we could establish the record, we would find that many southern cotton men have done that very thing.

It comes right back to this proposition: If you will take Public, No. 660, of June 16, 1938, you will find this interesting provision in the law. It will be contended that this provision now protects the Commodity Credit Corporation, as my suggested amendment would protect it, but such contention cannot be supported. What is the truth? If the Commodity Credit Corporation can effectuate downward these warehouse charges, why has not the Commodity Credit Corporation done so?

It has not done so because of this interesting provision in the June 16 amendment, which states:

Provided, however, That in cases where there is congestion or lack of storage facilities—

And it goes on in detail—

or if carrying charges are substantially in excess of the average of carrying charges available elsewhere, and the local warehouse after notice declines to reduce such charges, such written consent as provided in this amendment need not be obtained.

That is, the written consent of the grower.

How is the Commodity Credit Corporation going to substantiate that Mr. A's carrying charges are substantially greater than Mr. B's carrying charges? The rates are virtually uniform. My contention is that the Commodity Credit Corporation, by section 383, subsection (b), and by Public, 660, has been denied the right to go in and negotiate for reduced carrying charges in storage and insurance, and therefore the Commodity Credit Corporation has been forced by acts of Congress to go along and have the taxpayers bear these unreasonable and exorbitant warehouse charges shown in the schedules here displayed.

If the Commodity Credit Corporation can show, and if it will issue an official statement to the effect that it will reduce the rates on this 6,943,000 bales plus such other bales as title may be taken to by the Government, I have no complaint. I am not fighting for the rich man on the coast or for the rich man in the interior. I have satisfied myself that all these warehousemen are making fabulous profits through this rate of 25 cents per bale. One warehouse company has been paid, and is to be paid, for instance, $8,518,000 for warehousing. Another $942,000, another $1,296,000, and another $445,000.

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield 5 additional minutes to the gentleman from Michigan.

Mr. CRAWFORD. When this bill came before the Committee on Banking and Currency I was perfectly satisfied to accept the Senate bill as it was sent to us, but the warehouse crowd induced the committee to put in the interesting language, which you will find in the House print of the bill. The claim will be offered that the Committee on Banking and Currency should not disturb law already enacted by Congress. If the Committee on Banking and Currency does not want to protect the warehousing monopoly, you might call it, in the 25-cent rate, why did they disturb the Senate bill? If the committee is willing to eliminate the amendment put in the Senate bill by the Committee on Banking and Currency I have no further objection. I am willing to accept the Senate bill as it came to the Committee on Banking and Currency. But if you accept the Senate bill as amended by the House committee, then you are perpetuating this combination in restraint of trade, you are accepting this proposition which prevents the Commodity Credit Corporation from proceeding to negotiate for reduced rates on this cotton.

If you will adopt my amendment, the Commodity Credit Corporation can go to warehouse A and say, "Listen, Mr. Warehouseman, your rates are too high. Can you not bring them down a little?" If he declines, the cotton can be reconcentrated. What cotton? The cotton owned by the Government, not the cotton owned by the farmer. Let that stay in the community where it belongs until you are ready to ship it, or until the Government takes title thereto.

This whole thing is another barrier against the feeding of cotton into the channels of trade. I understand my New England friends will point out some of the damage that has come to the New England industry as a result of this practice.

Mr. Speaker, at the opportune time I shall proceed to offer amendments to correct the bill, so that it will be in the form I believe it should be.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. I wonder if the gentleman would be willing to accept an amendment that would provide that some of this cotton in storage should be assigned to places in New England where they manufacture textiles and where the storage of this cotton would be most helpful.

Mr. CRAWFORD. I certainly would be willing to accept such an amendment. If you will put cotton contiguous to the New England spinner, he will be able to buy from hand to mouth. He will not be forced to take long risks on the market. He will use more cotton, the banks will go along with him, and more cotton will be consumed. Cotton stored in New England near the mills will strengthen their chances for profitable operation, will add to their financial standing, will promote employment in New England. Certainly I shall support the gentleman's amendment.

I also wish to point out that of the total world consumption of cotton today the United States furnishes only 22.2 percent and other parts of the world are furnishing 77.8 percent. We need to store a little cotton, at least, that will be required for the spinners in New England. I hope the gentleman will offer such an amendment.

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

Mr. CRAWFORD. I yield to the gentleman from Georgia.

Mr. PACE. How would we know what cotton to ship to New England before we knew what the textile mills were going to buy?

Mr. CRAWFORD. I suggest the gentleman ask that question of the chairman of the Committee on Banking and Currency.

Mr. MARTIN of Massachusetts. I could tell the gentleman that. The gentleman knows that for years the New England spinners have been buying southern cotton, and the sellers of that cotton certainly know what they sell to the New England mills.

Mr. PACE. They buy only certain grades and staples.

Mr. MARTIN of Massachusetts. You know what those grades and staples are from past experience.

Mr. CRAWFORD. In that connection, as the House Committee on Banking and Currency amended the Senate bill, it is proposed that our agents determine the quality of cotton to be picked at your interior warehouses and sent to port to carry out this barter agreement. This agreement provides that such selection shall be made by the United Kingdom experts, so certainly, if you could carry out the intention of the Committee on Banking and Currency, you could fill those little orders for the New England spinners.

Mr. Speaker, under permit to include in the RECORD for information of House Members, I submit the letter which I received from Mr. Goodloe, vice president of the Commodity Credit Corporation; a schedule of payments made and to be made to cotton warehousemen; a statement showing cotton stored at port and interior warehouses; and a second letter from Mr. Goodloe dated July 26.

COMMODITY CREDIT CORPORATION,
Washington, July 22, 1939.

Hon. FRED L. CRAWFORD,
House Office Building, Washington, D. C.

DEAR MR. CRAWFORD: Responsive to your letter of July 21, 1939, we submit herewith the following information:

1. Statement showing storage in excess of $25,000 per year paid to warehouses during the cotton years 1936–37 and 1937–38 and an estimate of such charges for the cotton year 1938–39.

2. Loan cotton is stored at the following points:

Alabama: Mobile.
California: Los Angeles, San Pedro, and Stockton.
Florida: Pensacola.
Georgia: Savannah.
Louisiana: Lake Charles and New Orleans.
Mississippi: Gulfport.
North Carolina: Wilmington.
South Carolina: Charleston.
Texas: Beaumont, Corpus Christi, Galveston, Houston, and Texas City.
Virginia: Norfolk.

3 and 4. Schedules showing storage and insurance rates applicable at all warehouse locations. Since a flat rate is made for both storage and insurance, it is not possible to separate these charges.

5. In the absence of final specifications from the British Government as to the qualities of cotton desired, it is not possible to estimate the quantity of cotton to which it may be necessary for the Corporation to take title.

6. It is not possible to estimate the dollar value of damage at inland warehouses. However, it is not thought that there is any large amount of such damage, and Commodity Credit Corporation

has protection under the warehouseman's bond in the event of damage to cotton while in storage.

7 and 8. Section 383 (b) of the Agricultural Adjustment Act of 1938 reads as follows:

"Cotton held as security for any loan heretofore or hereafter made or arranged for by Commodity Credit Corporation shall not hereafter be reconcentrated without the written consent of the producer or borrower."

This section was amended by the act approved June 16, 1938 (Public, No. 660, 75th Cong.), copy of which is attached hereto.

Very truly yours,

JOHN D. GOODLOE, *Vice President.*

List of interior warehouses to which storage was paid in excess of $25,000 per year during cotton fiscal years Aug. 1, 1936, through July 31, 1938, and estimated storage for cotton fiscal year Aug. 1, 1938, through July 31, 1939

Name of warehouse	Storage paid for period Aug. 1, 1936, through July 31, 1937	Storage paid for period Aug. 1, 1937, through July 31, 1938	Estimated storage to be paid for period Aug. 1, 1938, through July 31, 1939	Total
Federal Warehouse & Compress Co., operating plants at Memphis, Tenn.; Arkadelphia, Ark.; Ashdown, Ark.; Blytheville, Ark.; Dumas, Ark.; Earle, Ark.; England, Ark.; Eudora, Ark.; Forrest City, Ark.; Fort Smith, Ark.; Helena, Ark.; Lake Village, Ark.; Little Rock, Ark.; Magnolia, Ark.; Mariana, Ark.; Marvell, Ark.; McGehee, Ark.; Morrilton, Ark.; Newport, Ark.; Osceola, Ark.; Pine Bluff, Ark.; Portland, Ark.; Russellville, Ark.; Searcy, Ark.; Truman, Ark.; Walnut Ridge, Ark.; West Memphis, Ark.; Conway, Ark.; Lake Providence, La.; Monroe, La.; New Orleans, La.; Belzoni, Miss.; Booneville, Miss.; Canton, Miss.; Clarksdale, Miss.; Cleveland, Miss.; Como, Miss.; Corinth, Miss.; Drew, Miss.; Greenwood, Miss.; Grenada, Miss.; Holly Springs, Miss.; Inverness, Miss.; Jackson, Miss.; Macon, Miss.; Marks, Miss.; New Albany, Miss.; Ripley, Miss.; Ruleville, Miss.; Shaw, Miss.; Shelby, Miss.; Tupelo, Miss.; Tutwiler, Miss.; West Point, Miss.; Aberdeen, Miss.; Amory, Miss.; Greenville, Miss.; Brownsville, Tenn.; Covington, Tenn.; Dyersburg, Tenn.; Jackson, Tenn.; Tiptonville, Tenn.; Milan, Tenn.; Texarkana, Tex.; Portageville, Mo.; Caruthersville, Mo.; Hayti, Mo	$467,338.60	$2,874,748.35	$5,176,631.18	$8,518,718.13
Southeastern Compress & Warehouse Co., operating plants at Attalla, Ala.; Birmingham, Ala.; Dothan, Ala.; Guntersville, Ala.; Montgomery, Ala.; Albany, Ga.; Athens, Ga.; Atlanta, Ga.; Carrollton, Ga.; Cedartown, Ga.; Macon, Ga.; Rockmart, Ga.; Tallapoosa, Ga.; Greenville, S. C.; Charlotte, N. C.; Raleigh, N. C	374,163.39	256,277.60	311,830.17	942,271.16
Union Compress Warehouse, operating plants at Decatur, Ala.; Hope, Ark.; Delhi, La.; Ferriday, La.; Rayville, La.; Winnsboro, La.; Greenwood, Miss.; Natchez, Miss.; Rosedale, Miss.; Vicksburg, Miss.; Memphis, Tenn	77,601.18	423,902.98	794,583.72	1,296,087.88
Western Compress Co., operating plants at Phoenix, Ariz.; Fresno, Calif		84,786.79	360,757.71	445,544.50
Traders Compress Co., operating plants at Altus, Okla.; Anadarko, Okla.; Ardmore, Okla.; Chickasha, Okla.; Clinton, Okla.; Durant, Okla.; Elk City, Okla.; Frederick, Okla.; Hobart, Okla.; Mangum, Okla.; McAlester, Okla.; Muskogee, Okla.; Oklahoma City, Okla.; Pauls Valley, Okla.; Shawnee, Okla.; Waurika, Okla.; Weleetka, Okla.; Fort Worth, Tex.; Shamrock, Tex.; Wellington, Tex.; Wichita Falls, Tex	98,199.00	338,027.99	497,584.32	933,811.31
Texas Compress & Warehouse Co., operating plants at Athens, Tex.; Brownfield, Tex.; Chillicothe, Tex.; Crosbyton, Tex.; Gilmer, Tex.; Lamesa, Tex.; Littlefield, Tex.; Mount Pleasant, Tex.; Naples, Tex.; Paducah, Tex.; Pittsburg, Tex.; Plainview, Tex.; Quanah, Tex.; Quitaque, Tex.; Ralls, Tex.; Slaton, Tex.; Lubbock, Tex	50,070.60	542,557.52	317,838.86	910,466.98
American Compress Warehouse, operating plants at Alexandria, La.; Bunkie, La.; Natchitoches, La.; Shreveport, La	2,727.00	152,025.83	260,750.61	415,503.44
Hattiesburg Compress Co., operating plants at Hattiesburg, Miss.; Houston, Miss.; Columbia, Miss	13,180.00	133,809.82	197,260.92	344,250.74
Union Bonded Warehouse, operating plants at Carthage, Miss.; Newton, Miss.; Philadelphia, Miss.; Union, Miss	7.32	80,164.41	189,361.89	269,533.62
Meridian Compress & Warehouse Co., Meridian, Miss	17,235.00	109,757.28	84,821.04	211,813.32
Marked Tree Compress Co., Marked Tree, Ark		90,126.77	104,926.32	195,053.09
Tri State Compress Co., Memphis, Tenn	33,889.51	69,419.96	86,586.93	189,896.40
Arkansas Valley Compress & Warehouse Co., Little Rock, Ark	21,479.64	67,491.15	91,780.39	180,751.18
Valley Compress Co., operating plants at Fresno, Calif.; Pinedale, Calif		32,558.29	125,327.69	157,885.98
Memphis Compress Co., Memphis, Tenn	8,897.51	70,951.50	68,681.52	148,530.53
Georgia-Carolina Warehouse, Augusta, Ga	44,210.43	60,376.58	69,492.91	174,079.92
Arbyrd Compress Co., Arbyrd, Mo		55,734.72	99,851.49	155,586.21
Arizona Compress Co., Phoenix, Ariz		85,011.01	61,242.30	146,253.31
Jonesboro Compress Co., Jonesboro, Ark	12,795.16	50,775.53	70,379.19	133,949.88
Farmers & Merchants Compress & Warehouse, operating plants at Clarksville, Tex.; Cleburne, Tex.; Dallas, Tex.; Garland, Tex.; Greenville, Tex.; Honey Grove, Tex.; Longview, Tex.; Paris, Tex.; Terrell, Tex.; Tyler, Tex.; Hugo, Okla	23,236.20	180,641.66	284,169.24	488,047.10
Western Compress Co., operating plants at Abilene, Tex.; Hamlin, Tex.; Rule, Tex.; Sweetwater, Tex		138,222.67	203,374.35	341,597.02
Exporters & Traders Compress & Warehouse, operating plants at Hillsboro, Tex.; Marlin, Tex.; Mart, Tex.; Waco, Tex	1,429.20	42,804.33	63,467.46	107,700.99
Memphis Compress Co., operating plants at Hedley, Tex.; Memphis, Tex	8,614.80	97,885.91	107,373.51	213,874.22
B. & F. Bonded Cotton Warehouse, operating plants at O'Donnell, Tex.; Stamford, Tex		30,010.46	49,886.01	79,896.47
Peoples Warehouse, Yazoo City, Miss	73.80	36,705.58	34,869.24	71,648.62
Mississippi Compress Co., Brookhaven, Miss	12.60	17,079.38	39,934.62	57,026.60
Standard Warehouse, operating plants at Anderson, S. C.; Columbia, S. C.; Greenwood, S. C.; Newberry, S. C.; Orangeburg, S. C	22,448.70	41,088.54	68,578.80	132,116.04
Edgecombe Bonded Warehouse, Tarboro, N. C	30,935.36	46,841.57	53,410.08	131,187.01
Henderson Compress Co., Henderson, Tenn		46,215.54	78,107.22	124,322.76
Greenville Compress Co., Greenville, Miss		50,495.98	61,948.98	112,444.96
Augusta Warehouse & Compress Co., Augusta, Ga	15,671.68	42,998.00	67,181.62	125,851.30
W. C. Bradley Co., Columbus, Ga	31,959.36	41,045.04	43,004.76	116,009.16
Cullman Compress Co., Cullman, Ala	19,260.00	44,755.92	57,514.59	121,530.51
State Bonded Warehouse & Storage Co., Decatur, Ala	8,054.91	48,961.86	61,491.51	118,508.28
Selma Compress Co., Selma, Ala	5,094.20	55,289.74	48,967.92	109,351.86
John C. Webb & Son, Demopolis, Ala	8,336.52	42,421.65	42,959.16	93,717.33
Farmers Compress Co., Las Cruces, N. Mex		30,841.77	60,101.10	90,942.87
Greenwood Compress & Storage Co., Greenwood, Miss	460.80	34,306.82	60,205.95	94,973.57
Sunflower Compress Co., Indianola, Miss	48.60	30,661.31	57,551.31	88,261.22
Dixie Warehouse & Storage Co., Huntsville, Ala	5,301.00	26,127.54	31,345.92	62,774.46
Planters Warehouse & Storage, Huntsville, Ala	4,197.60	25,941.06	39,753.54	69,892.20
Dallas Compress Co., Selma, Ala	15,059.16	16,239.91	50,979.30	82,278.37
Tuscaloosa Compress Co., Tuscaloosa, Ala	21,177.78	30,316.09	31,350.58	82,844.45
S. E. Neilson Warehouse, Demopolis, Ala	1,648.80	14,036.04	26,920.26	42,605.10
Robinson Bonded Warehouse, Huntsville, Ala		14,779.26	29,582.64	44,361.90
Alabama Warehouse Co., Montgomery, Ala	6,440.40	21,931.58	25,341.66	53,713.64
Magnolia Compress Co., operating plants at Liberty, Miss.; Magnolia, Miss.; Tylertown, Miss	10,411.20	35,866.44	39,245.04	85,522.68
Batesville Compress, Batesville, Ark		27,927.71	20,774.88	48,702.59
Buffalo Island Compress Co., Leachville, Ark		39,081.68	49,667.13	88,748.81
Wilson Compress & Storage Co., Wilson, Ark		41,839.60	31,531.68	73,371.28
Helena Compress Co., Helena, Ark	5,064.02	16,387.46	46,906.83	68,358.31
Savannah River Warehouse Co., Augusta, Ga	9,219.60	29,547.54	38,459.76	77,226.90
Central Real Estate Warehouse Co., Augusta, Ga	15,804.00	18,202.96	39,338.76	73,345.72
Raleigh Bonded Warehouse, Raleigh, N. C	15,273.23	20,299.59	27,135.55	62,708.37
Palmetto Compress & Warehouse Co., Columbia, S. C	10,520.64	12,681.26	26,512.86	49,714.76
Haynesville Cotton Warehouse Co., Haynesville, La	1,042.20	21,821.58	42,646.95	65,510.73
Minden Compress Co., Minden, La		37,117.30	20,866.50	57,983.80
Tallulah Compress Co., Tallulah, La		26,968.47	44,931.06	71,899.53
Peoples Compress Co., Homer, La	5,511.60	29,934.28	48,444.57	83,890.45
National Compress & Warehouse Co., Charleston, Mo		13,423.27	38,772.27	52,195.54

List of interior warehouses to which storage was paid in excess of $25,000 per year during cotton fiscal years Aug. 1, 1936, through July 31, 1938, and estimated storage for cotton fiscal year Aug. 1, 1938, through July 31, 1939—Continued

Name of warehouse	Storage paid for period Aug. 1, 1936, through July 31, 1937	Storage paid for period Aug. 1, 1937, through July 31, 1938	Estimated storage to be paid for period Aug. 1, 1938, through July 31, 1939	Total
Dunklin County Compress & Warehouse Co., Kennett, Mo		$22,063.08	$52,972.83	$75,035.91
Big Springs Compress Co., Big Springs, Tex		87,428.18	92,685.15	180,113.33
Lubbock Compress Co., Levelland, Tex		32,163.77	52,240.77	84,404.54
Lubbock Compress Co., Lubbock, Tex	$29,001.60	89,833.60	124,156.08	242,991.28
Plains Compress Co., Lubbock, Tex		106,563.80	77,137.92	183,701.72
Panhandle Compress & Warehouse, Plainview, Tex		33,891.01	51,916.14	85,807.15
United Compress & Warehouse, Ralls, Tex		84,208.31	125,322.75	209,531.06
Farmers Cotton Yard & Warehouse, Winnsboro, Tex		25,322.97	34,665.30	59,988.27
Texas Compress Co., Ballinger, Tex	5.40	20,704.02	35,800.83	56,510.25
Texas Compress Co., Brownwood, Tex	284.40	15,050.32	42,328.26	57,662.98
Henderson Compress Co., Henderson, Tex		15,093.32	26,396.10	41,489.42
Spur Compress Co., Spur, Tex		20,375.11	52,601.85	72,976.96
Stamford Compress Co., Stamford, Tex		21,265.28	30,259.26	51,524.54
Interstate Compress Co., Vernon, Tex	7,274.40	18,791.14	28,967.13	55,032.67
Houston Compress Co., Childress, Tex		35,367.67	1,702.46	37,070.13
Pecos Valley Compress Co., Roswell, N. Mex		40,168.88	45,256.32	85,425.20

List of port warehouses to which storage was paid in excess of $25,000 per year during cotton fiscal years Aug. 1, 1936, through July 31, 1938, and estimated storage for cotton, fiscal year Aug. 1, 1938, through July 31, 1939

Name of warehouse	Storage paid for period Aug. 1, 1936, through July 31, 1937	Storage paid for period Aug. 1, 1937, through July 31, 1938	Estimated storage to be paid for period Aug. 1, 1938, through July 31, 1939	Total
Cotton Concentration Co., Galveston, Tex	$12,983.18	$326,795.79	$326,195.04	$665,974.01
Merchants & Planters Compress & Warehouse, Galveston, Tex	13,247.08	46,478.32	46,572.48	106,297.88
Southwestern Warehouse Co., Galveston, Tex		38,825.98	48,135.84	86,961.82
Exporters Compress & Warehouse Co., Houston, Tex	1,776.78	29,739.52	47,877.36	79,393.66
Houston Compress Co., Houston, Tex	2,482.20	126,588.40	190,572.76	319,643.36
Manchester Terminal Corporation, Houston, Tex	3,888.73	95,733.43	142,141.76	241,763.92
Menkwa Compress Co., Houston, Tex	171.00	46,383.23	56,444.40	102,998.63
Port City Compress & Warehouse, Houston, Tex	672.30	75,143.13	115,044.72	190,860.15
Beaumont Cotton Compress Co., Beaumont, Tex	15,477.90	20,710.15	41,579.07	77,767.12
Brownsville Port Compress & Bonded Warehouse, Brownsville, Tex			65,147.04	65,147.04
Aransas Compress Co., Corpus Christi, Tex	7,307.61	9,483.06	24,539.09	41,329.76
Port Compress Co., Corpus Christi, Tex	5,808.60	8,978.40	31,742.28	46,529.28
Galveston Cotton Co., Galveston Tex	212.40	45,256.27	47,056.68	92,525.35
Cleveland Compress Co., Houston, Tex	792.00	11,080.72	32,921.28	44,794.00
Southern Compress & Warehouse, Houston, Tex		20,153.87	27,907.20	48,061.07
Terminal Warehouse Co., Houston, Tex		24,529.72	40,214.52	64,744.24
Norfolk Warehouse Corporation, Norfolk, Va	26,359.02	37,365.29	40,613.89	104,338.20
New Orleans Compress Co., New Orleans, La	53,801.00	69,993.83	75,585.93	199,380.76
Public Cotton Warehouse, New Orleans, La	2,548.80	32,240.75	138,279.78	173,069.33
Shipside Storage Co., New Orleans, La	21,124.74	25,329.17	25,228.59	71,682.50
Shippers Compress Co., New Orleans, La	90,070.32	116,856.54	128,785.52	335,712.38
Alabama Warehouse Co., Mobile, Ala	32,201.23	40,455.88	41,215.71	113,872.82
Alabama State Docks Bonded Warehouse, Mobile, Ala	20,771.40	30,052.19	35,350.84	86,174.43
Southeastern Compress & Warehouse, Savannah, Ga				
Southeastern Compress & Warehouse, Pensacola, Fla	155,469.17	203,373.34	205,760.28	564,602.79
Mississippi-Gulfport Warehouse, Gulfport, Miss	11,973.24	44,939.70	82,960.65	139,873.59
Western Compress Co., San Pedro, Calif	3,404.70	48,036.07	148,938.57	200,379.34

Statement showing 1934–35 and 1937–38 loan cotton stored at port and interior locations for each State

	1934–35		Total, 1934–35	1937–38		Total, 1937–38	Total, 1934–35 and 1937–38
	Port	Interior		Port	Interior		
Alabama	22,046	199,276	221,322	4,421	777,976	782,397	1,003,719
Arizona	0	0	0	0	56,292	56,292	56,292
Arkansas	0	121,483	121,483	0	548,390	548,390	669,873
California	5,377	0	5,377	100,480	38,006	138,486	143,863
Florida	2,942	49	2,991	176	1	177	3,168
Georgia	111,525	250,396	361,921	10,649	431,462	442,111	804,032
Illinois	0	1,147	1,147	0	21	21	1,168
Louisiana	122,710	17,603	140,313	66,652	232,780	299,432	439,745
Mississippi	26,665	36,477	63,142	10,784	583,415	594,199	657,341
Missouri	0	0	0	0	76,585	76,585	76,585
New Mexico	0	0	0	0	36,687	36,687	36,687
North Carolina	5,527	95,924	101,451	2,302	117,292	119,594	221,045
Oklahoma	0	54,839	54,839	0	75,900	75,900	130,739
South Carolina	11,181	92,788	103,969	13,282	240,892	254,174	358,143
Tennessee	0	190,693	190,693	0	295,126	295,126	485,819
Texas	201,728	74,664	276,392	485,812	1,065,210	1,551,022	1,827,414
Virginia	16,466	1,204	17,670	4,641	5,067	9,708	27,378
Total	526,167	1,136,543	1,662,710	699,199	4,581,102	5,280,301	6,943,011

Port:		
1934–35	526,167	
1937–38	699,199	
		1,225,366
Interior:		
1934–35	1,136,543	
1937–38	4,581,102	
		5,717,645
		6,943,011

COMMODITY CREDIT CORPORATION,
WASHINGTON, *July 26, 1939.*

Hon. FRED L. CRAWFORD,
House of Representatives, Washington, D. C.

DEAR MR. CRAWFORD: Responsive to your inquiry of even date, you are advised that prior to the enactment of the Agricultural Adjustment Act of 1938, the producer's note and loan agreement, employed in connection with all loans on cotton contained a provision whereby the producer authorized Commodity Credit Corporation to reconcentrate the pledged cotton and charge the costs of same against the cotton.

Enclosed is a specimen copy of the form of producer's note and loan agreement employed in connection with the 1937–38 loans, your attention being directed to section 6 of the loan agreement. Enclosed also is specimen copy of the 1938–39 producer's note and loan agreement, your attention being called to the provisions of section 6 of the loan agreement. The 1938–39 loans are the only loans made upon cotton by the Corporation since the enactment of the Agricultural Adjustment Act of 1938.

The other questions you asked will be answered in the order stated in your letter:

1. Based on the information available, it is estimated that not more than 200,000 bales of the cotton now stored at ports, upon which advantageous shipments can be made, will meet the requirements of the British Government.

2. The estimate of from 250,000 to 350,000 bales of cotton now stored at ports which would probably meet the British specifications is reasonably accurate, considering all ports. However, the California and Atlantic ports should be eliminated because of higher freight rates from California and the proximity of the Atlantic ports to domestic mills. The exchange agreement recently ratified by the Senate provides for a flat price at New Orleans or any other Gulf or Atlantic port agreed upon.

3. The English Government has not officially specified the exact grades and staples desired and has indicated they will not do so until the agreement comes into effect. Informally, however, they have indicated the grades and staples.

4. The foregoing information is based upon such informal and unofficial specifications of the English Government as to the grades and staples desired and estimates made in the records of this Corporation.

Commodity Credit Corporation has not yet acquired title to any of the loan cotton, and it is possible to answer your last inquiry only by explaining generally the procedure we propose to follow, based upon the information now available. We enclose memorandum showing by States, the amount of 1934–35 and 1937–38 loan cotton-securing loans held by Commodity Credit Corporation and stored at interior and port locations.

The 1934–35 loans, by their terms, matured July 31, 1935, were extended to February 1, 1936, and have since been carried by the Corporation as past due. The amount which the Corporation has invested in such cotton, including the original amount of the loan plus accrued interest and all charges, is approximately 15 cents per pound. In connection with the exchange agreement, it is proposed that the Corporation acquire title to this cotton and make delivery out of same to the British to the extent the grades and staples required by the British can be supplied out of this stock. Since approximately 2,257,000 bales of the original stock of 1934–35 cotton have been released, and the British Government has informally indicated it will desire cotton grading middling ⅞-inch or better, it is probable that not more than 100,000 to 150,000 bales of the 1934–35 loan cotton can be used.

The 1937–38 loans, by their terms, matured July 31, 1938, and were extended to July 31, 1939, pursuant to the provisions of section 382 of the Agricultural Adjustment Act of 1938. With few exceptions, the amount the Corporaton has invested in this cotton, including the original amount of the loan plus accrued interest and all charges, is in excess of its present market value. This cotton has not been classed, the loans being made upon the certification by the warehouseman that, in his opinion, the cotton fell within certain classification groups. For example, to be eligible for the maximum loan authorized under the 1937–38 loan program, the warehouseman was required to certify that in his opinion cotton was middling ⅞-inch or better. According to our records, approximately 2,000,000 bales of 1937–38 loan cotton were certified by the warehousemen to have been middling ⅞-inch or better, although the experience of the Corporation is that such determination by warehousemen is only reasonably accurate. Thus, to complete delivery of the required amount of cotton and of the grades and staples tentatively indicated to be desired by the British Government, it will be necessary for the Corporation to acquire title to the 9-cent loan cotton under the 1937–38 program and complete delivery out of this stock.

Very truly yours,

JOHN D. GOODLOE,
Vice President.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and include therein certain statistics from which I have quoted.

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

There was no objection.

Mr. COLMER. Mr. Speaker, I yield 10 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent to proceed out of order.

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

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, I believe there is no objection to the adoption of this rule giving consideration to this bill. There was no objection I heard in the Rules Committee either to the rule or to the bill itself. The only controversy, I believe, is with respect to the amendment which the gentleman has just been discussing, but I have asked for this time to discuss a different matter, which is in the nature of a question of personal privilege.

Mr. Speaker, in the recent debate on the resolution to investigate the National Labor Relations Board the lady from New Jersey allowed herself to be diverted from the subject under discussion in order to make a personal attack on me. She said:

> Mr. Speaker, I have a great deal of respect for the gentleman from Virginia, but certainly he is the last man in the world to pass on labor legislation. I have taken the trouble to investigate his labor record, and I have yet to find a single labor bill for the benefit of the workers of the country that he has ever voted for.

Of course, the lady did not mean that she has complimented me by personally going through the long record of my votes for the past 9 years. She meant that someone else had allegedly done so and supplied her with the information. I had hoped, after the heat of the debate had subsided, that she would herself have corrected the misstatement. As she has not done so, it becomes necessary for me to make the correction.

I do not desire to criticize the lady from New Jersey. I have never criticized any Member on the floor. We are all here to do our duty as we see it. We all make mistakes, and it does not lie in the mouths of anyone of us to condemn another. I know that with rare exceptions the Members all pursue the course that they sincerely and honestly believe to be in the best interests of the country.

But the charge that the lady from New Jersey has been induced to make against me is so contrary to the facts that I cannot permit it to go unchallenged.

She speaks as the mouthpiece of a group that could never be elected by the suffrage of a people to come here and speak for themselves.

It is a mere repetition of the charge that was the theme song of the base purge campaign against me in the primary of 1938. The overwhelming vote of confidence given me by my people at the polls in answer to the charge should have sufficed to silence their guns. But their sniping campaign has never ceased. Conducted from behind the scenes by pusillanimous Lilliputians, who, embittered by the knowledge that they could never hope to hold office by the suffrage of the people, and with no conception of, or sympathy with, the fundamental principles of the Democratic Party, have fastened their vampirelike clutches upon its body and are seeking to suck its lifeblood.

In the late purge campaign against me the same charge was made, and both charges bear the earmarks of the same source. I replied to and refuted that charge in my campaign, citing my actual votes on bona fide labor measures, and no one thereafter in that campaign attempted to challenge the accuracy of my statement. I mentioned that I had voted for the Anti-Injunction Act, the Social Security Act, the long-and-short-haul bill, the Railroad Retirement Act on every occasion when it was before the House, and other measures of vital interest to labor. And yet the lady from New Jersey is induced to state that I never voted for a measure in the interest of labor.

I voted against the Guffey Coal Act, which did not affect a single laborer in my district except to raise the price of every ton of coal he bought, and incidentally raise the price to every other consumer of coal. That vote is justified by the fact that after a brief and useless existence the Board has been abolished and such minor functions as are now being performed have been transferred to another bureau. The whole act was admittedly a dismal failure, and the country and the industry would have been better off had it never become law.

I voted against the wage-hour law, knowing that it would work untold injustice and hardship on small industries, on unorganized workers, and on many branches of agricultural pursuits. The overwhelming clamor in this body today for amendments to the act, after less than 1 year of operation, more than justifies the fears I expressed in speaking against the measure.

I do not claim a record of 100-percent obedience to the demands of labor or of any other special group.

Members of this body come here to represent the interests of all of the people.

To boast of utter subservience to the demands of any minority pressure group is to boast of failure to perform our full duty.

When I leave this place I would rather have it said of me that I had the fortitude to resist the pressure of all such interests than to have it said that I stood, ever faltering and fawning, ready to "bend the pregnant hinges of the knee" at the nod and whim of any group that might threaten me with political reprisal. [Applause.]

I know that is not the philosophy of the little group of self-appointed, self-anointed liberals. I believe in a liberal

government but of the kind exemplified by the doctrines of Jefferson; a liberality that accords to all groups an equal opportunity under the law, to work out their own destiny, with special privileges to neither the rich nor the poor, to neither organized minorities of voters, nor to organized wealth-demanding special privileges. I believe in the Jeffersonian liberality that included a broad and liberal tolerance of the views of others with whom we may not agree; according them the same freedom of thought and action which we claim for ourselves.

I do not care to aline myself with that school of liberal thought which manifests itself solely in a prodigal liberality with other people's money and with other people's liberties, and which denounces as reactionaries and Tories all who dare to disagree.

In my service here, I try to reflect as best I can the sentiment and the philosophy of the great people of my district who send me here. Those people spring from an ancestry whose roots are imbedded in the very foundations of the Republic.

Reared in this background, my constituents and I find it difficult at times to break away from the moorings which have held so firmly and securely through the storms and and vicissitudes in the past.

It is idle today to debate the question of which philosophy is right and which is wrong. Only in the distant perspective of time can the true answer be written.

Only the generations that are to follow us, shackled with the burdens we have placed upon them, or, if you please, freed from the chains of an antiquated system of government, can properly appraise the work of this and preceding Congresses.

I am content to rest my case with the assertion that while here I shall continue to exercise the best judgment that I possess in advocating what I believe to be in the best interest of the whole people, and to—

> Let historians of tomorrow say
> Who best served God and man today.

[Applause.]

Mr. MAPES. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Speaker, I yield 20 minutes to the gentleman from Georgia [Mr BROWN].

Mr. BROWN of Georgia. Mr. Speaker, the real issue here is with respect to the 600,000 bales of cotton to be delivered to England when England calls for it in exchange for rubber. So the argument presented by the distinguished statesman from Michigan [Mr. CRAWFORD] is not germane. The question of storage rates is not a problem for us to consider in connection with this measure. The warehouse rates were fixed in the laws passed by the Congress last year and, I believe, in 1935. These bills came from the Committee on Agriculture, the proper committee to consider legislation of this type.

Mr. Speaker, it is necessary that this bill be enacted into law to enable the Government to carry out the treaty obligation entered into with Great Britain for the exchange of 600,000 bales of cotton for rubber. Therefore it is necessary to give to the Commodity Credit Corporation authority and powers to effect the exchange of agricultural commodities produced in the United States and held by it for strategic and critical materials produced abroad.

Conditions have arisen in many countries in connection with the production of substitutes for cotton that make it highly desirable for this Government to enter into barter agreements such as covered by this bill. The cotton-producing States are therefore thoroughly in accord with and heartily embrace the purpose back of this bill. We have lost a great deal of our export trade in cotton and have a large surplus of cotton on hand now. This barter agreement and others to follow will materially assist us in regaining our foreign markets for cotton.

The actual operation of the Government loans has for its purpose to stabilize the price for the producer, and has not resulted in any substantial loss to the Government.

The Banking and Currency Committee of the House reported favorably the bill S. 2697, with the following amendment:

> In determining specific cotton to be exchanged under this act, the determination shall be made by sampling and selection at the place where the cotton is stored on the date of enactment of this act, and no cotton shall be exchanged which, after such date, is transported to another place and there sampled and selected.

This amendment is not intended to hamper the barter agreement in any particular and was adopted by the committee for the reason that it is definitely known now that it is the plan and design of the Commodity Credit Corporation to move at least 2,000,000 bales from the present interior locations prior to any knowledge as to whether or not such cotton will meet the demands of England or will be suitable for exchange under the barter agreement or whether or not the port location will be the one agreed upon by England.

In order to show the necessity for this amendment, I desire to briefly analyze the barter agreement. It requires:

First, that delivery of the cotton compressed to high density must be made on board ship.

Second, the delivery must be made at New Orleans and at other Gulf and Atlantic ports to be agreed upon between the two governments.

Interior cotton is uncompressed and located close to domestic mills, where it has a greater value, whereas port cotton in most cases is compressed to high density.

The mere statement of the terms with respect to the port of delivery should indicate to any reasonable person that the cotton should not be moved from its present locations until some information is available to this Government as to what ports England might suggest or desire to use.

Article 1 (C) of the barter agreement obligates this Government to make delivery at the warehouse at the port of sailing with free delivery on board ship within 15 days after inspection and acceptance by England. From my knowledge of the cotton business, I know that the port of sailing will change with the shipping needs and demands of the English Government. I also know that cotton in its present interior locations can be handled to any port of sailing after inspection and acceptance within 5 days after shipping orders are given to the interior warehouses. I therefore say that the only safe way for this Government to undertake to fulfill the terms of the barter agreement is to class the cotton at its present locations and to use the samples thus obained for inspection by the Government of England. After acceptance the cotton will then be available for immediate shipment to any port of sailing designated by England, without involving this Government in the wasteful and uneconomic practice of forwarding the cotton to one port without regard for whether or not that will in fact be the port of sailing.

This amendment will require the Commodity Credit Corporation to ascertain the grade and staple of cotton at its present location so that these contingencies may be met prior to a blundering movement of the cotton to just any port when the Corporation might desire to favor some port warehouse with some storage business.

Article 1 of the barter agreement provides for the exchange of 600,000 bales of raw cotton for rubber and specifically provides that the grades and staples will be specified by the Government of England. The proposition to move 2,000,000 or more bales of cotton to port locations prior to the specification of the grades and staple by the Government of England is unsound, unreasonable, and very expensive. [Applause.] Therefore, the committee adopted this amendment which requires the Commodity Credit Corporation to ascertain the grade and staple of the cotton at its present locations and then, when they learn what grades and staples will be specified by the Government of England, they may with all the freedom in the world move adequate quantities of that grade and staple to such port locations as England may designate for delivery on board ship.

Your particular attention is directed to article 1 (B) of the barter agreement. It is there stated that experts represent-

ing the Government of the United Kingdom will inspect and determine the classification of the cotton in accordance with the universal cotton standards for grade and the official standards of the United States for staple. All Members of Congress familiar with the handling of cotton know that this inspection will be on samples taken from the actual bale of cotton. This is the universal practice in the marketing and handling of the cotton. This amendment requires the Commodity Credit Corporation to ascertain the grade and staple, which they will do from samples. Those samples will then be available for inspection by the representatives of England. When England has made its selections from the samples thus made available, there will be ample opportunity to move the cotton from its present locations to the ports designated by England. This is the way a cotton merchant would handle his business. It is certainly the way the Government should handle its business.

Article 1 (B) of the barter agreement provides that experts appointed by the Government of the United Kingdom will accept the cotton. This, too, will be done on samples, and therefore it is important for the Commodity Credit Corporation to not only have the cotton graded and stapled, but it will be necessary to have the samples available for such acceptance by the experts representing the United Kingdom.

This amendment not only will provide for such method of handling the cotton but will require the Commodity Credit Corporation to immediately prepare itself so that the exchange may be made according to the terms and provisions of the barter agreement.

I particularly direct your attention to the provision of article 1 (B) of the barter agreement that disputes will be determined by boards of referees. This Government should have its own official classification of the cotton prior to the inspection and acceptance of the cotton by Great Britain so that it may be in position to protect itself with respect to any such disputes that might be submitted to a board of arbitration.

I understand it has been said that this Government cannot class the cotton because the period of time is too short. To that objection I answer that it will not take this Government any longer to classify the cotton than it would some independent agency other than the Government.

Article 1 (C) of the barter agreement provides that samples will be made available covering the grades and staples specified by England. What this Government is proposing to do, in order to meet that requirement, is to move 2,000,000 or more bales of cotton to port locations prior to any knowledge as to whether or not the port location will be the one desired and prior to any knowledge as to what grades and staples might be specified by the Government of England.

The amendment requires the Commodity Credit Corporation to sample the cotton at its present locations, grade and staple the cotton, then to tender the samples to the representatives of England on the grades and staples which they do specify, and then to handle only the cotton which is accepted by England under the exchange agreement.

The inspection and acceptance is to be during a 6-month period beginning 15 days subsequent to the effective date of the barter arrangement with Great Britain. The effective date, of course, will be after the President has completed the treaty arrangement with Great Britain. In the meantime the Commodity Credit Corporation should be prepared to meet the terms of the agreement, and this amendment requires them to obtain the essential information that will make certain that this Government will be in position to meet the terms of the agreement.

The amendment will not in any way interfere with the exchange agreement. To the contrary, it will facilitate and make possible the orderly exchange of cotton for rubber and in this connection I desire to call your attention to the following facts:

The first loan was the loan made during the season 1934–35, which had as a basic loan value 12 cents per pound for Middling seven-eighths cotton. The Government received into that loan 5,008,000 bales of cotton. There were no loans during 1936 and 1937. The loan stock for the season 1934–35 was by the 1937 season reduced to 1,665,000 bales of cotton. Most of the cotton was sold by withdrawals from the loan without loss to this Government. Substantial quantities were delivered to the relief agencies of the Nation. There are only 1,662,710 bales remaining of the old 1934–35 12-cent-loan cotton. The remainder of the 11,419,000 bales now held in Government loans is the cotton placed in the loan during the 1937–38 season and the 1938–39 season. The 1937–38 loan was on the basis of 9 cents per pound for Middling seven-eighths cotton. The 1938–39 loan was fixed at 8.30 cents per pound for Middling seven-eighths cotton. The average market value today at the 10 spot markets in the United States is 9.35 cents per pound for Middling seven-eighths cotton. It is therefore obvious that the Government is not going to dispose of any cotton at a loss under the barter arrangement. As a matter of fact, cotton is being rapidly withdrawn from the loan by producers and sold at a small profit over the loan value.

There are 6,943,011 bales held by the Government in the 1934–35 and 1937–38 loans, located as follows:

	Bales
At ports	1,247,405
At interior locations	5,695,606

I am definitely informed that this is the cotton that will be involved in the exchange agreement. Your particular attention is called to the fact that the barter agreement specifies New Orleans, La., as the preferred port of delivery, and lists other Gulf ports and Atlantic deep-water ports as secondary ports of consideration. For your information, there are now available for the immediate classification by the Commodity Credit Corporation 199,462 bales at the port of New Orleans. There are located at the nearby Texas ports 687,701 bales; and at Mississippi ports 37,449 bales, making a total of 924,612 bales within the immediate territory where the delivery will probably be effected. The remainder of the 1,247,405 bales at port locations is located at ports scattered from California to Norfolk, Va., as follows:

	Bales
California	93,218
Georgia	122,174
Florida	3,118
North Carolina	7,829
South Carolina	24,463
Virginia	21,107

It ought to be obvious that, should the barter agreement be made effective in the morning, there are 924,000 bales immediately available to the Commodity Credit Corporation for immediate tender to the British Government.

The amendment requires the Commodity Credit Corporation to immediately place itself in position to properly handle the exchange agreement. It does not in any way prohibit the reconcentration of cotton or require the proration of it as between territories and communities.

Why would any representative of this Government desire to move cotton to the ports which is not suitable for exchange under the agreement? Why would any representative of this Government want to move quantities to the ports which are not necessary to complete delivery?

We should not permit the issue of storage rates to confuse the real matter confronting us in connection with the movement of this cotton. I submit that the amendment provides the machinery whereby the Government may properly equip itself to perform the terms of the agreement, and any objection to the amendment must therefore be founded upon grounds other than the obligation to meet the terms of the exchange arrangement with England. [Applause.]

Mr. Speaker, I wish to say just one word further. It is true that a great deal of this cotton is now compressed, and it does not cost as much to store compressed cotton, which makes a package about one-third the size of the average bale of cotton. The average price today, I would say, or the average warehouse fee, is 18 cents per bale per month, including insurance. Years ago the price was as much as 30 cents, or even more. It has been reduced from 25 cents to 18 cents within the past year in the interior points, and at

port locations you have a charge, I believe, on the average of 13 cents. The price there is lower for the reason that most of the cotton they handle is compressed.

Besides, we want to supply North Carolina as her mills take 1,666,000 bales annually; South Carolina with a smaller amount; and Georgia and the other States of the South that have manufacturing enterprises at this time.

It is not necessary to take this cotton from the interior warehouses until it is needed.

The producer of cotton has a right to look at his cotton whenever he desires, as the title is in him, and he should not be deprived of this right by sending the cotton a thousand miles away to some other warehouse when the cotton is not needed to carry out the barter agreement. [Applause.]

[Here the gavel fell.]

Mr. COLMER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 2697, to facilitate the execution of arrangements for the exchange of surplus agricultural commodities produced in the United States for reserve stocks of strategic and critical materials produced abroad.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 2697, with Mr. SPARKMAN in the chair.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection the first reading of the bill will be dispensed with.

There was no objection.

Mr. STEAGALL. Mr. Chairman, the purpose of this bill is to provide for the delivery of 600,000 bales of cotton now covered by Government loans in settlement of a treaty agreement with Great Britain by which we are to exchange this amount of cotton for rubber of equivalent value? In considering the bill, the Banking and Currency Committee approached the matter with a view of accomplishing the purpose of the bill—to provide for the delivery of the cotton under the treaty contract. There are stored throughout the country in the various warehouses 11,000,000 bales of cotton, plus. Such loans were made by the Government on cotton, the question of storage has been one to be considered by the Commodity Credit Corporation, and by the farmers who produced the cotton and by the legislative branch of the Government. Because of controversy betwen interior and port warehousemen, I do not wish to be understood as approaching this subject from the standpoint of the controversy between the two groups of warehousemen. It was the purpose of the Banking and Currency Committee to avoid entering the controversy with reference to the storage of this cotton. If we could have done so, we would have reported this bill without the slightest reference to the matter of concentration in warehouses or any remote reference to that matter, but here is the situation. The controversy over the storage of the cotton reached the point where the Congress decided to pass legislation on the subject and various measures were enacted. It was the purpose of the Committee on Banking and Currency to leave the law on the subject of cotton storage as nearly as might be precisely as we found it, but it became manifest that under the provisions of the bill requiring the delivery of cotton to Great Britain, the matter of storage had to be dealt with, if we were not to risk repealing or setting aside the existing law on the subject of the storage of cotton, upon which the Government had made loans.

I shall trace that controversy briefly in order that Members may understand its history. This cotton, of course, was originally stored in warehouses in the cotton-growing sections of the country and in interior warehouses—some of the warehouses are owned by cotton farmers and farmer cooperatives. It developed that a limited number of large cotton exporters and warehousemen sought to secure the concentration of cotton in the larger warehouses and at maritime ports. Naturally the interior warehousemen and cotton growers felt that the cotton should be left where it was produced, where the farmers who grew the cotton could see it and inspect it in person whenever grading and classification and stapling were to take place. Finally the Congress passed an act providing that the cotton could not be moved from concentration in the port warehouses without the written consent of the growers producing the cotton. Following the passage of that act it developed that the Commodity Credit Corporation adopted the practice of including in contracts of loans to individual borrowers an agreement in writing that the cotton might be reconcentrated. Later the Congress passed an amendment to that act providing that cotton could not be reconcentrated without the written consent of the cotton growers and such to be given, in a separate contract agreement in writing, permitting its transfer for reconcentration. Another amendment was adopted by providing that the Corporation might reconcentrate cotton when local warehouses did not have adequate storage facilities, or where cotton was not insured or in cases where substantially lower storage rates were offered, unless such rates were met by local warehouses. It is this law that the Banking and Currency Committee is trying to preserve.

It is our desire to prevent the use of the pending measure, the sole legitimate purpose of which is to accomplish the transfer of this cotton to Great Britain, to be employed as an instrumentality by which the former enactment of Congress may be nullified, and that is all there is in this controversy. That legislation was passed, after the matter had been in controversy for years, and represents deliberate and repeated action by Congress. Not only is that true, but in 1935, as I remember—I am not so sure at the moment as to the date—an act was passed by the Senate to prevent reconcentration of this cotton. The measure was approved by the House and the bill went to conference. The conference was dragging into the closing hours of the session, and a one-man filibuster in the Senate prevented the final adoption of the conference report embodying that legislation as it had been passed by both Houses. But notwithstanding the action of both Houses on that matter, notwithstanding the specific declaration of the legislative purpose with respect to reconcentration of cotton, the authorities in charge of the matter continued their practice of reconcentration, in the face of the express will of both Houses of Congress as contained in the legislation which finally failed of passage because of failure to adopt the conference report in the midst of a filibuster.

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

Mr. STEAGALL. Yes; I take pleasure in yielding to the gentleman.

Mr. RICH. What is the object of Congress trying to tell the farmer how much cotton he can grow, what price he is going to get for his cotton, where he is going to store the cotton, who is going to be responsible for storing it? Does not the gentleman think the farmers of this country who raise the cotton ought to have something to say about what is going to happen to their product, instead of Congress trying to regulate everything, even to the movement of a bale of cotton and what happens to it?

Mr. STEAGALL. If the gentleman would like to have the answer, I would gladly give it to him. We are fighting now to preserve to the farmers of the cotton-growing sections the right to have a little say about where their cotton shall be stored until it is finally classed and ready for final disposition.

Mr. RICH. Well, it seems that with all the regulation we are going into now, as far as the Government is concerned, that we are going away beyond the pale of common sense and good business, and we are never going to help the cotton farmer the way we are trying to regulate not only the farmer himself but everything the farmer does.

Mr. STEAGALL. If the gentleman will follow his philosophy when he votes on this bill he will vote for it as reported by the Banking and Currency Committee of the House, because it is not our purpose in dealing with this matter to legislate further about where cotton shall be stored or where it shall be reconcentrated. What we are fighting for is to leave that matter where it has been settled by repeated acts of the legislative branch of the Government.

Now, let me answer the gentleman from Michigan [Mr. CRAWFORD], my friend, for whom I have an affectionate regard. The gentleman has a brilliant mind, but let us not allow him to get too keen for us on this bill. The gentleman says he wants to deal only with cotton that is owned by the Government. I call attention to the fact that under the contracts entered into between the farmers and the Commodity Credit Corporation, the day loans become delinquent the Commodity Credit Corporation has the power to declare them in default, and automatically vest title in the Government. It would be possible, if the gentleman's amendment were adopted, for the Commodity Credit Corporation to declare all of these loans in default except the 1938 cotton that we have on hand, and automatically vest title in the Government, and in that way they would be able to move some seven or eight million bales of this cotton to port warehouses for reconcentration. I do not charge that this would be done, but it could be done.

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

Mr. STEAGALL. Let me proceed a little further. You will have more time when the bill is reached for amendment.

That is the situation. They have the power to declare the ownership of the cotton in the Government when they get ready. The gentleman offered an amendment in the committee which restricted its application to cotton to be delivered under the provisions of this bill. But the amendment which the gentleman read to the Rules Committee, and which I apprehend he will offer here, would fully nullify existing law in every requirement and permit the Commodity Credit Corporation to reconcentrate all of this cotton, to which they could acquire title automatically by declaring the loan in default and reconcentrate it in port warehouses.

Mr. CRAWFORD. Did I understand the gentleman to say that I offered an amendment which applied only to the 600,000 bales covered by the agreement?

Mr. STEAGALL. Yes.

Mr. CRAWFORD. I beg the gentleman's pardon. I did not offer any such amendment.

Mr. STEAGALL. I think the gentleman is mistaken. If the gentleman will remember, upon reading his amendment at first I questioned that its application would be limited to cotton to be delivered under this bill, but upon rereading I agreed that it referred to cotton to be delivered under this act. I then agreed that it applied only to cotton under this proposal and I so stated to the committee. But the amendment the gentleman read in the Rules Committee left out the language "this act," so that if the gentleman offers that amendment here it will apply to all cotton in all warehouses upon which the Government has loans and then the Corporation can automatically foreclose and acquire title and reconcentrate. That is unquestionably true.

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

Mr. STEAGALL. I yield.

Mr. BROWN. I think the gentleman from Alabama is mistaken. The gentleman so understood it and stated it, but the amendment which the gentleman from Michigan offered before the committee is the same amendment he is offering today.

Mr. STEAGALL. I am in error, if the gentleman is correct. It is a matter of recollection. If the gentleman from Georgia has the same recollection as the gentleman from Michigan. I will not insist upon my recollection as against both of my friends, but my understanding of the gentleman's amendment was as I have stated and in its consideration we did give it that interpretation.

Mr. CRAWFORD. I accept the Chairman's statement in correcting his previous statement and I was just going to let the amendment speak for itself, because it is the exact amendment I offered in the committee.

Mr. STEAGALL. Pardon me, the gentleman means he has the exact amendment he offered in the committee?

Mr. CRAWFORD. The exact amendment, a copy of which I offered in the committee; and in no way do I want my amendment to apply to cotton owned or held by any other than the Government of the United States or its agencies, now or at any other time. I am dealing strictly with cotton the ownership of which is held by the Government.

Mr. STEAGALL. That is what I understood. Under that provision the Government can automatically acquire title to all the 11,000,000 bales of cotton tomorrow, except loans on 1938 cotton, because the loans are past due and under the gentleman's amendment it could be reconcentrated in port warehouses, and I expect that that is what the gentleman favors.

We should not go back to revise the law and set aside the former enactments of Congress in order to pass a bill for the delivery of cotton under this barter agreement.

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

Mr. STEAGALL. I have more points I want to cover. I cannot yield now, if my friend will pardon me.

Mr. Chairman, when this matter was first brought to our attention we were confronted with the argument that Great Britain would send representatives to select this cotton and participate in its classification, and that if we required this cotton to be classed and selected from interior warehouses they would have to go to the warehouses in the interior section of the country and examine every individual bale of cotton.

I do not understand that that argument has been submitted here so far, but if it is I want to answer it now. That is contrary to the universal practice in the marketing of cotton that has obtained throughout the lifetime of every man within the sound of my voice. Cotton is always sold by samples. This is the provision of the treaty dealing specifically with the manner in which transactions are to be conducted. Not only is that true, but I read subsection (c) of article I of the treaty itself. Listen to this:

> Samples representing the cotton of the grades and staple specified by the Government of the United States will be made available for inspection and acceptance during a period of 6 months beginning 15 days after the entering into of this agreement, and such inspection shall be made within a reasonable time after the cotton is so available.

The Corporation has 6 months within which to deliver this cotton. Let me say to anybody who does not know how cotton is marketed in rural communities that farmers in Georgia or Alabama do not come to town with cotton on wagons and drive up to a buyer to show the cotton in bales.

They take samples from either side of the bales of cotton. The samples are taken through the towns to the different buyers, and the cotton is sold on such samples. There are criminal provisions in the statutes of the various cotton-growing States making it a crime for a farmer to exhibit a sample that is not genuine; and, of course, in the export of cotton it is sold on the basis of certain classifications and staples. The cotton is handled on that basis, and if it does not come up to the grades or the staples or the weights, reclamations are made upon the shipper and the matter is adjusted. All this is carried on under the customs of the trade.

Let me say further that Great Britain stipulates in this agreement to keep this cotton in storage for 7 years unless it is needed for war purposes. If it is not needed for war purposes, of course, they are not going to burn it in order that more cotton may be sold from the cotton-growing sections of the world; so when Great Britain takes this cotton she is going to take cotton that is marketable under the customs of trade with the spinners of Great Britain. That means that when they come here to get this cotton they are not going to take 600,000 bales of cotton of one grade, or classification, or

staple. They have intimated, so I am told, that they want cotton that measures up to seven-eighths staple and Middling grade. As those know who are familiar with the handling of cotton, there are many grades. They are not going to say they want all above a certain grade. They have many grades from which to select if they do not go below seven-eighths staple and Middling cotton. So there is no likelihood that Great Britain will come here demanding 600,000 bales of cotton of one staple and one grade; and I do not believe that any sane man expects that to be done. Unless this cotton that she takes is actually used for war purposes, it will be turned back into the markets of the world, just as has been done for 100 years by the people of this country. This being the case there is not any reason for the view that we have got to take four or five bales of cotton in order to get one bale of a specified grade, and then take four or five more bales to get another bale of that same classification and staple. Not a man here believes that in order to get 600,000 bales of cotton it will be necessary to move 2,500,000 bales. That is not the case. There is not a man here who understands anything about the cotton business who does not know that what I am stating is the truth. It is not going to happen, that is not the way the cotton trade of the world is carried on.

They have in the port warehouses 1,250,000 bales of cotton, in round numbers. From that cotton the officers of the Commodity Credit Corporation tell us they can get something like 250,000 to 300,000 bales. Later on I think they said they could get 100,000 bales, but they stated to me that if they went to the interior to get cotton to replenish the supply out of which to get the proportion necessary to make up the 600,000 bales they would move cotton from the interior to the port warehouses. To fill the other 500,000 bales called for under the treaty they would move from the interior to the port warehouses 1,500,000 bales. This would mean that after the 500,000 bales were reconcentrated to fill the contract the other 1,000,000 bales would have to be stored in the port warehouses. This is not necessary. It is all foolishness to talk about that. They simply will not have to do it.

Mr. Chairman, there is not the slightest danger that the Corporation will be unable to deliver the cotton necessary to fill this contract. Nobody need be alarmed about that. We Members who have these matters to deal with understand these things. The officials want unlimited discretion, but we do not have to give it to them when it is not needed.

Mr. Chairman, do not be misled by the argument that this is nothing but a quarrel between warehouses. I am pleading for the right of the farmers who grow the cotton not to be entirely ignored and forgotten in this legislation. Unless they want the cotton moved and so long as they have at least nominal title to it, they should have the right to say where it shall be stored and have an opportunity to take part in its inspection and classification. They are the people who were considered by those who enacted this legislation, so that this cotton cannot be concentrated at the maritime ports of the country without the consent of the farmers.

I want to discuss one other point in answer to the gentleman from Michigan. The gentleman talks about the cost of the storage of this cotton, and I call his attention to the present law. This goes to the heart of the whole proposition. It provides for the written consent of the farmer, and so forth, and then has the following proviso:

Provided, That in cases where there is congestion and lack of storage facilities, and the local warehouse certifies such fact and requests the Commodity Credit Corporation to move the cotton for reconcentration to some other point—

Now, do not be misled; this is one provision, but here are others—

or when the Commodity Credit Corporation determines such loan cotton is improperly warehoused and subject to damage, or if uninsured, or if any of the terms of the loan agreement are violated, or if carrying charges are substantially in excess of the average of carrying charges available elsewhere, and the local warehouse, after notice, declines to reduce such charges, such written consent as provided in this amendment need not be obtained.

I want to ask the gentleman from Michigan who is to blame if cotton is being stored under this law at charges substantially higher than those that can be obtained elsewhere? It is purely a matter of administration under the law. If the Commodity Credit Corporation can find a warehouse properly equipped to store the cotton and insure it that will carry a substantially reduced rate, it is the duty of the Corporation, and economic management requires under existing law, that it reconcentrate the cotton in warehouses that offer the reduced charges, unless the original warehouseman will reduce his charge to meet the competitive rate. So, if the gentleman is so insistent upon vesting unrestricted authority in the Commodity Credit Corporation, a power that would permit them to set aside the solemn act of Congress in dealing with this matter of reconcentration, I call his attention to the fact they have the power under existing law to reconcentrate this cotton in order to meet a competitive charge.

Mr. DARDEN. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Virginia.

Mr. DARDEN. The thing that troubles me about this amendment is this: If cotton is once moved, does it not become ineligible under the terms of this act for delivery to Great Britain? I mean if it moves from one point to another?

Mr. STEAGALL. I get the gentleman's point. Here is what we have undertaken to do under the bill. They said they were going to deliver 250,000 or 300,000 bales of cotton from the ports. In undertaking to deal with the matter and to prevent nullification of existing law—and that is all we had in mind—we have provided that they should not use in delivery any cotton that is not graded at the warehouse in which it is stored at the time of the passage of this act. That means that in order to get the additional cotton needed to supplement what they have at the ports, they may go to the interior warehouses, but they cannot remove cotton from there to the port warehouses to be selected for delivery, but must grade, sample, and select it in the interior warehouses. Some of this cotton is stored in warehouses that are bonded. They are bonded not only for the delivery of the cotton but they are bonded to guarantee the weight, the staple, and the grades, and the warehouses are not going to risk liability on their bonds by overvaluing, overgrading, or overstapling the cotton that they certify under their bonds for Government loans.

Mr. Chairman, I reserve the balance of my time.

Mr. WOLCOTT. Mr. Chairman, I yield 7 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I suppose contemporary history ought to be studied much as one solves a jigsaw puzzle. You take a part here and you take a part there and put them all together and ultimately it makes a design. I want to do that briefly with reference to this whole matter of barter agreements rather than deal with the mechanics of the pending bill.

It is only normal, of course, when we have a surplus supply of lard, cotton, wheat, grain, and other agricultural commodities, that there is a great urge to find a market for them, and, as a result, the country has been giving some attention to the barter agreements. But what interests me about the whole barter system, as we are seeking to apply it, is the genesis of the deal.

In April 1939 you will remember that the mythical White House spokesmen denounced all forms of barter agreements. That is only 4 months ago. At the same time the Secretary of State denounced the German system of barter as destructive of all forms of foreign trade. Then on April 10 came the announcement from Senator BYRNES of a proposed barter agreement, whereby we would swap cotton for English rubber and, oddly enough, the President of the United States, the Secretary of Agriculture, and the Secretary of State fell in with the idea, despite the denunciations we had had only a few days before. The barter arrangement was consummated by a treaty which has been confirmed by the Senate and the pending bill merely provides the authority for carrying out the details of the agreement.

An interesting thing about this barter agreement is section 4. It recites the following:

The intention of the Government of the United States and the Government of the United Kingdom being to acquire reserves of cotton and rubber respectively against the contingency of a major war emergency, each Government undertakes not to dispose of its stock (otherwise than for purposes of replacing such stocks by equivalent quantities insofar as may be expedient for preventing deterioration) except in the event of such an emergency.

That can be modified only by consultation, and in no event can it be changed for 7 years.

I remember the announcement of this so-called barter deal in April. People heralded the idea everywhere. They thought it was going to have a great impact upon the farm economy of the country. I wonder if anyone can demonstrate what value there is in this kind of a barter agreement, when you take rubber out of an English warehouse and put it in a warehouse over here and take cotton out of a warehouse here and put it in a warehouse over there. You have not in any way diminished the visible supply. The overhang and the depressant effect of the overhang is still there. If the producers of and dealers in cotton still believe there is going to be great virtue and agricultural benefit in this barter deal, let me quote from a trade brochure dated July 21, 1939, and issued by Laird, Bissell & Meeds, cotton brokers, of New York:

Among the recent developments has been the closing of the barter arrangement with the British Government calling for the interchange of 600,000 bales of cotton for rubber. It probably will require the passage of the Byrnes measure to make the cotton available, and, while there has been some opposition to this, administration circles are confident of its adoption. In view of the fact that the agreement commits both Governments to withhold the release of these commodities for 7 years, the trade in analyzing the effect of the barter arrangement, has discarded this as an important price influence.

The cotton trade has therefore discarded the effect of this barter arrangement as a price influence because the agreement prevents the liquidation of these stocks for at least 7 years unless a major war contingency should intervene. A barter arrangement whereby there might be liquidation and consumption of the commodities which are exchanged might, and probably would, have a salutary price effect. Such, however, is not the case with respect to this agreement.

In April of this year the President and the Secretary of State, after first denouncing the barter system, shortly thereafter gave assent and approval to a limited barter system with countries which were not affiliated with the so-called totalitarian powers nor with the totalitarian or axis countries. This means, of course, that no barter agreements would be negotiated with Italy and Germany. That is most interesting and significant. It is interesting because a group of Members of this House from the South, the West, and the North have been meeting together to determine on some plan that might aid the distressed farmers of the Nation and find a market or outlet for our vast surplus of farm commodities.

In that connection may I say that only on Saturday night of last week a group of Members met at the Raleigh Hotel in the interest of the farm problem and falling prices and adopted a resolution. This is the language of the resolution, which memorializes the Secretary of State:

That the Secretary of State and the Secretary of the Treasury be requested to permit the exchange of surplus agricultural commodities for German goods now on the free list without the imposition of a penalty.

How far would that proposal get in the light of what the President said—that he was in favor of a barter agreement so long as it did not take place between this country and a totalitarian country or one affiliated with the axis countries?

Here were a score of Members of Congress sitting in solemn conclave on Saturday night of last week at the Raleigh Hotel, hoping fervently that we might divorce this whole problem of barter from diplomacy, from statecraft, and all the other things in which it is enshrouded, and find trade and business anywhere it might be found. With vast supplies of corn and pork coming on to be added to the already burdensome supply and low prices, our farmers are more interested in markets than they are in hating people. It is a rather expensive kind of hate when it is realized that these countries could use two hundred or three hundred million pounds of our fats and oils and that they do not now purchase any of these from this country.

What did the Secretary of State say about it? On the 27th of July the New York Journal of Commerce indicates him as taking the stand that one of the suggestions of export sales to Germany has been definitely rejected. If barter is good for one country, it is good for another. I do not care where they find markets. If an axis country is willing to take 100,000,000 pounds of lard, which is quoted on the Chicago market today at 5½ cents, the lowest in 70 years, then neither the President nor the Secretary of State should adopt such an unneutral attitude as was expressed in the April statement by the mythical White House spokesman that they are willing to barter with other countries for the disposal of our surplus commodities from this country, but they must be selected countries, and the barter must be done on a basis that prevents the use and consumption of these surplus farm commodities. For the moment, markets are the important thing, and if other nations will not relent in their trade practices, then we must meet their competition with whatever weapons are at our command. In this connection, let me insert the article which appeared in the New York Journal of Commerce this morning, because it is most apropos and significant:

[From the New York Journal of Commerce of July 27, 1939]

PROGRAM IS SOUGHT TO REMOVE SURPLUS OIL AND FAT STOCKS—CONGRESS BLOC SEEKS AID FROM BUREAUS—REICH BARTER DEAL BARRED

WASHINGTON, July 26.—With tremendous surpluses of domestic oils and fats building up in the United States, the Washington Government was today seen faced with a most serious situation necessitating some sort of Federal aid to the producers in the finding of additional markets, as legislators explored various approaches with officials of the Departments of Agriculture, State, and Treasury.

Several conferences were held at the Department of Agriculture and the Capitol, and tomorrow Secretary Wallace will take up with his experts the various plans that have been outlined as providing means for dealing with the situation. They also will report back to the congressional oils-and-fats bloc tomorrow afternoon.

One of the suggestions—that of export sales to Germany—was definitely rejected by the administration today. State Department officials turned thumbs down on any barter deal with the Reich, despite the fact that it was declared to them that this was perhaps the only way by which that Government could take the additional large quantities of these products.

HULL SILENT ON PROPOSALS

Members of the bloc admitted that prospects for the expansion of export trade were not very bright, following the conferences, but they did feel that there might be some increase in lard shipments to Cuba and the United Kingdom this year.

Secretary of State Hull, at his press conference this noon, while avoiding comment upon the propositions presented to Secretary Wallace, gave newspaper correspondents the impression that he considered export subsidies justifiable in emergencies, while pointing out that so long as there is political unrest in Europe, situations now complained of will continue.

The attention of officials was called to early afternoon reports that Secretary Hull was opposed to emergency use of subsidies to influence our exports. It was declared that there was nothing in the brief, although rather confusing statements of the State Department head, that would justify such an interpretation.

He explained that he had only then heard of the meeting of the congressional delegation with Mr. Wallace, adding that he preferred to await the presentation to him of such plans as the legislators may have in mind before expressing himself publicly. In passing he declared that "we will continue for an indefinite time to have serious repercussions, especially from Europe, on our domestic situations."

USES FUNDS FOR ARMS

He reiterated that Europe is using all the money that can be acquired for the purpose of increasing armaments and for further preparations for war, all of which, he commented, constitutes an unproductive process and keeps business in suspension in Europe and in this country. It dries up the purchasing power of Europe for necessary subsistence commodities such as oils and fats.

It was apparent that he considered that no matter what is done, even to meet a temporary situation, the disruptions to our trade and the ill effect upon our price structure and consequently upon our whole domestic economy, will continue until such time as Europe reaches a more normal condition where it can once more absorb our exports.

Commenting on the conference he held this morning with close to 40 Congressmen from Southern States, Secretary Wallace said that he had no idea at this time what will be done in an effort to

relieve the situation because of its magnitude. He said that while the group that called were interested in the price of cottonseed oil, they felt that the solution to the problem would come in a large degree through removal of lard stocks.

The Secretary explained that indications pointed to a surplus of edible oils and fats in the United States this year of about 500,000,000 pounds. He added that it would take several removal plans to take care of these large stocks, and stated that a program would not necessarily concentrate on lard alone.

Suggestions broached to the department, Mr. Wallace said, included export subsidy for lard, surplus purchases through the Federal Surplus Commodities Corporation, placing the product on the surplus list for purchases under the stamp plan and barter agreements with Germany and any other countries.

FUTURES ADVANCE

Both lard and cottonseed oil futures have advanced sharply within the past 2 days on rumors that the Government intends to purchase large quantities of lard and cotton oil for relief purposes, grant a subsidy to encourage exports to Germany and other European countries, and possibly store quantities of cottonseed and the oil.

Prices on cotton oil rocketed 21 to 29 points shortly after the opening yesterday on short covering for domestic and foreign account. A large proportion of the gains were maintained until the end of the session. The majority of traders appeared to be awaiting developments in Washington before making commitments in either direction.

Lard futures were also firm and advanced 22 to 25 points during the early part of the session on active covering prompted by the news from Washington. Closing prices were 22 points higher on the active deliveries.

It is not so long ago that we had a reorganization bill on the floor. Do you remember when we had the reorganization bill here, and we transferred the Bureau of Foreign Commerce from the Department of Commerce to the State Department? I stated at that time that I did not like to see it go into the State Department, because international trade and international barter will very definitely be hooked up with considerations of diplomacy. Here we have it now in the form of a barter agreement made in the face of a possible military contingency, not to be changed in any respect until there has been mutual consultation, and then not for a space of at least 7 years.

Finally it is provided in the barter agreement that if there should be anything that is in the nature of an export subsidy on cotton before the delivery under this agreement has been completed, we have to give to Great Britain the proportionate share that would be represented by the export subsidy. Examine that barter agreement and see whether it does the same thing for us with respect to rubber. You will not find it there. As a result, I am not so sure that we are going to find the full measure of benefit in a barter system unless we receive a complete measure of reciprocal treatment and find markets wherever we can, ranging through the world, for every commodity that may be regarded as surplus.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from California.

Mr. THOMAS F. FORD. Is the gentleman in favor of giving the Nazi government the advantage of an agreement such as this?

Mr. DIRKSEN. I am in favor of finding a market for 500,000,000 pounds of oils and fats that are surplus in this country today. I do not care where we find it. [Applause.]

If we are to venture into the field of barter, let us divorce it from all considerations of diplomacy and attack the matter in a manner that does credit to the commercial shrewdness of this Nation. A little less hating and a little more bargaining may go far toward repairing the ruinous prices which now stare our farmers in the face on their surplus products. I am sure that such is the sentiment of a large number of members of this House from half the States of the Union, who are greatly disturbed by tobogganing prices, diminishing exports, curtailed markets, and new crops in the making.

We are not at war with these countries. We have a surplus. They have a shortage. Shall we permit our disapprobation of the things they have done stand in the way of an exchange of commodities which might be mutually advantageous and expand the export market for our vast surplus?

[Here the gavel fell.]

Mr. CRAWFORD. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I have lengthy correspondence in my office, extending over several years, in an attempt to get for New England a little share of this cotton for storage. It has been shown today by previous speakers how shrewdly the people of the South have monopolized this storage. It is a strange thing, indeed, that where the cotton is to be actually consumed, where small amounts at a time are desirable to be of immediate availability, they have been unable to get a proper share of storage.

This bill is more important than appears on the surface. The Commodity Credit Corporation owns no cotton. It holds only the notes of the farmers and must take possession, although, as the chairman says, quite "automatically." I suppose there must be a little something done before seizure can be made, but they have lived under this pretense for a long time, holding the notes at par value, representing them to the country as assets in the full amount. Now, they say in their explanation that they will probably take over the 1934 cotton, the notes for which were at first renewed, but lately have been carried as overdue. They would take possession of that particular cotton and attempt the proposed exchange. Will the losses then be ascertained?

The point I wish to make is the proponents of this bill wish to take from the maritime ports what they have already in storage, and make doubly sure that none is taken from the interior to replace the amount so taken.

They may be very much mistaken. In view of the demands of the British people for the kind of cotton they will desire, we hardly think they will find half as much or one-third as much in the maritime ports as may be required. Can we not urge upon you southern people some little consideration for New England in these matters? We are drawing further and further apart in trying, apparently, to rob one section of the country for the benefit of the other.

Startling truths have appeared in the last few days in the papers of this country because of the speech made by the gentleman from Massachusetts [Mr. BATES]. It is having its reverberations. While much of that story has often been told before, today the country was greatly informed by that speech and is awakening to what is being done to our part of the country to the great advantage of so many so-called backward States unable or unwilling to bear their proper share of public expense.

I plead for a decent regard for New England in the matter of this storage racket and ask that attention be paid to the amendments that will be offered by Mr. MARTIN of Massachusetts providing that those places where cotton is consumed have a reasonable amount of storage granted to them.

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

Mr. GIFFORD. I yield.

Mr. CRAWFORD. Does the gentleman understand that in view of this barter agreement and its effectuation the Commodity Credit Corporation is now forced to take over title to approximately 6,346,000 bales of cotton?

Mr. GIFFORD. I do not; but, of course, they tell us they will go back to the first loans made and try to get rid of that particular cotton. Under this language, I want to say to the gentleman from Michigan, they "can procure, convey, transport, handle," and I do not know but that under this bill they may pay the cotton farmers a price that will take care of not only what they owe but even pay them a higher price and also assume all the expenses hereinbefore incurred. There seems to be a blanket authority here. The Commodity Credit Corporation does not yet own cotton, and you do not say that they must foreclose in order to get it. They may recover or they may purchase of the farmer at such prices as they may determine.

[Here the gavel fell.]

Mr. CRAWFORD. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. THOMAS].

Mr. THOMAS of Texas. Mr. Chairman, I am not unmindful of the feeling that exists here on the floor of the House toward port warehouses. I think that feeling is based upon a misapprehension and upon misinformation. I think it is generally believed that, perhaps, the port warehouses

have more or less received an unfair advantage in receiving more than their share of this loan cotton.

Mr. Chairman, that is not true. They have not received their fair share. Let me give you some figures: In the 1934–35 crop, for every bale that the port warehouses received, the interior warehouses, I want to say to my distinguished and genial friend from Georgia [Mr. BROWN], received two bales; and in the 1937–38 crop, for every bale that the port warehouses received, the interior warehouses received seven.

Mr. BROWN of Georgia. And is it not true that there are 25 times more interior warehouses than there are port warehouses? We have only a few port houses owned by big corporations.

Mr. THOMAS of Texas. Now, in a spirit of candor and frankness, without criticizing anybody, just let me give you the facts.

Commodity Credit Corporation—Statement showing 1934–35 and 1937–38 loan cotton stored at port and interior locations for each State

	1934–35		Total, 1934–35	1937–38		Total, 1937–38	Total, 1934–35 and 1937–38
	Port	Interior		Port	Interior		
Alabama	22,046	199,276	221,322	4,421	777,976	782,397	1,003,719
Arizona	-------	-------	-------	-------	56,292	56,292	56,292
Arkansas	-------	121,483	121,483	-------	548,390	548,390	669,873
California	5,377	-------	5,377	100,480	38,006	138,486	143,863
Florida	2,942	49	2,991	176	1	177	3,168
Georgia	111,525	250,396	361,921	10,649	431,462	442,111	804,032
Illinois	0	1,147	1,147	0	21	21	1,168
Louisiana	122,710	17,603	140,313	66,652	232,780	299,432	439,745
Mississippi	26,665	36,477	63,142	10,784	583,415	594,199	657,341
Missouri	0	0	0	0	76,585	76,585	76,585
New Mexico	0	0	0	0	36,687	36,687	36,687
North Carolina	5,527	95,924	101,451	2,302	117,292	119,594	221,045
Oklahoma	0	54,839	54,839	0	75,900	75,900	130,739
South Carolina	11,181	92,788	103,969	13,282	240,892	254,174	358,143
Tennessee	0	190,693	190,693	0	295,126	295,126	485,819
Texas	201,728	74,664	276,392	485,812	1,065,210	1,551,022	1,827,414
Virginia	16,466	1,204	17,670	4,641	5,067	9,708	27,378
Total	526,167	1,136,543	1,662,710	699,199	4,581,102	5,280,301	6,943,011

Port:		
1934–35	526,167	
1937–38	699,199	
		1,225,366
Interior:		
1934–35	1,136,543	
1937–38	4,581,102	
		5,717,645
		6,943,011

I do not like to disagree with my good friend from Alabama [Mr. STEAGALL], the chairman of the great Committee on Banking and Currency, but in my humble judgment the farmer has nothing to do with this. He is not interested in this matter as a practical matter. He has already lost title to it, and he is not going to redeem it; and to be perfectly frank about it, this is a fight between two strong groups, both subsidized right now by the Government. They are being subsidized at the expense of the farmer. Those two groups are the port warehouses and the interior warehouses. The cotton compressing and storage business is controlled throughout all of the Cotton States by a small handful of men.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. THOMAS of Texas. Not at this time. Let me give you the picture that existed on this compressing and storage business in Texas prior to the time when the A. A. A. was heard of. In Texas, in the port towns of Houston, Galveston, Beaumont, Corpus Christi, and Brownsville, there had been built with private capital not subsidized by the Government warehouses that handled 75 percent of all of the cotton produced in Texas, because it was the cheapest way to handle it. Competitive business dictated it. The interior warehouses handled about 80 percent of compressing, not the storage, because they could compress it more cheaply in the interior; but when it was compressed it came on down for storage to the port towns, about 75 or 80 percent of it. That was under normal competitive conditions before the Government started subsidizing either group; but now since the Government is subsidizing warehouses, what is the picture? Instead of the port towns getting 75 or 80 percent of the storage they are getting only 20 or 25 percent of it, and the interior is getting 75 or 80 percent of it. All I want to do is to see it become even.

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

Mr. STEAGALL. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. THOMAS F. FORD].

Mr. THOMAS F. FORD. Mr. Chairman, this seems to have simmered down to a battle between warehousemen, but what this House is interested in is the shipping to Europe 600,000 bales of cotton to relieve the present surplus. I hold no brief for either the interior or the port warehousemen, and when the matter came to our committee we undertook to place an amendment on the bill that would equalize the situation between the two of them. Under this bill 300,000 bales of cotton will be taken from the port warehouses and 300,000 bales of cotton from the interior warehouses. It is a 50–50 proposition, and I hope gentlemen will pass the bill and give us this perfectly fair measure to the cotton growers of the United States. We do not give a darn about the warehousemen but we are interested in the fellow that raises the cotton and is trying to sell it.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I am in favor of this bill and hope that it will pass without a great deal of opposition. I rose to make a few observations on how the cotton farmers can get rid of the other 11,500,000 bales, and also how the hog farmers and the other farmers growing surplus commodities may also get rid of their surpluses.

Six hundred thousand bales of cotton is just a drop in the bucket. We have around 12,000,000 bales of cotton under Government loans. By January 1 of next year I predict that if we have not disposed of some of our cotton in the export market, we will have at least 15,000,000 bales under loans. It costs the Government better than $45,000,000 a year to carry that cotton. What we representing the agricultural sections of the country are interested in, is to secure a price level that will restore the purchasing power to the farmers of the country. We cannot do that for either cotton or any other farm commodity if we have large visible supplies in this country overhanging the market and depressing domestic price levels.

Do you know that if we had passed an amendment which I offered to the monetary bill in April, we could have gotten rid of every bale of cotton at the market price, without any additional cost to the Government?

For the past 4 years the New Deal has fixed and maintained the world price on gold at $35 an ounce, as against the old historic price of $20.67 an ounce. The higher price fixed by the President has only been paid to foreign gold speculators and for newly-mined gold in this country. The result has been an accumulation by the United States Treasury of sixteen and a quarter billions of dollars worth of gold, nearly all of which is buried in the ground down in good old Kentucky. Of this large amount of gold, nearly 70 percent of the world's supply, more than $9,000,000,000 represents foreign gold purchases for which the Treasury has paid a premium of nearly $4,000,000,000—an outright gift to foreign gold speculators in 4 years' time.

Since the first of May our Federal Treasury, under orders of the President, has purchased $1,200,000,000 worth of foreign gold. We have paid foreigners a premium of $480,000,000 for that gold. All of that premium, all of that money has gone to foreign gold speculators and international bankers. The amendment that I sought to have adopted as a part of the devaluation bill was to earmark the subsidy and compel these foreign speculators to use that subsidy of $14.33 an ounce to purchase manufactured and farm commodities produced in this country. If the foreign speculators did not use the gold subsidy for the purchase of American farm and manufactured products, they would only receive

the old price of $20.67 and no subsidy. Four hundred and eighty million dollars in 4 months' time would have taken 80 percent of the cotton that we now have under Government loans, and we would have gotten rid of virtually all of it and raised the price of cotton for southern farmers.

The administration opposed my amendment because it was contrary to the good-neighbor policy of the United States, which policy consists in giving away our American market to foreign producers, and which further consists in playing Santa Claus to the people of other countries of the world and neglecting American farmers, laborers, and other producers in the United States.

It is about time we woke up and protected our American market for our own people. The condition for cotton, the condition for the rest of agriculture is lamentable. It will be worse tomorrow than it is today, because as long as we pursue a policy of giving advantage to foreign producers, foreign speculators, and international bankers, and are not taking care of our own people, we will find that the day of reckoning will bring the American producer down to the lowest standard in the history of this country.

I favor this particular bill because it helps remove a small portion of our domestic surplus, but it is only a drop in the bucket. However, we should discontinue to play Santa Claus to the rest of the world and pass legislation which will benefit American producers, instead of continuing a program for the sole benefit of foreign speculators and international bankers. [Applause.]

Mr. WOLCOTT. Mr. Chairman, I yield the balance of my time to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, the gentleman from Georgia [Mr. BROWN] took the position that the amendment which I propose to offer is not germane to this bill. It is germane for this reason: Prior to the effectuation of the barter agreement 6,943,000 bales of cotton, we must assume, were in the name of the cotton grower. Ipso facto and ipso jure the cotton becomes owned by the United States Government, and at that point the savings to the taxpayers of this country, through Government operation, becomes germane, whether agreed to by the gentleman from Georgia or the gentleman from California. Here is a shift in ownership of this cotton which is tied into the barter agreement.

Mr. Goodloe, vice president of the Commodity Credit Corporation, advises me under date of July 26 that the title to all of this cotton, 6,943,000 bales, is being taken by the Government. Therefore, as our friends have stated that only 600,000 bales are in controversy, that is not according to the facts set forth in Mr. Goodloe's letter.

Mr. Goodloe further says—and I call the Committee's attention to this interesting statement, because this statement which I am about to read runs contrary to the statement which is included in the report of the Committee on Banking and Currency on this bill.

Mr. Goodloe says:

> The British Government has informally indicated it will desire cotton grading middling seven-eighths inch or better, it is probable that not more than 100,000 to 150,000 bales of the 1934–35 loan cotton can be used.

Therefore you have to go into the 1937–38 cotton, and that is conclusive evidence from the Commodity Credit Corporation that you cannot find 300,000 or 350,000 bales of cotton in port warehouses which will meet requirements of the British Government.

Furthermore, the Commodity Credit Corporation says:

> The estimate of 250,000 to 350,000 bales of cotton now stored at ports which would probably meet British specifications is reasonably accurate, considering all ports. However, the California and Atlantic ports should be eliminated because of higher freight rates from California and the proximity of Atlantic ports to domestic mills.

The warehouses located in California will be protected by the terms of the agreement, and of course the gentleman from California is quite satisfied to have the situation remain so that those will be protected.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. But let me go back to this——

Mr. THOMAS F. FORD. The gentleman has mentioned my name. Will the gentleman yield? If you are an honest man, you will yield.

Mr. CRAWFORD. May I inquire if the gentleman said if I was an honest man I would yield?

Mr. THOMAS F. FORD. Yes.

Mr. CRAWFORD. Mr. Chairman, I resent that statement. I emphatically insist that he had no right to make such a statement.

Mr. THOMAS F. FORD. Then why do you not yield?

Mr. CRAWFORD. Mr. Chairman, I decline to yield. I insist that I be protected from the gentleman's interference.

The CHAIRMAN. The gentleman from Michigan will proceed.

Mr. CRAWFORD. The chairman of the committee has pointed out that the language of the law of June 16, 1938, reads:

> Or if carrying charges are substantially in excess of the average for carrying charges available elsewhere, and the local warehouse, after notice, declines to reduce such charges.

Now, may I ask, Mr. Chairman, suppose you were operating a warehouse and the Commodity Credit Corporation steps up to you and says: "Mr. Warehouseman, your rates are too high;" and you would say in all truthfulness: "My rates are not substantially higher than the rates charged by other warehouses," and I submit the schedule showing the uniformity of rates of cotton warehouses over the United States. Here are the schedules. The rates are substantially uniform throughout. I take the position that the Commodity Credit Corporation, under existing law, cannot protect the taxpayers of this country on the storage of 6,900,000 bales of cotton, the title to which the Government has now taken. If we want our bureaus to be honest and protect the taxpayers, our citizens, then why do we not give them a law under which they can operate and thus give us that protection? If we want the warehouses protected, that is a different proposition, and here I am pleading for the savings of $12,000,000 or $15,000,000 per annum on storage of cotton owned by the Government, and I make no reference to cotton owned by the farmer. If it is to remain in storage 5 years, that means a possible savings of say $75,000,000, or if it is to remain in storage 10 years, it means, say, $150,000,000. Who on this floor will say this cotton is going to be disposed of within the next 3 years, or the next 5 years? You know as well as I do that cotton stocks will increase instead of decrease. You know that unless we check warehouse charges, storage rates will go up instead of down; and the schedules showing these contractual obligations on the part of the Commodity Credit Corporation in which schedules are set forth warehouse rates charged, substantiate the statement I have just made. Private industry, of course, will run up the price on the Government unless we check them. Do you mean to say that the Commodity Credit Corporation has not carried out the instructions of Congress? If so, Mr. Chairman, we had better look into that situation. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Michigan has expired. All time has expired. The Clerk will read.

The Clerk read as follows:

> *Be it enacted, etc.*, That, notwithstanding any other provision of law, whenever the President, by and with the advice and consent of the Senate, has concluded a treaty involving the exchange of surplus agricultural commodities produced in the United States which are held under loans made or made available by the Commodity Credit Corporation for stocks of strategic and critical materials produced abroad, the Commodity Credit Corporation is authorized, upon terms and conditions prescribed by the Secretary of Agriculture, to accept such strategic and critical materials in exchange for such surplus agricultural commodities; and for the purpose of such exchange the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior, acting jointly through the agency of the Army and Navy Munitions Board, shall determine which materials are strategic and critical and the quantity and quality of such materials. In order to carry out the provisions of this act the Commodity Credit Corporation is authorized, upon terms and conditions prescribed by the Secretary of Agriculture, to procure, convey, transport, handle, store, maintain, or rotate such surplus agricultural commodities, and such reserve stocks of strategic and critical materials, as may be necessary to accomplish the purposes of this act.

Such reserve stocks of strategic and critical materials shall be stored on military or naval reservations or in other locations approved by the Secretary of War and the Secretary of the Navy. The Commodity Credit Corporation is authorized to transfer such reserve stocks of strategic and critical materials, upon such terms and conditions as the Secretary of Agriculture shall approve, to any other governmental agency. Such reserve stocks of strategic and critical materials shall be made available or disposed of by the Commodity Credit Corporation or other governmental agency only upon order of the President in accordance with the terms of the applicable treaty; when necessary to prevent deterioration, the Commodity Credit Corporation or other governmental agency is authorized to replace those quantities of the reserve stocks of such strategic and critical materials subject to deterioration with equivalent quantities of the same materials. The funds now or hereafter made available to the Commodity Credit Corporation are hereby made available to carry out the purposes of this act. There is hereby authorized to be appropriated such additional sums as may be required to carry out the provisions of this act. All funds for carrying out the provisions of this act shall be available for allotment to bureaus and offices of the Department of Agriculture, and for transfer to such other agencies of the Federal Government as the Secretary of Agriculture may request to cooperate or assist in carrying out the provisions of this act.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, line 16, after the period insert the following: "In determining specific cotton to be exchanged under this act, the determination shall be made by sampling and selection at the place where the cotton is stored on the date of enactment of this act, and no cotton shall be exchanged which, after such date, is transported to another place and there sampled and selected."

Mr. FULMER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in listening to the debate on this bill I have been very much amused. My good friend from Michigan ran all around over the lot and made a fine statement, but barely touched on the question now pending before the Committee. The real purpose of the bill that we are now considering is to permit the exporting of 600,000 bales of cotton, and all this question about where the cotton is located, where it should be located, or just how you are going to move it, or whether or not it ought to move, are questions far removed from the question pending before the Committee.

In 1936, I believe it was, the Commodity Credit Corporation under rules and regulations of their own decided to move the cotton from the warehouses out in the country, mostly farmers' warehouses, into the central part of the States. There was so much kicking about this unfair move on the part of the Commodity Credit Corporation until they put a stop to that program.

Later they agreed to turn the cotton, or lots of it, back to farmers, and farmers have to sell from receipts, in that their cotton had been moved.

In the Sixty-seventh Congress, during my first term, I introduced, and there was passed, what is known as the United States Cotton Standards Grading Act. Later on every foreign country in buying our cotton accepted our standards, and today it is a universal standard in the grading of cotton. In other words, we now have licensed graders and they grade this cotton in every State, in every port, and in many of the larger warehouses and cotton centers, certifying the grades. Today, as stated, these certified grades are accepted in every foreign country. Of course, they have the right to reject and call for an arbitration.

As to the 600,000 bales of cotton we are talking about, you do not have to take a bale of it to any port for the purpose of sampling and grading. This cotton will be sold on sample, and the 600,000 bales can be located in any State or in any warehouses where it can be properly graded and certified to. These grades are sent to the representatives of Great Britain by sending the actual samples taken from the cotton.

They have the right of passing upon the grade of the cotton, accepting or rejecting any part of it, as stated. Think about it, my friends, for that is the actual practice in exporting cotton. The Anderson Clayton Co. is the largest exporter in the United States or perhaps in the world, located in Texas. They are exporters in all of the cotton pools. Do you think that an exporter would have to go out and buy 2,000 bales, having same shipped into Charleston, S. C., for instance, for the purpose of selecting 1,000 bales to be exported? That is the most ridiculous thing I ever heard of.

What the gentleman from Michigan wants to do, and what the Commodity Credit Corporation wants to do, is to have complete control and do as they please about it, just as they did after we passed the agricultural bill. We said in that bill that they could not move the cotton unless the farmers agreed to it, for the cotton belongs to the farmers, and a lot of it is in the farmers' warehouses.

What did they do? They wrote in the application for a loan a release, and the farmer had to sign it to get his loan, and in doing so he was signing away his rights. We had to pass another bill amending the act to further protect the farmer and the warehouseman. Mr. Chairman, the only question before the House this afternoon is in reference to the passage of a bill permitting this country to barter with Great Britain 600,000 bales of cotton. All of this talk about having to ship in 3,000,000 bales for the purpose of getting 600,000 bales, so that some agent from Great Britain can come over here and examine and agree to it is nonsense. That statement was made for the purpose of getting complete control of the cotton, so that the Commodity Credit Corporation, under the influence of people who own the large warehouses, can take it wherever they please. I hope you will vote down every amendment that is offered, and vote for this bill as amended by the committee amendment, which will give them the right to export 600,000 bales of cotton. They can get it in my State, just as in Texas or anywhere else. They may ship it to those ports for export. They do not have to take a bale from the ports of Texas or any other port. If the other matter is an important question, let that come before the Congress in the proper way so that it can be properly debated. [Applause.]

[Here the gavel fell.]

Mr. THOMAS F. FORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, we have just heard a very illuminating statement on the real facts involved in this controversy. What the United States is trying to do is export 600,000 bales of cotton and thus reduce the terrible overhanging surplus of cotton that we now have. Of course, there has been injected into this controversy a battle between the port warehouses and the inland warehouses. As to that battle I have no interest one way or the other, but the Banking and Currency Committee in its wisdom, or otherwise, as you may see fit to designate it, undertook to append to this bill an amendment that would balance the controversy between the ports and the inland warehouses. Therefore that element is out.

What we are interested in at the present time is the exportation to Great Britain of 600,000 bales of cotton, and to take therefore an equivalent amount of rubber that this country would need in case of an emergency. I plead with you not to permit the warehouse proposition or the ridiculous proposition that some Members will try to inject as to rates, and so forth, to enter into the consideration of this bill. I tried to get the gentleman from Michigan to yield to me on a matter that was before the committee. He stated that I was not fair with him when I asked him to do that. The proposition that he has put before this House has no bearing whatever on the present situation. He is attempting to amend existing law that has no place in this particular bill.

Mr. Chairman, I do not come from a cotton country. I have no interest in cotton so far as my particular district is concerned. What I am interested in is to have this 600,000 bales of cotton shipped from the United States to some other country and that we get in exchange for that an equivalent amount of rubber that this country may use in case of an emergency. I plead with you not to let these fellows muddy up the waters with extraneous matters. I ask you to vote for this bill as it stands. [Applause.]

Mr. THORKELSON. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am going to speak about money.

Theoretically we are trading cotton for rubber, but we are actually exchanging these commodities for gold credit. Before going off the gold standard, our dollar was worth 25.8 grains of gold. It is now worth 15.521 grains of gold. England abandoned the gold standard before, but did not tie the pound to a fixed gold content. So we may assume that prices on commodities in England are still based upon the old valuation of the pound.

Rubber is now worth 16½ cents a pound while cotton is worth 9 cents a pound. In order to demonstrate this, I shall assume that cotton and rubber are worth the same, namely, 10 cents a pound. If we ship a thousand pounds of cotton to England, it will be worth approximately 20 pounds sterling in English money. In our money it will be $100, or 1,552 grains of gold. The rubber which amounts to the same in dollars will be, according to the old valuation, worth 2,580 grains of gold, for we must assume that commodities in England are still sold on the old standard of gold to the dollar, namely, 25.8.

When this product reaches England, we will find there will be a difference of 40 percent in the grain gold value. In other words, our 1,000 pounds of cotton will represent 1,552.1 grains of gold, and 1,000 pounds of rubber will represent, on the old gold standard, 2,580 grains of gold. In order to balance the difference in grains of gold it will be necessary for us to furnish an additional 400 pounds of cotton. For example, we give England 1,400 pounds of cotton to balance the international exchange on this trade or barter.

Mr. THOMAS F. FORD. How many pounds?

Mr. THORKELSON. Fourteen hundred pounds.

Mr. THOMAS F. FORD. Fourteen hundred pounds?

Mr. THORKELSON. Yes.

Mr. THOMAS F. FORD. That is an awful amount, I am sure.

Mr. THORKELSON. That is a very intelligent remark, I would say. I am dealing with this thing as an example and I do not think the gentleman understands it.

Mr. MASON. He did not recognize the fact it was an example the gentleman was using.

Mr. THORKELSON. This simply means we will have to give an additional 40 percent in value as a subsidy to England, because international trade balances are settled on a gold basis. In other words, we will be paying 23 cents a pound for the rubber that we could buy for 16.5 cents a pound, which is now the prevailing market price, or we will sell the cotton to them for 5.4 cents in American money. The people who will pay the difference will be the taxpayers of the United States and the people who will receive the benefit will be the people of England. You are giving them in this transaction 40 percent in value, because the English money is not tied to a fixed gold standard. This, of course, is a possibility. It would have been much better for the United States had we gone off the gold standard entirely, for international transactions would then have been conducted on the old valuation, namely 25.8 grains of gold. The fact that we have tied our dollar to a fixed gold content of 15.521 grains of gold may prove very embarrassing to us at some future date. If the President devaluates the dollar to the point allowed, namely, 12.9, it will probably end in a muddle, because there is danger in playing with the gold content of money. Had we gone off the gold standard entirely, all international transactions would still be carried on the old valuation, which would mean that 1 ounce of gold would buy only $20.67 of credit, as it did before 1933. It is the taxpayers in the United States who pay the difference, and it is they who pay all the losses. It is the taxpayers who are going to set it right when they realize the manner in which business is handled today. I do not believe the people of the United States or the taxpayers are willing to donate to Great Britain or any other foreign country 40 percent of the value of any commodity, because it can only end in poverty and bankruptcy for ourselves.

[Here the gavel fell.]

Mr. CRAWFORD. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD to the committee amendment: On page 2, line 20, after the word "selected", change period to a colon and add "*Provided*, That in determining specific cotton to be exchanged as set out above, preference shall be given to cotton drawing the highest storage rate, to the extent same may be done effectively and efficiently."

Mr. CRAWFORD. Mr. Chairman, the effect of this amendment is to effect a saving for the taxpayers of this country in that the Government is taking title to this cotton, and this amendment would enable and authorize the Commodity Credit Corporation to draw cotton for the filling of the English barter agreement from those warehouses where high storage rates are being charged the Commodity Credit Corporation by the warehousemen. It is a direct approach to the problem of the cotton, which is actually to be delivered in filling the barter agreement between the United States and Great Britain.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. Of course, the gentleman understands that compressed cotton is carried at a much lower rate than the baled cotton because the package is only about one-third as large. This amendment would mean that you would not take any of the cotton at the port where the cotton is now ready to go. You would go inland and take it all from the inland warehouses, and the transaction would be much more costly to the Government. The gentleman's amendment is not practical at all.

Mr. CRAWFORD. Mr. Chairman, the terms of the barter agreement as set forth in the Senate document is available from the clerk of the Senate. This cotton must be compressed. Those who are familiar with ocean shipping, and particularly with the bulkiness of cotton, know that it must be compressed and reduced in physical volume before the British Government will accept it in the barter deal. This is specifically provided for in the terms of the barter agreement. Of course, all of this cotton is going to be compressed before it is delivered, and it will be compressed at the expense of our people, and not at the expense of the British Government. If the Commodity Credit Corporation has the power to effect reduced rates or reasonable rates on the storage of cotton, this is one way to proceed to do it; and I ask that the amendment be adopted.

Mr. STEAGALL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, storage charges on cotton have varied from time to time. They run all the way from 12 cents in some instances to 18 cents. The highest rate being paid is 18 cents, until the last crop was stored. I am advised that on the last crop a charge of 25 cents is being paid. This information comes from the Commodity Credit Corporation officials.

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

Mr. STEAGALL. I yield to the gentleman from South Carolina.

Mr. FULMER. May I say to the gentleman that the 25-cent charge has reference only to certain small warehouses. Today, with a new crop, they still charge the regular price of 12, 15, or 18 cents per bale, depending on where the cotton is located.

Mr. STEAGALL. In any event, if large quantities of the 1934–35 crop should be drawn in supplying the 600,000 bales provided for in the bill, the provisions of the amendment before the Committee would seriously interfere with the administration of the act in accordance with the purposes disclosed by the officials of the Commodity Credit Corporation. They have stated to me repeatedly that it is highly desirable and it is their purpose to supply the 600,000 bales of cotton from the cotton on hand accumulated from the 1934 and 1935 crop to the extent that it can be used to meet British specifications and the balance from the accumulated stock of the 1937–38 loan cotton as must be used. For that reason, it seems to me, the gentleman's amendment would be confusing and render very difficult the administration of the act, as contemplated by the officials of the Corporation.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from California.

Mr. THOMAS F. FORD. Is not the gentleman trying to amend existing law that has no reference to this particular project whatever?

Mr. STEAGALL. The whole controversy here is whether we shall permit this bill to be used for the purpose of nullifying the former action of Congress on repeated votes of the two Houses of Congress. We departed from it only in our efforts to remove every possible ground of complaint against the action of our committee in the adoption of the committee amendment. Under the committee amendment, the Commodity Credit Corporation could go into the interior warehouses and grade and sample and select the entire amount of 600,000 bales of cotton to be delivered under the contract with Great Britain, but they could not deliver more than that. Certainly it cannot be said that such a provision as that is discriminatory against the large warehouses in which a large portion of this cotton is stored. The Commodity Credit Corporation has stated that for whatever portion of the cotton they take from the interior they will take three bales for one. The last estimate of the amount at the port warehouses is only 100,000 bales. If that is true, they would get 1,500,000 bales from the interior, when only a third of that is required for delivery under the contract with Great Britain.

Mr. Chairman, the pending amendment should be voted down, unless we desire to raise here and now the old controversy about the storage of cotton and nullify the former action of the Congress.

[Here the gavel fell.]

Mr. JONES of Texas. Mr. Chairman, I offer a substitute for the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Texas as a substitute for the committee amendment: On page 2, line 15, after the word "Act", strike out the period and insert colon and the following: "*Provided*, That in effecting delivery under any exchange agreement, preference wherever practical shall be given to cotton already at port locations, and only such quantities of cotton shall be reconcentrated from interior points to port locations as are reasonably necessary to replenish such port stocks and such additional amounts as are reasonably necessary to carry out such exchange agreements effectively and efficiently."

Mr. CRAWFORD. Mr. Chairman, the chairman of the Committee on Agriculture, the gentleman from Texas [Mr. JONES], says that my amendment would wreck existing law. I call the attention of the House to section 383 of the Agricultural Act approved February 16, 1938, subsection (b). That subsection refers to cotton owned by growers. In no way does my amendment refer to cotton owned by growers. If the gentleman will refer to Public, No. 660, of June 16, 1938, he will find that deals with cotton owned by growers. I am not dealing with those two acts. That is what constitutes existing law, and the chairman is well aware of the fact that that law deals with cotton owned by growers, who have put their cotton in the loan. My amendment was not what the chairman of the Agricultural Committee offered. It is this simple language which a high-school student can understand, namely:

Provided, That nothing herein shall be construed as preventing the reconcentration of cotton owned by the United States Government or any of its agencies, where a saving in carrying charge can thereby be effected.

But, what right have we to maintain existing law if existing law prevents the Commodity Credit Corporation from saving money for the taxpayers of the country? They talk about the power of the port fellows. It is the power of the interior as well as of the port fellows who hold up these storage rates. Let us look at the storage rates in the warehouses in the State of South Carolina, referring back to the statement the gentleman from that State made. Here are the documents of the Commodity Credit Corporation which show that warehouses in South Carolina are charging 25 cents per bale per month on the 1938–39 loan cotton. Out of that entire colossal group of warehouses there are some 10 warehouses I believe which are charging about 18 cents per bale per month. The others charge 25 cents per bale per month. Warehousemen inform me that they can make a profit of 4 or 5 or 6 cents per bale per month on an 11-cent-per-bale storage rate, to say nothing about the 25-cent rate.

My simple amendment provides that the Commodity Credit Corporation shall be permitted to effect a savings on cotton owned by the Government. Furthermore, the committee amendment offered by the Committee on Banking and Currency was injected into this bill. Why did they inject that storage proposition into the bill? Why did they not accept the Senate bill? It is entirely acceptable to me. The amendment offered by the gentleman from Texas [Mr. JONES] is acceptable to me, provided he will add this:

Provided, That nothing herein shall be construed as preventing the reconcentration of cotton owned by the United States Government or any of its agencies, where a saving in carrying charges could thereby be effected.

Why are we not willing to save fifty or one hundred million dollars to the taxpayers?

Mr. JONES of Texas. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. JONES of Texas. Does not the gentleman realize that under the present law, if the rates are substantially lower at the port location, they can now require them to modify or reduce their rates?

Mr. CRAWFORD. No, sir; I do not realize that, because I hold a copy of the present law in my hands, and it carries no such provision. It says if the carrying charges are substantially in excess of the average carrying charges available elsewhere. What are they? Twenty-five cents per bale per month. That is the hook in this thing. You cannot go out and show that charges elsewhere are any less, substantially—and we disagree on that word "substantially." When 80 or 90 percent of the warehouses are charging an average rate of 25 cents per bale, you cannot say that substantially the carrying charges are less than 25 cents.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I am only going to take a minute or two. I dislike very much to oppose my chairman, because I am usually with him. But he mentioned a while ago the trouble we had when the Commodity Credit Corporation had full power to do as it pleased. When they reconcentrated cotton at the expense of the farms and small warehouses, much of it had to be shipped back. The gentleman from Michigan [Mr. CRAWFORD] would permit the Commodity Credit Corporation to ship to the ports perhaps 5,000,000 or more if they wanted to. Under the amendment offered by the gentleman from Texas [Mr. JONES] they will pass on what will be the reasonable and necessary amount to ship. They could decide three or five million bales just as easy as one million. They do not have to take a bale of cotton from the ports. They can take every bale of the 600,000 bales from any warehouse in the Cotton States. We have numerous warehouses with over a million bales. They have every grading facility there you have at the ports or anywhere else. It is graded and passed upon by a Federal grader, and certified by the Federal Government, and accepted in every foreign country. The United States standard grades today are universal grades. Every year they send delegates from the various cotton countries, and they come here and pass upon the standards to be used. All cotton is graded, based on United States standards agreed upon as indicated. There will not be anybody here from Great Britain to look at the cotton, but they will look at it over there, and if it is not the proper grade or color, in line with samples submitted or set forth in the invoice, they can refuse any part of it, and the United States Government will have to make it good if a mistake has been made in grading.

I regret that many Members are taking the time in debating everything else except the real purpose of this bill.

I hope that both of these amendments will be voted down. [Applause.]

[Here the gavel fell.]

Mr. THOMAS S. FORD. Mr. Chairman, I move to strike out the last word.

I understand that my distinguished friend from Michigan [Mr. CRAWFORD] objects to my use of the word "honest" in my statement. I want to modify that to the word "fair." Thank you.

Mr. PACE. Mr. Chairman, this bill gives authority to the Commodity Credit Corporation to carry out the terms of the barter or exchange agreement recently entered into between the United States and Great Britain, and I sincerely hope that the amendment offered by the gentleman from Michigan will be defeated and that the bill will be passed as reported by the committee.

It has been a long and difficult effort to complete this exchange agreement with Great Britain, whereby that nation agrees to accept 600,000 bales of cotton and we agree to accept in exchange an equal quantity in value of rubber. Both countries agree that this cotton and this rubber will be permanently stored away, taken off the market, and to be used only in case of war. This means that 600,000 bales of our surplus cotton will be disposed of; and as the Government now has over 11,000,000 bales under loan, I think such exchange is very much in the interest of the cotton farmers of the South.

Realizing the benefits to our cotton farmers, I became deeply interested in this subject of barter or exchange of surplus agricultural commodities some time ago. In early February we had under consideration in the Committee on Military Affairs, of which I was then a member, a bill to secure some very necessary metals and materials which are not produced in this country—such as rubber, tin, tungsten, and manganese—and which are very vital to our defense in the event of war; in fact, we could not successfully carry on a war without them. The War Department estimated that we should purchase at least $100,000,000 worth of these necessary materials.

Having some concern over the rapidly increasing national debt, being anxious to save this $100,000,000 if possible, and also realizing the fact that we have an enormous surplus of cotton on hand, which naturally tends to keep down the price, I then suggested to the committee and questioned witnesses on the proposal of exchanging surplus cotton for these materials. Dr. Feis, economic adviser in the Department of State, testified that such a plan was possible, and I think a great deal of the credit for the negotiation of this agreement is due to him and Secretary Hull. They are now at work on similar agreements with other countries, in cooperation with the Department of Agriculture, and I hope we can soon complete other agreements which will remove more of this surplus cotton.

It is most unfortunate that the gentleman from Michigan should offer his amendment, which injects a very controversial question and might endanger the entire program. His amendment proposes that a great portion of the loan cotton be moved from the small inland warehouses and stored at the ports. There are two very serious objections to his proposal.

First, it would mean that our local warehousemen would be deprived of the privilege of keeping this cotton on storage in our home warehouses and denied the benefit of the storage charges paid by the Commodity Credit Corporation. Many of these warehousemen are farmers themselves and produced some of this cotton. Many of them advance money to the cotton farmers in order for the farmers to plant and harvest their cotton crop. It will, therefore, be seen that these warehousemen have a deep personal interest in the cotton. In addition, a great majority of these warehousemen have constructed additional warehouses at considerable expense in order to store this cotton for the Commodity Credit Corporation, and certainly it would be most unfair to take the cotton away from them and store it in port warehouses, which are owned by large corporations and which have had no part in producing the cotton or in cooperating with the farm program. These port warehouses are, for the most part, owned by one or two big cotton operators who have in the past shown very little consideration for the welfare of the cotton farmers, while our local warehousemen are among the best friends the farmers have ever had.

In the second place, it would be unfair to the farmers themselves to invite immediate foreclosure on the cotton loans. Right now the farmers are picking up a few dollars—from $1 to $5 per bale—on the sale of their loan contracts. Some of the cotton mills are in need of some grades of cotton, and they are paying the farmers these small amounts for their loan contracts. They then pay off the loan with the Commodity Credit Corporation and take over the cotton.

The Commodity Credit Corporation should not foreclose the cotton loans until they have a sale for the cotton, nor should the cotton be removed from the locality where it was produced as long as it is under loan. The farmer wants to know where his cotton is, and if he has an offer for sale he wants to be there when it is sold. That could not be if his cotton was stored in some port warehouse hundreds of miles away.

I want to see our small inland warehouses given a square deal and I insist that they be given the consideration to which they are entitled. But most of all, above everything else, I want to see the farmer who produced the cotton get every single penny he can out of it. For several years he has not received as much as it cost him to produce the cotton, and I think the Government should carry these loans until there is an opportunity to dispose of some of the cotton, as under this exchange agreement with Great Britain, or until there is a chance of sale at a fair price. The farmer is entitled to first place in our consideration of these questions.

And with a new crop coming on the market within a few days, it is most important that this loan cotton be handled with great care and not dumped on the market. That would wreck the price for this year's crop.

Mr. JONES of Texas. Mr. Chairman, I desire to submit a unanimous-consent request.

The CHAIRMAN. The gentleman will state it.

Mr. JONES of Texas. Mr. Chairman, in an attempt to effect a compromise I offered my amendment, but since it is not agreeable to those who are supporting the amendment of the minority side I ask unanimous consent to withdraw my substitute.

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

There was no objection.

The CHAIRMAN. The gentleman from Texas [Mr. THOMAS] is recognized for 5 minutes.

Mr. THOMAS of Texas. Mr. Chairman, I am informed by the Commodity Credit Corporation that the present cost to the Government for handling this cotton is approximately $45,000,000 per year. This goes into storage charges, interest, and general expenditures. They also tell me that the Corporation is now paying a general average of approximately 20 cents per bale per month for all the cotton it has for storage.

I am also informed by the Corporation that it has recently sent out to the port warehouses throughout Texas asking those warehouses to bid competitively on the handling of this cotton. It is my judgment that the committee amendment will stop this competitive bidding. I am told that the warehouse people, both interior and port, can make a reasonable return upon their investment on a charge of 12 cents or 14 cents per bale per month for the storage of this cotton.

I ask: Why stop competitive bidding and pay 20 cents per bale per month when we can get it for 12 cents or 14 cents? I cannot by the wildest stretch of the imagination believe that in doing this we are helping the farmer. All we are doing is to subsidize two powerful, competing groups; and I might add—although some think to the contrary that the interior warehouses are the most powerful and the wealthiest—the records of the Commodity Credit Corporation show that the biggest warehouse in the United States is located in Memphis. It is the Federal Compress Co., and it now has 2,500,000 bales of cotton in storage for which it is receiving approximately 20 cents per bale per month. This is twice as much cotton as any other warehouse in the United States has received from the Commodity Credit Corporation.

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

Mr. THOMAS of Texas. I yield.

Mr. CRAWFORD. The Commodity Credit Corporation informs me that the Federal Warehouse and Compress Co., of Little Rock, will, within a few days, be paid $5,176,000 for storage on the period now about to end, estimated to be paid from August 1, 1938, to July 31, 1939; and that one of the concerns at Memphis, the Union Compress Warehouse, will be paid $794,000.

Mr. THOMAS of Texas. I thank the gentleman for his contribution.

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

Mr. THOMAS of Texas. I prefer not to yield, if the gentleman will pardon me.

Here is an opportunity to save the Government some money, if you want to do it. Here is an opportunity to give it to people who need it. By competitive bidding we can save $10,000,000. Now, let us give it to the dairy farmers, let us give it to the potato farmers, let us give it to the cotton farmers. If you want to save some money, here is the opportunity to do it.

Mr. BROWN of Georgia. Will the gentleman yield?

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

Mr. BROWN of Georgia. Does not the gentleman know that the large interior warehouses, few in number, own and control all of the port warehouses and one of the number I refer to controls more than 50 percent of the port warehouses?

Mr. THOMAS of Texas. No; that is not correct. The biggest company in the United States is an interior warehouse, the Federal Compress Co. I got these figures from the Commodity Credit Corporation, and they are available. They have 2,500,000 bales of cotton now, which is twice as much as any other corporation has.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I want to read two lines of existing law adopted in the form of an amendment to a former bill. This amendment was written and offered by the gentleman from Texas [Mr. JONES]. Here it is:

> If carrying charges are substantially in excess of the average of carrying charges available elsewhere and the local warehouse, after notice, declines to reduce such charges, such written consent as provided in this amendment must not be obtained.

That means that the Commodity Credit Corporation is authorized under existing law to seek the lowest storage rates obtainable and there is nothing to keep them from doing it. There is no reason to change this law in order to export 600,000 bales of cotton under the provisions of this bill.

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent that my amendment to the committee amendment may be again read.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan [Mr. CRAWFORD]?

There was no objection.

The Clerk again read the Crawford amendment to the committee amendment.

Mr. MAHON. Mr. Chairman, in 1937 my congressional district produced more cotton than any congressional district in the United States. Warehouses were already in existence in that district to take care of a part of that cotton, but in order to take care of the tremendous amount of cotton that went into the 1937 loan, a large number of additional warehouses were erected within the interior of my district. I take it that this is about what happened throughout the Cotton Belt.

Many of these warehouses were constructed by the people locally and with local capital. Any attempt to empty these interior warehouses to swell the income of the port warehouses is wrong in principle. If the ports had produced the cotton in the first place, the ports would have the first claim upon it. But the cotton was produced in the interior and since this cotton is being held in storage we should not concentrate at port any more than is needed for the purpose of exporting cotton. [Applause.]

I should like to make my position clear. I do not want to hamper in any way the execution of the barter agreement with Great Britain. I would like to see every warehouse in the interior and at port emptied if we could transport this cotton abroad and sell it in the markets of the world. My primary interest is not in the warehouseman but in the farmer.

In carrying out the exchange agreement with Great Britain, I should like to see all parts of the Cotton Belt contribute a reasonably proportionate share of the cotton. This would be fair both to the ports and the interior. I firmly believe that the great majority of warehousemen would approve this course. It would not be fair to empty the interior warehouses, shipping the cotton to port, when there is no need to do so under this little barter arrangement with Britain. All I want is a fair deal for the interior cotton farmer and warehouseman. The ports do not have the first claim on this cotton, yet the port warehouses have some rights, too, and they ought to be respected.

It has been argued that the warehousemen are being paid an excessive charge for storing this cotton. The farmer made no great profit on this cotton and not for one moment would I urge that the warehouseman receive an excessive storage fee from the Government. I do not know what a fair storage charge would be, but that should have nothing to do with reconcentration of this cotton at port. The ports should be paid a fair storage charge and the interior warehousemen should be paid a fair storage charge. Certainly the Commodity Credit Corporation can work out a storage rate based upon past experience that will be reasonably satisfactory to all parties concerned, including the Government.

The committee amendment may not be perfect, but if there is anything radically wrong with it, this can be worked out in conference with the Senate. The Jones amendment, now withdrawn, has some good features, but I think we ought to stay with the committee and the committee amendment. In conference with the Senate the matter can be given further consideration and something that will be equitable and workable for the ports and the interior and the Government can be arrived at.

Mr. HOBBS. Will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Alabama.

Mr. HOBBS. I agree with the gentleman 100 percent and I wish he would explain that a large part of the charges is not warehouse charges but is insurance which is paid by the warehouseman.

Mr. MURDOCK of Arizona. Will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. Conditions in your district and in mine are very similar. Is it the gentleman's judgment that the committee amendment will meet the gentleman's desires?

Mr. MAHON. I think the committee amendment will meet the situation, but let the conferees work that out. Why not let the committee go to conference with this bill and work out something that will be agreeable and fair to the interior warehouseman and the port warehouseman?

Mr. THOMASON of Texas. Will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Texas.

Mr. THOMASON of Texas. Is it not true many of the small warehouses were erected and are owned by farmers and local people?

The legal title to much of this cotton is still in the farmers. The farmers and the local warehousemen are pleased with present arrangements and local storage, and ought to be left alone. Of course excessive charges should not be tolerated by interior or port warehousemen. But I want it understood I oppose the transfer to port of any unnecessary amount of this cotton.

Mr. MAHON. I thank the gentleman. Many of the warehouses in my section are owned by these local individuals. The same is true throughout the interior. I dare say that practically all the port warehouses are owned by big interests.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Something has been said about the Federal Compress Co. I call attention to the fact that those institutions own compresses throughout Mississippi, Louisiana, Arkansas, and the other Southern States; so all the money does not go to one compress located at one place.

Mr. JONES of Texas. Will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Texas.

Mr. JONES of Texas. Many of these local warehouses are owned by the farmers themselves?

Mr. MAHON. Many of these local warehouses are owned by the farmers themselves, and if there is any money to be made out of the farmers' cotton why should it not go to the communities that produce the cotton?

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close now.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. CRAWFORD] to the committee amendment.

The question was taken; and on a division (demanded by Mr. CRAWFORD) there were—ayes 98, noes 121.

So the amendment to the committee amendment was rejected.

The CHAIRMAN. The question recurs on the committee amendment.

The committee amendment was agreed to.

Mr. MARTIN of Massachusetts. Mr. Chairman, I offer an amendment. [Applause.]

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Massachusetts: On page 2, line 15, after the period following the word "act", insert the following: "The Commodity Credit Corporation is authorized and directed to provide for the warehousing, in or near cotton-manufacturing centers in New England, of such reasonable amounts of cotton held as security for loans as the Corporation deems necessary to meet current local manufacturing needs. The amount so warehoused shall not at any time be less than 300,000 bales. In carrying out the two preceding sentences, the written consent of the producer or borrower to reconcentration, as provided under subsection (b) of section 383 of the Agricultural Adjustment Act, as amended and supplemented (relating to the manner of securing consent to reconcentration of cotton), shall not be required."

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Chairman, I sincerely hope that when the vote comes upon this amendment it will be as enthusiastic as your reception.

Seriously, I believe this amendment should commend itself to the Committee. There are 12,000,000 bales of cotton held in storage in this country. All New England is asking is that less than 3 percent of this great amount, or 300,000 bales, should be kept in the warehouses of New England. We desire this volume may be available for immediate supply to the textile manufacturers of that great section of our country.

There is no question but the textile mills have been passing through very hazardous times. They do not have the money today that they had previously with which to make long commitments in the purchase of cotton. I honestly believe the keeping of this limited amount of cotton in New England would be of benefit to the cotton farmers of America, because it would definitely mean that the cotton consumed in the New England mills would be cotton grown in the South.

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

Mr. MARTIN of Massachusetts. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. New England will buy that cotton if it is stored there.

Mr. MARTIN of Massachusetts. Yes. Such an arrangement would be as much a stimulant to the sale of cotton as will the barter agreement provided for in the bill now pending. If you have goods to sell, it is generally well to have them placed where there are purchasers.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. It would also mean that the New England mills would have a normal supply of cotton on hand at all times to take care of local needs.

Mr. MARTIN of Massachusetts. Exactly.

I wish to point out, too, the cost of storage of cotton in New England would be only approximately 12 cents per bale per month, whereas, as has been stated on this floor this afternoon, the average charge paid today by the Government is 20 cents.

We hear about a warehouse monopoly. I do not know whether or not it exists, and I hope it does not exist. However, if it does exist, it should command the attention of Senator O'MAHONEY, who is now conducting an inquiry into monopolies. The Government should first put its own house in order.

Mr. Chairman, in order to aid the cotton farmers of the South retain a valuable market, to save money in storage charges to the Government, and to help the textile industries of New England, which are in a dire plight, I ask this amendment be adopted. This small amount of cotton stored in New England, where it will be quickly available to the textile manufacturers of that section of the country, will be extremely helpful and will be an aid to business. [Applause.]

Mr. CASEY of Massachusetts. Mr. Chairman, it is seldom that I find myself in accord with the gentleman from Massachusets [Mr. MARTIN]. Of course, when I say "in accord" with him, I mean on political matters. Personally, the entire delegation from Massachusetts, whether we be Republicans or Democrats, has always had the greatest feeling of love and affection for him. We are very happy to know that the feeling which has existed among both the Democratic and Republican Members of the delegation from the State of Massachusetts is shared by the entire membership of the House. [Applause.] I am very happy to have this rare privilege of agreeing with my friend on a matter that is purely political.

I do not see any reason why New England should not have its share of the storage of this cotton. We have a great deal of space up there that was formerly occupied by cotton machinery. Cotton mills have moved out of New England but there still remain mills that are in the cotton business. This would be a great help to the cotton factories that use your cotton and make it into the finished product. For the life of me I cannot see why New England should not have its share of storing this surplus cotton. New England can store this cotton just as cheaply if not more cheaply than any other section of the country because of the vast available storage space there.

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

Mr. CASEY of Massachusetts. I yield to the gentleman from Texas.

Mr. MANSFIELD. Does not the gentleman believe that since our foreign market for cotton is badly knocked out a greater proportion of our cotton will hereafter be milled in the mills of the United States?

Mr. CASEY of Massachusetts. I believe that is perfectly true. If that is so, I believe New England will do its share of milling that cotton. Historic New England has the mills. The storage of this cotton in New England will accelerate cotton manufacturing and thereby help the cotton industry.

Mr. Chairman, I hope the amendment offered by the gentleman from Massachusetts [Mr. MARTIN] is adopted by this Committee. It is a fair and equitable one which calls for a proper apportionment in the storage of cotton.

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

Mr. CASEY of Massachusetts. I yield.

Mr. PACE. The amendment provides that the farmer's consent shall not be necessary. Does the gentleman seriously contend that you should take a farmer's cotton while he owns it, merely having a loan on it, and haul it 1,000 miles away before he sells it, where he would have no jurisdiction over it?

Mr. CASEY of Massachusetts. I do not believe the gentleman rightly interprets that section or the amendment.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. CASEY of Massachusetts. I yield.

Mr. AUGUST H. ANDRESEN. This language refers to cotton to which the Government has already taken title.

Mr. CASEY of Massachusetts. This is cotton which the Government owns and the title has passed from the farmer. So the application as expressed by the gentleman from Georgia is not accurate. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. MARTIN].

Mr. KERR. Mr. Chairman, I offer an amendment to the gentleman's amendment that after the words "New England" insert "and North Carolina," and I will not ask to be heard on the amendment to the amendment.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I make the point of order that the amendment is not in proper form, not having been submitted in writing.

The CHAIRMAN. The Chair sustains the point of order.

Mr. KERR. I will reduce it to writing.

The CHAIRMAN. The time has come to vote on the amendment.

Mr. WHITE of Idaho. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WHITE of Idaho. Just what is meant by "New England"?

The CHAIRMAN. That is not a parliamentary inquiry.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I demand the regular order.

Mr. KERR. Mr. Chairman, I ask unanimous consent that I may have time within which to put my amendment in writing.

Mr. BOLLES and Mr. ANDREWS objected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. CRAWFORD), there were—ayes 148, noes 109.

So the amendment was agreed to.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. SPARKMAN, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (S. 2697) to facilitate the execution of arrangements for the exchange of surplus agricultural commodities produced in the United States for reserve stocks of strategic and critical materials produced abroad, pursuant to House Resolution 273, he reported the same back to the House, with sundry amendments adopted in Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

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.

DEMOCRATIC CAUCUS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. McCORMACK. Mr. Speaker, my remarks are addressed to my Democratic colleagues. I know that my Republican colleagues will understand the situation. As chairman of the Democratic caucus I am announcing to my Democratic colleagues, as they have been advised by the printed notices, that there will be a Democratic caucus tomorrow night at 8 o'clock. Due to the brief period in which the notice is sent I take this opportunity to make this brief statement and to inform my colleagues that some important matters will be taken up at the caucus and to urge all Democratic Members present who are in town tomorrow night to be sure to attend.

Mr. BOLAND. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. BOLAND. Mr. Speaker, I likewise address myself to the Democratic Members of the House, stating to them that it is the wish of the Speaker and of the leader that all of our Members attend that caucus tomorrow evening.

VICE PRESIDENT JOHN NANCE GARNER

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUTHER A. JOHNSON. Mr. Speaker, as chairman of the Texas delegation of the House, and acting upon authority vested in me by the unanimous consent and agreement of all Texas Members in Washington, I rise to read for the information of the House the following statement which reflects the sentiments of the Texas delegation:

The Texas delegation in the House of Representatives has been informed of the bitter personal attack made upon Hon. JOHN NANCE GARNER, our distinguished Vice President, before the House Labor Committee today by John L. Lewis.

We who know him best cannot refrain from expressing our deep resentment and indignation at this unwarranted and unjustified attack on his private and public life.

The Texas delegation has complete confidence in his honesty, integrity, and ability.

[Prolonged applause, the Members rising.]

APPROPRIATIONS

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, resuming the colloquy with the gentleman from New York [Mr. TABER], interrupted this morning by expiration of the brief time allotted, the statement of the gentleman from New York is entitled to especial attention. In effect it concedes the accuracy of the figures which I gave this morning, and the inaccuracy of the figures published on Tuesday, unless there are included in both estimates the reappropriations made at the two sessions of Congress. To include reappropriations in such statements is both illogical and misleading, and is at variance with the practice both of the House and the Treasury Department. Never in any similar statement made either by the Secretary of the Treasury or by the committee, have reappropriations been included. Secretary Mellon, frequently referred to on this floor as the greatest Secretary of the Treasury since Alexander Hamilton, in none of his statements included reappropriations, and no chairman of the committee, from Thaddeus Stevens down to the present time, including Chairmen Randall, Cannon, Madden, or Wood, or the ranking member of the minority, in making their annual résumés of appropriations at the close of the session, included reappropriations in their statements. The reason is obvious. To include such funds is to count them twice. They are counted the first time when appropriated and they are counted the second time when reappropriated. In fact, in some cases where expenditure of appropriations extends over several years, as in case of aviation, and so forth, the effect of including reappropriations would be to count them three or four times. I trust that in the future, estimates will adhere to the only tenable

method, the method practiced by all Treasury and committee officials from the beginning of the Republic.

The SPEAKER. The time of the gentleman from Missouri has expired.

PERMISSION TO FILE REPORT

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent that the Committee on Labor have until midnight tonight to file a report on a bill.

The SPEAKER. Is there objection?

There was no objection.

NAUTICAL EDUCATION

Mr. BLAND submitted a conference report and statement on the bill (H. R. 5375) to promote nautical education, and for other purposes.

AMENDING MERCHANT MARINE AND SHIPPING ACTS

Mr. BLAND submitted a conference report and statement on the bill (H. R. 6746) to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American Merchant Marine, and for other purposes.

ADMINISTRATION OF UNITED STATES COURTS

Mr. CELLER submitted a conference report and statement on the bill (S. 188) to provide for the administration of the United States courts, and for other purposes.

CIVIL SERVICE RETIREMENT ACT

Mr. RAMSPECK submitted a conference report and statement on the bill (S. 281) to amend further the Civil Service Retirement Act, approved May 29, 1930.

PROPAGANDA IN THE CAPITOL

Mr. KELLER. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes on a matter that will interest the entire House.

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

There was no objection.

Mr. KELLER. Mr. Speaker, there is a man who walks the halls of this Capitol Building by the name of Aled Davies. Mr. Davies is an employee of Frank Gannett, the notorious tory publisher. Mr. Davies is the Washington representative of the National Committee to Uphold Constitutional Government. He boasts that he and Frank Gannett "are the committee." Mr. Davies has an office in the Munsey Building in downtown Washington, but he seems to carry on most of his work here in the Capitol. He operates in this manner: From downtown he calls his New York colleagues and requests them to call him at different places in the Capitol Building.

Yesterday at 3:45 p. m. Mr. Davies took one such call on an office phone here in the Capitol Building. To someone at the other end of the line bearing the title of doctor—could it have been Dr. Rumley, whom Senator MINTON's lobby investigation revealed to be Frank Gannett's tool in the operation of the Committee to Preserve Constitutional Government? To this doctor he revealed the following:

> A certain Senator [naming him] was pleased with the telegram, and it will be in tomorrow's RECORD. He [the Senator] states that there is confusion among the new dealers. They are split on the prevailing-wage amendment. Some want to hook it on the spend-lend bill but fear the House would block that.

He then mentioned a circular letter and stated that 51,000 had already been sent and that the printer was being pushed for the rest. He then stated that more than 351,000 letters would be sent out if the debate on the spend-lend bill lasted until the middle of next week.

[Here the gavel fell.]

Mr. KELLER. I ask unanimous consent for 2 additional minutes.

Mr. HOFFMAN. Mr. Speaker, reserving the right to object, was the gentleman present in the Labor Committee this morning when John Lewis made that statement?

Mr. KELLER. Yes, I was.

Mr. HOFFMAN. Did you offer any objection?

Mr. KELLER. I did not.

Mr. HOFFMAN. You thought it was true, did you?

Mr. KELLER. I did not ask you for that, or anybody else.

Mr. HOFFMAN. No, but I am asking you. [Laughter.]

Mr. SCHAFER of Wisconsin. Reserving the right to object——

The regular order was demanded.

The SPEAKER. Is there objection?

Mr. ANDREWS. Mr. Speaker, I object.

Mr. KELLER. Mr. Speaker, Mr. Davies stated after the telephone conversation closed that these letters urged the recipients to write their Senators a letter protesting against the spend-lend bill.

He further stated that they were trying to get Father Coughlin to speak against the bill this coming Sunday.

He further stated that the letters would be sent under the auspices of the National Committee to Preserve Constitutional Government.

When chided about using Father Coughlin to this end, he replied, "Hell, I would use a rat to put over my ideas."

It seems to me that a lobbyist who gets so bold as to carry on his nefarious work right under the noses of the Members of Congress ought to be kicked out of the Capitol Building.

This little incident should demonstrate the need for the lobbyist registration law we passed in 1936 here in the House, but which the Senate failed to pass. I shall introduce a bill to at least limit such form of propaganda.

Most important of all, however, here is clearly revealed the way in which the "public" is inspired to protest against legislation; here is the source of these "floods" of telegrams and letters; here stands revealed the iniquitous scheming in high places to discredit democracy.

Who are these men? Where does this money come from to finance these hundreds of thousands of letters? What is their object? Do they tell? Not if they can help it. But I am going to tell.

It was this same outfit who by this same method brought about the first defeat of the reorganization bill, causing a large expense to the Government and a long and unnecessary delay in putting into effect many efficiencies and savings.

THE FARM MACHINERY TRUST

Mr. GOSSETT. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

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

There was no objection.

Mr. GOSSETT. Mr. Speaker, the Seventy-fifth Congress by joint resolution created the Temporary National Economic Committee. To the $500,000 appropriated for the use of the committee by the Seventy-fifth Congress, this Congress has added $600,000, making a total of $1,100,000 to be used by this committee to investigate monopoly and the concentration of economic power in this country. This committee is charged not only with the duty of investigating the existence of monopoly but with the additional duty to report proper legislation for the destruction of such monopolies. When its labors are finished, I am sure the committee will have done a good job, a badly needed job. That many harmful and vicious monopolies exist in this country, I am sure will be admitted. It is my purpose to call to the attention of the committee and of the Congress one especially harmful trust and monopoly which the committee must not overlook in its proposed action.

In an effort to assure and to speed the destruction of this particular trust, I last week introduced the following resolution:

> *Resolved, etc.*, That the Temporary National Economic Committee created by Senate Joint Resolution 300 of the Seventy-fifth Congress for the purpose of investigating monopoly and the concentration of economic power, be, and is hereby instructed to report and recommend to the Congress at its next session legislation to effectively and permanently break up and destroy the trust and monopoly now existing in the agricultural implement and machinery industry of this country, the existence of such trust and monopoly, and its destructiveness to the farmers of this country, being well known, and also having been conclusively estab-

lished by an investigation of the Federal Trade Commission pursuant to Senate Joint Resolution 277 as adopted by the Seventy-fourth Congress. The report of this investigation is available to the committee and to the Congress as House Document No. 702, third session, Seventy-fifth Congress.

I wish to call the attention of the Congress to this report of the Federal Trade Commission and to a few well-known facts about the Farm Machinery Trust. Most of this 1,200-page report is evidence furnished by the machinery companies themselves. In the light of their own testimony, they stand convicted of maintaining a monopoly through which the farmers of this country are charged exorbitant and unreasonable prices for the machinery they are compelled to buy. In the Commission's report we find this language:

The prices of farm machinery rose in far greater proportion from 1916 to 1929 than did the prices of farm products. * * * There was a general increase in the price of farm machines from 1933 to 1935. * * * The general upward trend in the price of farm machines continued through 1936, 1937, into 1938.

What happened to the price of farm products during these years is well known to all. We have witnessed in the economic life of this country a startling situation. While prices of farm commodities have gone down, the prices of farm machinery have gone up. While the prices of many other commodities, such as automobiles, have gone down, the prices of farm machinery have gone up. At this time in the terms of farm commodities, many farm implements cost the farmer several times what he paid for them 10 and 15 years ago. In fact, the family-sized farmer can no longer buy machinery necessary to run his farm. If present trends continue, family-sized farmers, if they continue to exist, will be forced to the dangerous, undemocratic necessity of pooling their resources to buy community machinery.

In the above-mentioned report by the Federal Trade Commission, we find that some five machinery companies, among which there unquestionably is a trust combination, probably do better than 90 percent of the farm-machinery business of this country. One company, the International Harvester Co., does better than 50 percent of all the farm-machinery business of this country. This company pretends to make only a reasonable profit, but to its cost of production is charged exorbitant salaries for many executives, the cost of maintaining tremendous and unnecessary sales and promotion forces, and other items unfair to charge to the cost of the machine. In 1927 the International Harvester Co. paid a total compensation per officer of $142,940 to each of 11 officers, $147,524 to each of 12 officers in 1928, $161,193 to each of 13 officers in 1929. The president of International Harvester Co. in 1927 received $353,386; in 1928, $405,909; in 1929, $412,860. The Allis-Chalmers Manufacturing Co. for years has carried on its books "goodwill and patents valuation" at an average valuation of $12,000,000. Deere & Co. carried "Trade names, trade-marks, patents and goodwill" from 1910 to 1929 at a valuation of $17,904,000. And notwithstanding such methods of calculating its production costs and profits, taking its own figures, the Commission found that the profits of Deere & Co. were as much in 1937 as in 1929. That was largely true of the other companies.

I wish to quote further from the Federal Trade Commission's report, as follows:

The practice of merging competitors followed by various farm-machinery companies with respect to different lines has been going on for half a century and has tended to a constantly increasing concentration of economic power. It has also facilitated price control and price understandings among competitors, either by following a leader or by price agreements or both.

In a publication by the Agricultural Adjustment Administration of the Department of Agriculture entitled "Briefly Speaking," on July 18, 1939, there is quoted with approval the following:

Prices of farm machinery in 1938 were close to the highest figures in nearly 30 years of Government record. Prices declined somewhat from 1929 to 1933, but then rose sharply, and in 1938 prices of farm machinery other than motor vehicles were 58 percent above the 1910–14 level. The peak for the 30-year period was in 1920, approximately 65 percent above pre-war. Prices of motor vehicles—automobiles, trucks, and tractors—also rose rapidly from 1933 to 1938 after a small decline in the great depression.

The courts have been unable to break up the farm-machinery trust under present laws. Legal proceedings were instituted against the International Harvester Co. in 1912 for a violation of the Sherman Antitrust Act. This case terminated in 1918 after running the gamut of the courts with little accomplished. The case was reopened in 1923, and again the International Harvester Co. escaped unharmed and continued its domination of the farm-machinery field.

The situation demands new and effective legislation in order to destroy this trust and monopoly that has for years preyed upon the farmers of this country.

A free and prosperous agriculture is essential to a free and prosperous nation. The farmers of America must not become economic slaves. When the farmers can sell for a fair price and when the farmers can buy for a fair price, Government subsidies will not be necessary. Let us hasten this day by the destruction of the farm-machinery trust. [Applause.]

REPLY TO CRITICS

Mr. THOMAS F. FORD. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

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

There was no objection.

Mr. THOMAS F. FORD. Mr. Speaker, just a few moments ago we saw a display of apparent affection and confidence on the part of Members of the House for the distinguished Vice President of the United States. The occasion for that was caused by the fact that some statements regarding the Vice President had been made by a member of a labor organization.

I am wondering, from a Democratic standpoint, why on July 13, 1939, the Members of this House sat supinely and listened to a Member of the opposition make a number of statements about the President of the United States, one of which was:

Only an egocentric megalomaniac would have the nerve to ask for such a measure.

What this House was being asked for at that time was to accept the library the President is presenting to the United States; and I think it is poor Democratic philosophy to let that go by and then arise in wrath over an attack on another Democrat. [Applause.]

EXTENSION OF REMARKS

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a couple of excerpts.

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

There was no objection.

EVEN THE PATIENT, LONG-SUFFERING DONKEY CAN BE KICKED INTO MILD RESENTMENT

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 2 or 3 minutes, whatever the rules permit.

The SPEAKER. Without objection, the gentleman from Michigan is recognized for 2½ minutes.

There was no objection.

Mr. HOFFMAN. Mr. Speaker, the donkey is meek, patient, submissive, long-suffering; does little, if any, thinking for himself; usually follows unerringly not only the commands but the suggestion of his master. He is a loyal beast, thinking no thoughts for himself but content to follow the slightest whim of his driver, even though it lead him away into the desert where there is little, if any, water and no pasture, and an intelligent beast would see that at the end of the journey was starvation and a flock of vultures.

Hence, it is that the donkey, during the past 6 years has been the emblem which most accurately depicts the lack of method, of purpose, the blind allegiance to the commands

of the chance master, and the utter disregard of the certainty of national bankruptcy and the probability of communistic stable mates awaiting it at the end of the President's present term of office.

It is more than surprising that the Democratic leadership has at last been prodded into audible resentment because of the lashings which its Vice President today received from John L. Lewis.

We all remember that Lewis' organization contributed $470,000 to the New Deal campaign fund. Lewis seems to feel, and at times has acted, as though his $470,000 had bought him a President of the United States and twice he has demanded, after his organizations had called strikes, that the President come to his assistance.

You on the Democratic side let this conduct, insulting in the highest degree to the President of the United States, pass unnoticed, unrebuked, probably on the theory that it was not worthy of an answer. Nevertheless, some of Lewis' followers, because it was undenied, were encouraged in their lawlessness, in their assumption that he was the "big boss" and could give orders to a President.

Lewis himself probably assumed that he was immune from those rules of conduct which govern the utterances of the ordinary citizen; that, having for so many years imposed his will upon workers, he had a license to vilify even high Government officials.

This morning, making a statement before the House Labor Committee, whose chairwoman and some of whose leading members just the other day assured us that it was fully capable of taking care of all matters which came before it, unrebuked by any member of that committee, John Lewis, appearing for the purpose of aiding it in arriving at a decision as to whether the wage-hour law should be amended, what scope those amendments, if adopted, should cover, without any justification, wholly out of order, made the statement that a Republican minority of the House—

> Aided by a band of 100 or more renegade Democrats, have conducted a war dance around the bounden, prostrate form of labor.

This false and malicious statement was followed by another equally false, equally malicious and vindictive, scurrilous, and slanderous attack upon the personal character of the the Vice President of the United States.

Lewis' attack upon JOHN N. GARNER could in no conceivable way aid the committee in determining any question which was before it. It could not possibly add force to any argument which Lewis might make concerning the inadvisability of amending the wage-hour law. It was nothing less than the verbal vomiting of a putrid mind, the vaporizing of the warped soul, and the wicked heart of an individual whose greedy, grasping, evil designs upon the pocketbooks of the workers of America had been in part thwarted, according to Lewis' idea, by the activities of the Vice President of the United States.

The mass murder at Herrin, Ill., on June 21, 1922, rests squarely upon the shoulders of John L. Lewis, and from that day to this his activities have been followed by coercion, intimidation, bloodshed, and death. Yet he has the effrontery, the impudence, to come before a committee of Congress and to make an unjustifiable, an unfounded, a dirty, lying assault upon the personal character of the Vice President of the United States, and to our shame, be it said that the chairwoman of that committee, at the conclusion of his statement, said:

> Thank you, Mr. Lewis, for your very fine contribution to this meeting.

Some unthinking persons have suggested that Lewis' unprecedented outburst grew out of some suggestion made to him during his visit to the White House last week and that it is an attempt to kill the Garner boom for President. Whatever its source, whatever its purpose, it has no place in the records of this body and should be expunged.

Between June 1, 1935, and June 1, 1937, Lewis' United Mine Workers collected from the paychecks of the workers of this country more than $7,000,000. Organizations with which he is affiliated, or similar in some degree, have made political contributions, while a like privilege is denied to business corporations.

Lewis assumes to be the spokesman of labor. He pretends to be the friend of labor. He sheds crocodile tears over the want, the misery, the privation suffered by workingmen, while he himself enjoys the princely salary of $25,000 a year. He rides in a conveyance fit for a king, for a millionaire, while those who pay for his gas, his clothes, his automobile, and his chauffeur delve in the bowels of the earth to eke out what he says is a miserable existence.

He is a fraud, a hypocrite, who would deny employment, unless tribute be paid to him, to the poorest, the humblest worker in our land.

Let the House support House Resolution 196 which I offered on May 18. Let it support the resolution which I will offer, to investigate John L. Lewis, his C. I. O., his and its sources of income and the manner in which it is spent. Then and only then will we deflate, break the bubble of egotism from which this man is suffering. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. DITTER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio address I delivered.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. DITTER]?

There was no objection.

DISABILITY ALLOWANCE FOR WORLD WAR VETERANS

Mr. GREEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Florida [Mr. GREEN].

There was no objection.

Mr. GREEN. Mr. Speaker, I ask recognition at this time only for the purpose of making an announcement. On the Speaker's desk is petition No. 19. The bill covered by that petition would restore the disability-allowance pensions for World War veterans, which was repealed through the Economy Act. Those who are friends of that cause should sign petition No. 19.

RULES COMMITTEE

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the Rules Committee may have until 12 o'clock tonight to file reports on rules.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. RAYBURN]?

Mr. MAPES. Mr. Speaker, reserving the right to object, the Rules Committee in the last few minutes has reported three important rules, one on wages and hours, one on the housing bill, and one on the Home Owners' Loan Corporation bill. If this consent is granted, will the gentleman from Texas tell us which one will be taken up first?

Mr. RAYBURN. It has been the intention to take up the housing bill first.

Mr. MAPES. How long will it take? The rule provides for 4 hours' general debate.

Mr. RAYBURN. We hope to complete that Saturday.

Mr. MAPES. Then the other bills will be taken up?

Mr. RAYBURN. The other bills will be taken up in order. I have not discussed this with the Chairman of the Rules Committee, nor have I discussed it with the Speaker and the Members with whom I usually consult about the program.

Mr. MAPES. My understanding is that the Committee on Labor this afternoon reported a bill and instructed its chairman to ask the Speaker for recognition Monday to make a motion to suspend the rules and pass it without coming to the Committee on Rules for a rule. Can the majority leader tell us whether the procedure voted by the Committee on Labor will be followed or whether the rule reported by the Committee on Rules a few minutes ago on that subject will be called up?

Mr. RAYBURN. I would be assuming, because the power of recognition rests with the Speaker, and I have not discussed it with him; therefore I do not know.

Mr. MAPES. I may say that some of us in the committee did not support the closed rule that was reported by the Committee on Rules to consider labor legislation but on the contrary voted against it.

Mr. RAYBURN. I say I would be presuming if I should say what the Speaker might do. I have not consulted with him whether or not he will recognize anyone to suspend the rules on a matter of that kind on Monday.

Mr. SACKS. Mr. Speaker, reserving the right to object, may I ask the majority leader a question about the wage and hour rule. Is that on the Norton bill?

Mr. RAYBURN. I understand so.

Mr. SACKS. Or on the Barden bill?

Mr. RAYBURN. There was a bill before the committee known as the Norton bill, as I understand it. Some member of the Rules Committee may be here to answer the question. It reported a rule making in order amendments to the Wage-Hour Act.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, in view of the explanation made by the majority leader that the housing bill will be brought up first, may I comment on the fact there has been a great deal of uncertainty during the week concerning what the Rules Committee would do on applications for rule. The Banking and Currency Committee has been busy considering another very important piece of legislation, the so-called lending bill. Speaking for myself, I know I have had little or no time within the last few days to give very much consideration to the merits or demerits of the housing bill. I think it only fair under the circumstances to give this House an opportunity to study that bill in anticipation of bringing it up at a definite time. I see no reason why the housing bill should not be brought up Saturday or Monday, which will give us ample time to get our wits together and present it intelligently to the House. In view of the fact that this gives us a very limited time in which to get our case together, I will have to object to the request of the gentleman from Texas that the Committee on Rules may file a report by 12 o'clock tonight.

EXTENSION OF REMARKS

Mr. CASEY of Massachusetts, Mr. SHANLEY, and Mr. MYERS asked and were given permission to revise and extend their own remarks in the RECORD.

Mr. HARRINGTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter from the Sino-Korean People's League.

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

There was no objection.

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter from an editor of a paper in Iowa.

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

There was no objection.

COMMITTEE ON RULES

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

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

There was no objection.

Mr. WOLCOTT. Mr. Speaker, I understand that the House is at the present moment stalling for time in order that the Committee on Rules may file a report. It is not my purpose to keep the House in session unnecessarily. If it is the purpose of the leadership to hold the House in session to afford the Committee on Rules an opportunity to file the report before we adjourn, then, of course, nothing can be gained by my objecting to the filing of the report tonight. I should like to know if that is the purpose of holding the House in session.

Mr. RAYBURN. I may say to the gentleman that we will not do more than complete the general debate on the bill tomorrow. There will be an hour of debate on the rule and 4 hours of general debate. We certainly could not read the bill tomorrow. I believe it is fair to the House that Members have the benefit of the general debate, with a night to go over the bill.

Mr. WOLCOTT. May we have the distinct understanding that we shall not have a vote on final passage of the bill tomorrow, providing the rule is adopted?

Mr. RAYBURN. We will not. I say that to the gentleman because I do not believe we can do more than complete general debate tomorrow.

Mr. WOLCOTT. Then, if the gentleman will renew his unanimous-consent request, I shall not object.

Mr. RAYBURN. Mr. Speaker, I renew my request.

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

There was no objection.

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to revise and extend in the RECORD the remarks I just made.

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

There was no objection.

Mr. PACE. Mr. Speaker, I ask unanimous consent to revise and extend in the RECORD the remarks I made today.

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

There was no objection.

AMENDMENT OF BANKRUPTCY ACT

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House the Speaker may be authorized to sign the enrolled bill (H. R. 5407) 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.

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

There was no objection.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 18. An act authorizing payment to the San Carlos Apache Indians for the lands ceded by them in the agreement of February 25, 1896, ratified by the act of June 10, 1896, and reopening such lands to mineral entry;

S. 522. An act 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; and

S. 2482. An act authorizing the President to present a Distinguished Service Medal to Rear Admiral Harry Ervin Yarnell, United States Navy.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.) the House adjourned until tomorrow, Friday, July 28, 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:

1053. A letter from the Acting Secretary of the Treasury, transmitting the draft of a proposed bill for the relief of J. Frank Kuner, private, uniformed force, United States Secret Service; to the Committee on Claims.

1054. A letter from the Assistant Secretary of Commerce, transmitting the draft of a proposed bill to amend laws for preventing collisions of vessels; to the Committee on Merchant Marine and Fisheries.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. House Joint Resolution 290. Joint resolution referring the claims of the Kiowa, Comanche, and Apache Tribes of Indians in Oklahoma to the Court of Claims for finding of fact and report to Congress; without amendment (Rept. No. 1333). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 6668. 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; with amendments (Rept. No. 1334). Referred to the Committee of the Whole House on the state of the Union.

Mr. PACE: Committee on Agriculture. H. R. 4088. A bill to amend the Commodity Exchange Act, as amended, to extend its provisions to fats and oils, cottonseed, cottonseed meal, and peanuts; with amendments (Rept. No. 1335). Referred to the Committee of the Whole House on the state of the Union.

Mr. JONES of Texas: Committee on Agriculture. H. R. 7342. A bill to amend the Emergency Farm Mortgage Act of 1933, as amended; with amendment (Rept. No. 1336). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. S. 1773. An act to provide that no statute of limitations shall apply to offenses punishable by death; without amendment (Rept. No. 1337). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. S. 1996. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg.; without amendment (Rept. No. 1340). Referred to the House Calendar.

Mr. HOLMES: Committee on Interstate and Foreign Commerce. S. 2188. An act granting the consent of Congress to the Providence, Warren & Bristol Railroad Co. to construct, maintain, and operate a railroad bridge across the Warren River at or near Barrington, R. I.; without amendment (Rept. No. 1341). Referred to the House Calendar.

Mr. PEARSON: Committee on Interstate and Foreign Commerce. S. 2242. An act creating the Memphis and Arkansas Bridge Commission; defining the authority, power, and duties of said commission; and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Mississippi River at or near Memphis, Tenn.; and for other purposes; without amendment (Rept. No. 1342). Referred to the House Calendar.

Mr. RYAN: Committee on Interstate and Foreign Commerce. S. 2306. An act relating to the construction of a bridge across the Missouri River between the towns of Decatur, Nebr., and Onawa, Iowa; without amendment (Rept. No. 1343). Referred to the House Calendar.

Mr. PATRICK: Committee on Interstate and Foreign Commerce. S. 2392. An act to legalize a bridge across Bayou La Fourche at Cut Off, La.; without amendment (Rept. No. 1344). Referred to the House Calendar.

Mr. MARTIN of Colorado: Committee on Interstate and Foreign Commerce. S. 2407. An act granting the consent of Congress to the counties of Valley and McCone, Mont., to construct, maintain, and operate a free highway bridge across the Missouri River at or near Frazer, Mont.; without amendment (Rept. No. 1345). Referred to the House Calendar.

Mr. BOREN: Committee on Interstate and Foreign Commerce. S. 2484. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.; without amendment (Rept. No. 1346). Referred to the House Calendar.

Mr. BOREN: Committee on Interstate and Foreign Commerce. S. 2502. An act authorizing the county of Howard, State of Missouri, to construct, maintain, and operate a toll bridge across the Missouri River at or near Petersburg, Mo.; without amendment (Rept. No. 1347). Referred to the House Calendar.

Mr. RYAN: Committee on Interstate and Foreign Commerce. S. 2563. An act to legalize a free highway bridge now being constructed across the Des Moines River at Levy, Iowa; without amendment (Rept. No. 1348). Referred to the House Calendar.

Mr. RYAN: Committee on Interstate and Foreign Commerce. S. 2564. An act granting the consent of Congress to the Iowa State Highway Commission to construct, maintain, and operate a free highway bridge across the Des Moines River at or near Red Rock, Iowa; without amendment (Rept. No. 1349). Referred to the House Calendar.

Mr. WOLFENDEN of Pennsylvania: Committee on Interstate and Foreign Commerce. S. 2574. An act authorizing the construction of a highway bridge across the Chesapeake and Delaware Canal at St. Georges, Del.; without amendment (Rept. No. 1350). Referred to the House Calendar.

Mr. HALLECK: Committee on Interstate and Foreign Commerce. S. 2589. An act to authorize the construction of a bridge across the Ohio River at or near Mauckport, Harrison County, Ind.; without amendment (Rept. No. 1351). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 3122. A bill to extend the time for completing the construction of a bridge across the Columbia River near The Dalles, Oreg.; with an amendment (Rept. No. 1352). Referred to the House Calendar.

Mr. SOUTH: Committee on Interstate and Foreign Commerce. H. R. 3138. A bill authorizing J. E. Pate, his successors and assigns, to construct, maintain, and operate a bridge or ferry across the Rio Grande River at Boca Chica, Tex.; with amendments (Rept. No. 1353). Referred to the House Calendar.

Mr. PATRICK: Committee on Interstate and Foreign Commerce. H. R. 4040. A bill declaring Devil's Den Springs, in Decatur County, Ga., to be nonnavigable; without amendment (Rept. No. 1354). Referred to the House Calendar.

Mr. RYAN: Committee on Interstate and Foreign Commerce. H. R. 5998. A bill to amend section 32 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and/or completing the construction of other bridges over the navigable waters of the United States, and for other purposes," approved August 30, 1935; with amendments (Rept. No. 1355). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 6271. A bill granting the consent of Congress to the Secretary of the Interior, the State of Washington, and the Great Northern Railway Co. to construct, maintain, and operate a combined highway and railroad bridge across the Columbia River, at or near Kettle Falls, Wash.; with amendments (Rept. No. 1356). Referred to the House Calendar.

Mr. KELLY: Committee on Interstate and Foreign Commerce. H. R. 6441. A bill authorizing the county of St. Louis, State of Missouri, to construct, maintain, and operate a toll bridge across the Mississippi River at or near Jefferson Barracks, Mo.; with amendments (Rept. No. 1357). Referred to the House Calendar.

Mr. WOLFENDEN of Pennsylvania: Committee on Interstate and Foreign Commerce. H. R. 6662. A bill granting the consent of Congress to the Dauphin County (Pa.) Authority to construct, maintain, and operate a highway bridge across the Susquehanna River at or near the city of Harrisburg, Pa.; with an amendment (Rept. No. 1358). Referred to the House Calendar.

Mr. McGRANERY: Committee on Interstate and Foreign Commerce. H. R. 6907. A bill granting the consent of Congress to the Commonwealth of Pennsylvania to reconstruct, maintain, and operate a free highway bridge across the Susquehanna River, from the borough of Wyoming, in the county of Luzerne, Commonwealth of Pennsylvania, to Jen-

kins Township, county of Luzerne, Commonwealth of Pennsylvania; without amendment (Rept. No. 1359). Referred to the House Calendar.

Mr. RYAN: Committee on Interstate and Foreign Commerce. H. R. 7069. A bill authorizing Douglas County, Nebr., to construct, maintain, and operate a toll bridge across the Missouri River at or near Florence Station, in the city of Omaha, Nebr.; without amendment (Rept. No. 1360). Referred to the House Calendar.

Mr. BOREN: Committee on Interstate and Foreign Commerce. H. R. 7262. A bill granting the consent of Congress to Frank O. Lowden, James E. Gorman, and Joseph B. Fleming, trustees of the estate of the Chicago, Rock Island & Pacific Railway Co., to construct, maintain, and operate a railroad bridge across the Missouri River at or near Randolph, Mo.; without amendment (Rept. No. 1361). Referred to the House Calendar.

Mr. KELLER: Committee on the Library. S. 2577. An act authorizing an appropriation for completing the mural decorations in the Senate reception room; with amendment (Rept. No. 1362). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 4282. A bill to amend the act of June 30, 1936 (49 Stat. 2041), providing for the administration and maintenance of the Blue Ridge Parkway, in the States of Virginia and North Carolina, by the Secretary of the Interior, and for other purposes; with an amendment (Rept. No. 1363). Referred to the Committee of the Whole House on the state of the Union.

Mr. ENGLEBRIGHT: Committee on the Public Lands. H. R. 6446. A bill amending section 4 of the act entitled "An act to authorize the city of Pierre, S. Dak., to construct, equip, maintain, and operate on Farm Island, S. Dak., certain amusement and recreational facilities; to charge for the use thereof; and for other purposes"; without amendment (Rept. No. 1364). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 7252. A bill to authorize the Secretary of the Interior to sell or lease for park or recreational purposes, and to sell for cemetery purposes, certain public lands in Alaska; without amendment (Rept. No. 1365). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 6813. A bill to accept the cession by the States of North Carolina and Tennessee of exclusive jurisdiction over the lands embraced within the Great Smoky Mountains National Park, and for other purposes; without amendment (Rept. No. 1366). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. H. R. 6658. A bill to authorize the lease or sale of certain public lands in Alaska, and for other purposes; with amendments (Rept. No. 1367). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEROUEN: Committee on the Public Lands. S. 1919. An act to provide for the acquisition by the United States of the estate of Patrick Henry in Charlotte County, Va., known as Red Hill; with an amendment (Rept. No. 1368). Referred to the Committee of the Whole House on the state of the Union.

Mr. VOORHIS of California: Committee on the Public Lands. S. 878. An act to amend the act of August 26, 1937; with amendment (Rept. No. 1369). Referred to the Committee of the Whole House on the state of the Union.

Mr. HEALEY: Committee on the Judiciary. H. R. 6051. A bill to prohibit the use of the mails for the solicitation of the procurement of divorces in foreign countries; with amendment (Rept. No. 1370). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee of conference. H. R. 5375. A bill to promote nautical education, and for other purposes. (Rept. No. 1371). Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. BLAND: Committee of conference. H. R. 6746. A bill to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes. (Rept. No. 1372). Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. CELLER: Committee of conference. S. 188. An act to provide for the administration of the United States courts, and for other purposes (Rept. No. 1373). Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. RAMSPECK: Committee of conference. S. 281. An act to amend further the Civil Service Retirement Act, approved May 29, 1930 (Rept. No. 1374). Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mrs. NORTON: Committee on Labor. H. R. 6406. A bill to amend the Fair Labor Standards Act of 1938; with an amendment (Rept. No. 1376). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 266. Resolution providing for the consideration of S. 591. An act to amend the United States Housing Act of 1937, and for other purposes; with an amendment (Rept. No. 1377). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SOMERS of New York: Committee on Coinage, Weights, and Measures. 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; without amendment (Rept. No. 1338). Referred to the Committee of the Whole House.

Mr. COCHRAN: Committee on Coinage, Weights, and Measures. H. R. 7089. A bill to provide for the presentation of a medal to Howard Hughes in recognition of his achievements in advancing the science of aviation; without amendment (Rept. No. 1339). Referred to the Committee of the Whole House.

Mr. HEALEY: Committee on the Judiciary. H. R. 7132. A bill to amend an act entitled "An act for the relief of the Playa de Flor Land & Improvement Co.," approved May 21, 1934; with amendments (Rept. No. 1375). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Naval Affairs was discharged from the consideration of the bill (H. R. 7353) authorizing the appointment of Paul Crank to warrant officer, and the same was referred to the Committee on Military Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BYRNS of Tennessee:

H. R. 7392. A bill to authorize the Secretary of the Interior to acquire property for the Fort Donelson National Military Park in the State of Tennessee, and for other purposes; to the Committee on the Public Lands.

By Mr. ROGERS of Oklahoma:

H. R. 7393. A bill to provide an old-age pension for the citizens of the United States; to the Committee on Ways and Means.

By Mr. BRADLEY of Pennsylvania:

H. R. 7394. A bill to permit the Secretary of War to lend Army rifles of a type in current use by the Army to certain organizations for ceremonial purposes; to the Committee on Military Affairs.

By Mr. RANDOLPH:

H. R. 7395. A bill to provide night differentials for certain employees; to the Committee on the Civil Service.

By Mr. MANSFIELD:

H. R. 7396. A bill authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. BREWSTER:

H. R. 7397. A bill to provide for entry free of duty of certain ground fish; to the Committee on Ways and Means.

By Mr. HEALEY:

H. R. 7398. A bill to amend the Emergency Relief Appropriation Act of 1939; to the Committee on Appropriations.

By Mr. KELLER:

H. R. 7399. A bill to permit Koreans who have been temporarily admitted to the United States as students to remain in the United States until there is a change in political conditions in Chosen (Korea); to the Committee on Immigration and Naturalization.

By Mr. SATTERFIELD:

H. R. 7400. A bill to provide for the acquisition by the United States of the Studley estate, where Patrick Henry was born; to the Committee on the Public Lands.

By Mr. JONES of Texas:

H. J. Res. 375. Joint resolution to authorize the sale of surplus agricultural commodities, and for other purposes; to the Committee on Banking and Currency.

By Mr. DOUGHTON:

H. Res. 277. Resolution authorizing the Committee on Ways and Means to hold hearings during the recesses of the Seventy-sixth Congress; to the Committee on Rules.

By Mr. WARREN:

H. Res. 278. Resolution providing for the expenses of conducting the investigation authorized by House Resolution 277 of the Seventy-sixth Congress; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOLTON:

H. R. 7401. A bill for the relief of Edwin B. Formhals; to the Committee on Claims.

By Mr. KELLER:

H. R. 7402. A bill for the relief of Carl Kent Martin; to the Committee on Claims.

H. R. 7403. A bill for the relief of Tom Gentry; to the Committee on Claims.

By Mr. SATTERFIELD:

H. R. 7404. A bill for the relief of Jack Y. Upham; 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:

5112. By Mr. HAVENNER: Petition of the San Francisco United Labor Works Progress Administration Committee, containing in excess of 3,000 signatures of San Francisco residents, petitioning Congress to amend the present Works Progress Administration Act as follows: Repeal the 130-hour starvation-wage provision, which requires most Works Progress Administration workers to work 130 hours for 68 hours' pay; the 30-day forced lay-off without pay or relief; wage cuts of $10 to $15 per month; restore sponsorship of Theater, Art, Music, Historical Records, and Writers Projects; work for all in need and who are eligible; stop 10,000 Works Progress Administration lay-offs in northern California; and also additional petition containing 248 signatures of San Francisco residents, sent by workers on the Works Progress Administration Sewing Project in San Francisco, urging similar amendments to the Works Progress Administration Act; to the Committee on Appropriations.

5113. By Mr. KEOGH: Petition of the Gudebrod Bros. Silk Co., Philadelphia, Pa., concerning the President's lending and spending legislation; to the Committee on Appropriations.

5114. By Mr. REED of Illinois: Petition of Emery J. Hanotte, of Joliet, and 774 interested residents of Will County, Ill., requesting congressional action seeking restoration of the prevailing-wage scale, abolition of the 130-hour provision, and the 18-month clause, and restoration of the geographical wage differential in respect to operations of the Works Progress Administration; to the Committee on Appropriations.

5115. By the SPEAKER: Petition of Clavelle Isnard, of Cherryvale, Kans., petitioning consideration of their resolution with reference to Works Progress Administration legislation; to the Committee on Appropriations.

5116. Also, petition of the Workers Alliance of America, Indianapolis, Ind., petitioning consideration of their resolution with reference to Works Progress Administration legislation; to the Committee on Appropriations.

SENATE

FRIDAY, JULY 28, 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:

O God, the Father of all men, who hast taught us through Thy Son to judge not lest we too be judged: Create and make in us new and contrite hearts, that, in courtesy and fair play, in peace and justice, the affairs of this Nation may be forwarded without that animosity and bitterness of heart which warp our judgments and destroy our souls. 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 Thursday, July 27, 1939, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

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

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] is absent on important public business.

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